2015

Annual Report

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

2015 ANNUAL REPORT

BANCO COMERCIAL PORTUGUÊS, S.A.

Public Company
Head Office: Praça D. João I, 28, 4000-295 Porto - Share Capital of 4,094,235,361.88 euros
Registered at Porto Commercial Registry, under the single registration and tax identification number 501 525 882

Millennium bcp

The 2015 Annual Report is a translation of the "Relatório e Contas de 2015" 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 2015" prevails.

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

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Information on the BCP Group

Joint Message of the Chairman of the Board of Directors and the Chairman of the Executive Committee

2015 represented the turning point for our Bank. The Group presented positive results in the Portuguese operation and in its international operations, recording 235 million Euros in profits, after losses for 4 consecutive years. The financial margin increased (16.6%) and the operating costs decreased (-3.7%), with a sharp decline in Portugal (-7%). We continued to improve our operational efficiency, translated in the decrease of the cost to core income ratio to 55.5%, which compares favourably with the remaining banks operating in Portugal (71% on average) and also versus our European competitors.

The 2015 financial year also featured the reinforcement of capital and the improvement of our Bank's liquidity position. The common equity tier 1 ratio stood at 13.3% according to the phased-in criterion and at 10.2% on a fully implemented basis. These figures stand above the ones required by the Regulator, placing the Bank in a robust and comfortable capital position.

We improved the commercial gap, reduced funding operations with the ECB, decreased our operating costs and also the ratio of non-performing loans.

The Portuguese economy continued to show signs of improvement. For the first time since 2007, the country should achieve a deficit compliant with the European requirement, close to 3%, if we exclude the impact of the resolution of Novo Banco and of Banif. Moreover, in terms of trade balance, the country returned to positive figures, sustained by the exports of goods and by the income generated by tourism. The unemployment rate also came down and the economy continued the recovery already visible in the previous year.

The financial sector went through several adjustment processes in almost all countries where we operate. Particularly in Portugal that adjustment continued to move rapidly. We were witnesses to restructuring processes, sales and divestment and even to a bank closing down. In Angola and in Mozambique, the historically low prices of oil and of the remaining commodities influenced the economic growth and, especially, the liquidity and availability of foreign currency. In Poland, the economic growth continues robust if compared with the remaining European countries, notwithstanding some recent political uncertainty, with impact on the functioning of the financial system.

At Millennium bcp, we were able to face all those changes and adjust to the banking industry transformation process, anticipating compliance with the targets agreed with the Directorate General for Competition of the European Commission for 2017.

We were able to continue to recover our Customer's trust. This trust translated into greater business involvement, shown especially by the increase in deposits and in customer funds. Trust that our Customer's satisfaction will continue to grow in the main sector benchmarks. Trust coming from the fact that we were able to comply with the demands imposed by the European Union and by the new European supervision rules.

In 2016, we will continue to evidence the sustainability of our business model, namely through the implementation of our New Strategic Agenda 2015-2018 focused on growth and modernization. We are endeavouring to become a more modern bank, with a new distribution model based on digital platforms. We want to attract new young customers for our affluent segment, continue to be leaders in the support to small and medium-sized companies and a reference partner for the Portuguese entrepreneurs. We are reformulating our credit recovery process to make it more efficient and effective. At the same time we wish to make our processes more automated, increasing their efficiency and transparency.

We presented to the market new objectives for 2018, more demanding, reinforcing the reduction of costs, increasing risk control and the ROE, thus showing the Bank's growth ambition.

Hence, we continue to pursue our mission to create value for our Shareholders, Customers, Employees and remaining Stakeholders.

We will continue to develop our operations in Portugal and in Poland, Mozambique and Angola. We shall continue our return to normal, by taking decisive steps towards the full payment of the state aid and, this way, recover our total strategic autonomy. We are deeply committed to reaffirm Millennium bcp as the reference private bank in Portugal. A more agile and modern, closer, simpler and more sustainable Bank.

Before ending this brief note, we would like to thank, on behalf of the Board of Directors and of its Executive Committee, all our Customers, Employees, Shareholders and remaining Stakeholders for the

trust you all bestowed upon us. Please be sure that we will give our best to continue to reaffirm the relevance of Millennium bcp in the life of the families and of the companies in the markets where we operate.

Nuno Amado
Chief Executive Officer
Vice-Chairman of the Board
of Directors.

António Monteiro
Chairman of the Board
of Directors

KEY INDICATORS

Million euros

	2015	2014	2013	2012	2011	Chan. % 15/14
Balance sheet						
Total assets	74,885	76,361	82,007	89,744	93,482	-1.9%
Loans and advances to customers (net) (1)	51,970	53,686	56,353	58,415	63,046	-3.2%
Total customer funds (1)	66,176	64,739	64,260	63,936	60,950	2.2%
Balance sheet customer funds (1)	53,850	52,593	52,392	52,545	49,846	2.4%
Customer deposits (1)	51,539	49,817	48,595	46,181	44,308	3.5%
Loans to customers, net / Customer deposits (2)	102%	108%	117%	128%	145%	
Loans to customers, net / Customer deposits (3)	102%	109%	117%	128%	143%	
Shareholders' equity and subordinated debt	6,269	6,238	6,945	7,671	4,973	0.5%
Profitability						
Net operating revenues	2,504	2,292	1,769	2,101	2,311	9.2%
Operating costs	1,107	1,150	1,295	1,321	1,465	-3.7%
Impairment and Provisions	994	1,316	1,287	1,319	1,730	-24.5%
Income tax						
Current	100	101	116	81	66	-1.2%
Deferred	-43	-199	-326	-213	-495	
Non-controlling interests	126	110	94	82	86	14.1%
Net income attributable to shareholders of the Bank	235	-227	-740	-1,219	-849	
Return on average shareholders' equity (ROE)	5.3%	-6.5%	-26.5%	-35.4%	-22.0%	
Income before tax and non-controlling interests / Average equity (2)	7.7%	-5.1%	-24.9%	-31.5%	-27.3%	
Return on average total assets (ROA)	0.5%	-0.1%	-0.8%	-1.3%	-0.8%	
Income before tax and non-controlling interests / Average net assets (2)	0.5%	-0.3%	-1.0%	-1.4%	-1.2%	
Net interest margin	1.9%	1.6%	1.1%	1.3%	1.7%	
Net operating revenues / Average net assets (2)	3.2%	2.8%	2.1%	2.3%	2.4%	
Cost to income (2) (4)	44.0%	51.7%	66.5%	62.6%	57.8%	
Cost to income - activity in Portugal (4)	41.1%	53.7%	80.9%	68.9%	60.2%	
Staff costs / Net operating revenues (2) (4)	24.4%	28.6%	36.8%	35.5%	32.2%	
Credit quality						
Overdue loans (>90 days) / Total loans	7.2%	7.3%	7.1%	5.8%	4.2%	
Overdue loans (>90 days) + doubtful loans / Total loans (2)	9.4%	9.6%	9.2%	8.1%	6.2%	
Overdue loans (>90 days) + doubtful loans, net / Total loans, net (2)	3.4%	3.8%	3.7%	1.9%	1.4%	
Credit at risk / Total loans (2)	11.3%	12.0%	11.9%	13.1%	10.1%	
Credit at risk, net / Total loans, net (2)	5.4%	6.3%	6.6%	7.2%	5.5%	
Total impairment / Overdue loans (>90 days)	86.7%	83.1%	80.1%	92.7%	115.0%	
Cost of risk	150 p.b.	194 p.b.	137 p.b.	157 p.b.	186 p.b.	
Capital (5)						
Common equity tier I phased-in (6)	13.3%	11.7%	-	-	-	
Common equity tier I fully-implemented (6)	10.2%	7.8%	-	-	-	
Own Funds	6,207	5,827	6,421	6,773	5,263	
Risk Weighted Assets	43,315	43,515	43,926	53,271	55,455	
Core tier I (Basel II) (2)	-	-	13.8%	12.4%	9.3%	
Tier I (Basel II) (2)	-	-	12.9%	11.7%	8.6%	
Total (Basel II) (2)	-	-	14.6%	12.7%	9.5%	
BCP share						
Market capitalisation (ordinary shares)	2,887	3,561	3,279	1,478	980	-18.9%
Adjusted basic and diluted earnings per share (euros)	0.005	-0.005	-0.022	-0.058	-0.031	
Market values per share (euros) (7)						
High	0.0959	0.1406	0.1060	0.0692	0.2270	
Low	0.0416	0.0650	0.0447	0.0307	0.0374	
Close	0.0489	0.0657	0.0966	0.0435	0.0509	

Note: Following the classification of activities as discontinued operations between 2012 and 2015, for comparative purposes, the data for 2011 was updated.

(1) Adjusted from discontinued operations: Millennium bank in Romania and Millennium bcp Gestão de Activos (2014 to 2011); Millennium bank in Greece (2012 to 2011).

(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) According with CRD IV/CRR phased-in for 2014 and 2015, and compliant with rules from the Bank of Portugal.

(6) Includes the impact of the new DTAs regime for capital purposes according with IAS.

(7) Market value per share adjusted from the capital increase that occured in 2014.

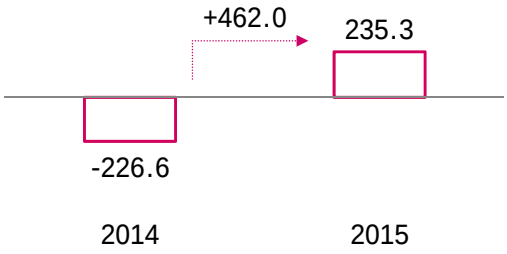
	Unit	2015	2014	2013	2012	2011	Change % 15/14
CUSTOMERS							
Total of Customers	Thousands	**5,557**	**5,282**	**5,162**	**5,523**	**5,384**	5.2%
Interest paid on deposits and interbak funding	Million euros	650	897	1,148	1,774	1,722	-27.5%
Claims registered	Number	79,108	71,348	81,719	81,146	74,638	10.9%
Claims resolved	Percentage	97.2%	95.1%	98.5%	94.1%	98.5%	
ACESSIBILITIES							
Branches	Number	**1,342**	**1,373**	**1,518**	**1,699**	**1,722**	-2.3%
Activity in Portugal		671	695	774	839	885	-3.5%
International activity		671	678	744	860	837	-1.0%
Branches opened on Saturday		144	140	131	131	148	2.9%
Branches with access conditions to people with reduced mobility		978	981	1,137	1,031	1,015	-0.3%
Internet	Users number	1,541,811	1,377,480	1,352,188	1,303,603	1,204,624	11.9%
Call Center	Users number	273,610	301,338	230,046	257,963	276,315	-9.2%
Mobile banking	Users number	929,401	506,976	339,095	221,475	165,636	83.3%
ATM	Number	3,115	3,112	3,341	3,658	3,708	0.1%
EMPLOYEES							
Employees in Portugal	Number	**7,459**	**7,795**	**8,584**	**8,982**	**9,959**	-4.3%
Empoyees in International Operations (1)	Number	**9,712**	**9,833**	**10,061**	**11,383**	**11,549**	-1.2%
LABOUR INDICATORS (2)							
Breakdown by professional category	Number						
Executive Committee		34	33	36	34	36	3.0%
Senior Management		171	161	165	175	207	6.2%
Management		1,702	1,768	1,874	1,981	2,013	-3.7%
Commercial		10,406	10,648	11,013	11,966	12,599	-2.3%
Technicians		3,609	3,641	3,921	4,040	4,226	-0.9%
Other		1,330	1,452	1,711	2,223	2,486	-8.4%
Breakdown by age	Number						
<30		3,029	3,387	3,710	4,335	4,998	-10.6%
[30-50[		10,673	10,925	11,510	12,716	13,142	-2.3%
>=50		3,550	3,391	3,500	3,368	3,427	4.7%
Average age	Years	38	37	36	36	35	2.7%
Breakdown by contract type	Number						
Permanent		15,904	16,329	17,504	18,906	19,709	-2.6%
Temporary		1,035	1,073	894	1,272	1,769	-3.5%
Trainees		313	301	329	241	89	4.0%
Employees with working hours reduction	Number	153	155	169	157	184	-1.3%
Recruitment rate	Percentage	7.3%	8.1%	6.6%	7.2%	10.5%	-9.9%
Internal mobility rate	Percentage	16.4%	16.4%	15.9%	24.9%	17.7%	0.0%
Leaving rate	Percentage	10.0%	11.1%	9.1%	13.1%	10.2%	-9.9%
Free association (3)	Percentage						
Employees under Collective Work Agreements		99.5%	99.6%	99.7%	99.7%	99.7%	-0.1%
Union Syndicated Employees		72.0%	73.2%	75.9%	76.2%	76.2%	-1.6%
Hygiene and safety at work (HSW)							
HSW visits	Number	194	180	376	621	655	7.8%
Injury rate	Percentage	0.0%	0.0%	0.0%	0.0%	0.0%	
Death victims	Number	0	0	0	0	0	
Absenteeism rate	Percentage	4.0%	3.6%	3.8%	3.5%	4.3%	11.1%
Lowest company salary to minimum national salary	Ratio	1.9	1.7	1.7	1.7	1.5	7.1%
ENVIRONMENT							
Greenhouse gas emissions	tCO2eq	65,583	71,399	82,639	87,878	74,356	-8.1%
Electricity consumption (4)	MWh	91,101	104,463	123,131	138,932	127,837	-12.8%
Production of waste (5)	t	2,150	1,672	1,311	1,553	1,474	28.6%
Water consumption	m3	368,898	566,131	378,728	439,550	393,623	-34.8%
SUPPLIERS							
Time of payment to time contractually agreed, in Portugal	Ratio	1	1	1	1	1	0.0%
Purchase from local suppliers	Percentage	92.8%	86.5%	92.6%	90.6%	90.7%	7.3%
DONATIONS	Million euros	**1.9**	**2.2**	**3.2**	**3.4**	**3.2**	**-9.7%**

(1) Number of Employees for all operations, except Poland, which are reported full time equivalent (FTE).
(2) Employees information (not FTE) for: Portugal, 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) Includes the power consumption of cogeneration in central Portugal.
(5) Data do not include Angola (2011), Switzerland (2011-2013) Mozambique (2012 and 2013).
n.a. - Information not available.

MAIN HIGHLIGHTS

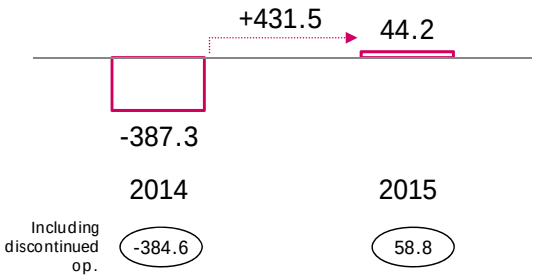
NET INCOME

(*Million euros*)



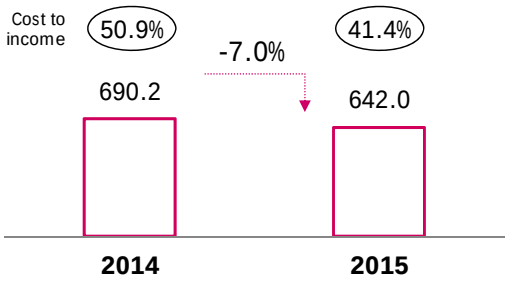
CONTRIBUTION FROM PORTUGUESE ACTIVITY

(*Million euros*)



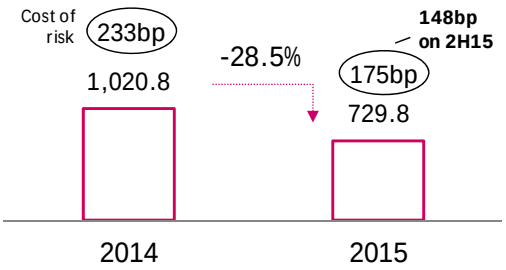
OPERATING COSTS IN PORTUGAL

(*Million euros*)

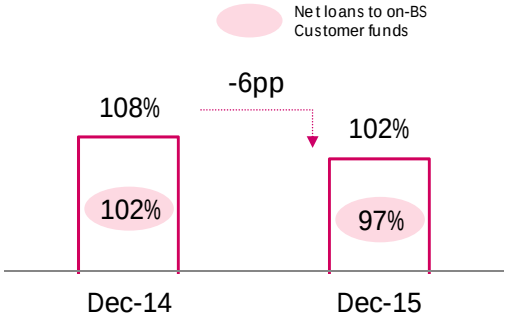


LOAN IMPAIRMENT IN PORTUGAL

(*Million euros*)



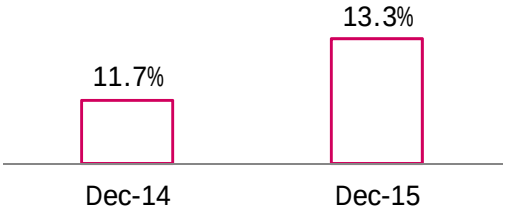
LOANS TO DEPOSITS RATIO*



*According to the current version of Notice 16/2004 of the Bank of Portugal

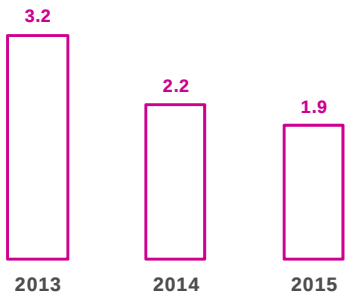
CAPITAL Ratio phased-in

(CET1 – CRD IV / CRR)*

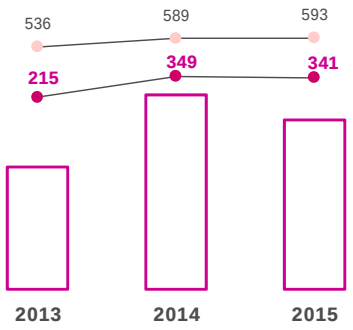


*Includes the impact of the new DTAs regime for capital purposes

DONATIONS
Million de euros

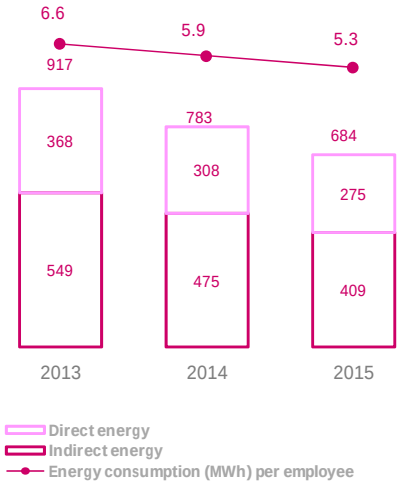


MICROCREDIT ACTIVITY
Thousand euros

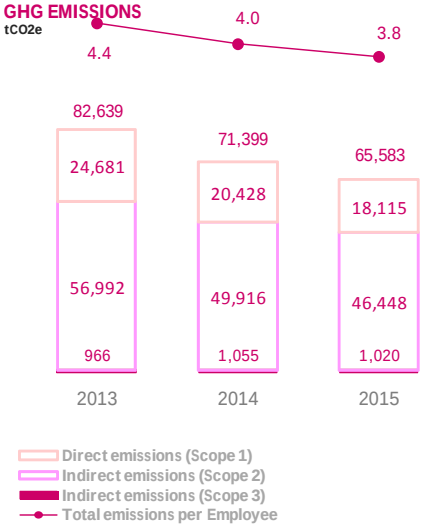


Number of operations approved is not comparable to 2013, due to change of criteria in 2014.

ENERGY CONSUMPTION
TJ



GHG EMISSIONS
tCO2e



BCP GROUP IN 2015

BRIEF DESCRIPTION

Banco Comercial Português, S.A. (BCP, Millennium bcp or Bank) is the largest Portuguese privately-owned bank. The Bank, with its decision centre in Portugal, guides its action by the respect for people and institutions, by the focus on the Customer, by a mission of excellence, trust, ethics and responsibility, being a distinguished leader in various areas of financial business in the Portuguese market and a reference institution at an international level. The Bank also holds a prominent position in Africa through its banking operations in Mozambique and Angola, and in Europe through its banking operations in Poland 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 with the objective of strengthening cooperation between the two banks, which is extended to other countries and regions beyond Portugal and China.

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 in 1994	**1995:** Acquisition of Banco Português do Atlântico, S.A. **2000:** Acquisition of Banco Pinto & Sotto Mayor from CGD and incorporation of José Mello Group (Banco Mello 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" **2006:** BMA incorporation **2007:** Beginning of activity in Romania **2008:** Strategic partnership agreement with Sonangol and BPA **2010:** Transformation of Macau 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 **2014:** - Sale of the entire share capital of Banca Millennium Romania (BMR) to OTP Bank - Sale of the entire share capital of 49% in the non-life insurance business, held in Ocidental and Médis **2015:** - Sale of the entire share capital of Millennium bcp Gestão de Ativos - Sale of 15.41% of the share capital of Bank Millennium - Agreement for the merger between Banco Millennium Angola and Banco Privado Atlântico

COMPETITIVE POSITIONING

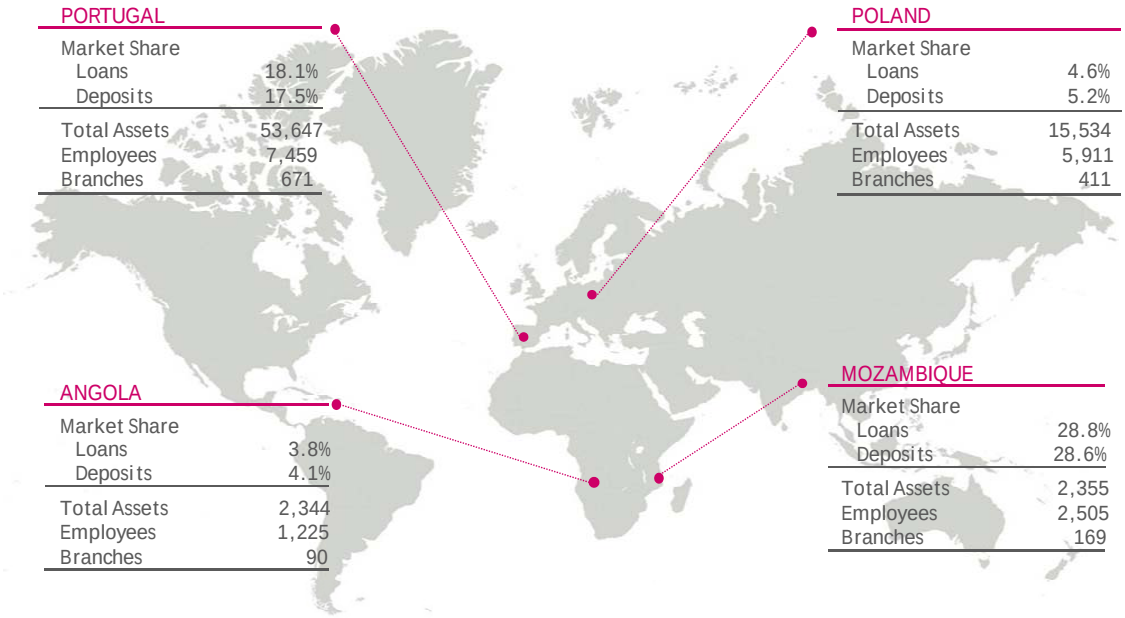
At the end of 2015, Millennium bcp was the largest Portuguese privately-owned bank with a relevant position in the countries where it operates.

The Bank offers a wide range of banking products and financial services, directed at Individuals and Companies, has a leading position in the Portuguese financial market and is positioned to benefit from the recovery of the Portuguese economy, mainly through the support that the Bank provides to Companies.

Its mission of ensuring excellence, quality service and innovation are values which make the Bank distinctive and differentiated from the competition.

By the end of 2015, operations in Portugal accounted for 72% of total assets, 75% of total loans to Customers (gross) and 72% of total customer funds. The Bank had over 2.3 million Customers in Portugal and market shares of 18.1% and 17.5% for loans to Customers and customer deposits, respectively.

Millennium bcp is also present in the five continents of the world through its banking operations, representation offices and/or commercial protocols, serving over 5.5 million Customers, at the end of 2015.



Millennium bcp continues to pursue its plans of expansion in Africa. Millennium bim, a universal bank, has been operating since 1995 in Mozambique, where it has over 1.4 million Customers and is the leading bank in this country, with 28.8% of loans and advances to Customers and 28.6% of deposits. Millennium bim is a highly reputed brand in the Mozambican market, associated with innovation, major penetration in terms of electronic banking and exceptional capacity to attract new Customers, as well as 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 2013, BMA constituted a corporate centre dedicated to the oil industry, a sector characterised by low credit positions and generator of funds in foreign currency. In this segment, BMA mainly provides treasury and trade finance services. On 8 October, a memorandum of understanding was signed with the largest shareholder of Banco Privado Atlântico, S.A. (Global Pactum – Gestão de Ativos, S.A.), with the aim of merging Banco Millennium Angola, S.A. and Banco Privado Atlântico, S.A., which will create the 2nd largest private institution in terms of lending to the economy, with a market share of approximately 10% in turnover. As at 31 December 2015, Banco Millennium Angola had a market share of 3.8% in loans to Customers and of 4.1% in deposits.

In Poland, Bank Millennium has a well distributed network of branches, supported on a modern multi-channel infrastructure, a reference service quality, high recognition of the brand, a robust capital base, comfortable liquidity and solid risk management and control. As at 31 December 2015, Banco Millennium Angola had a market share of 4.6% in loans to Customers and of 5.2% in deposits.

The Group has an operation in Switzerland since 2003, through 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 the East 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 10 representation offices (1 in the United Kingdom, 2 in Germany, 3 in Switzerland, 2 in Brazil, 1 in Venezuela, 1 in China in Guangzhou and 1 in South Africa), 5 commercial protocols (Canada, USA, Spain, France and Luxembourg) and 1 commercial promoter (Australia).

MILLENNIUM NETWORK

DISTRIBUTION NETWORK

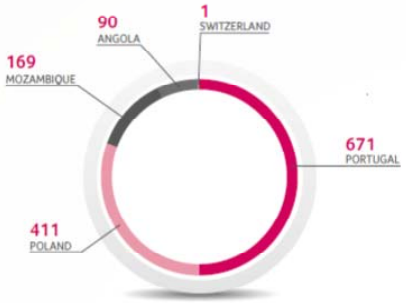
1,342 MILLENNIUM BRANCHES

NUMBER OF BRANCHES

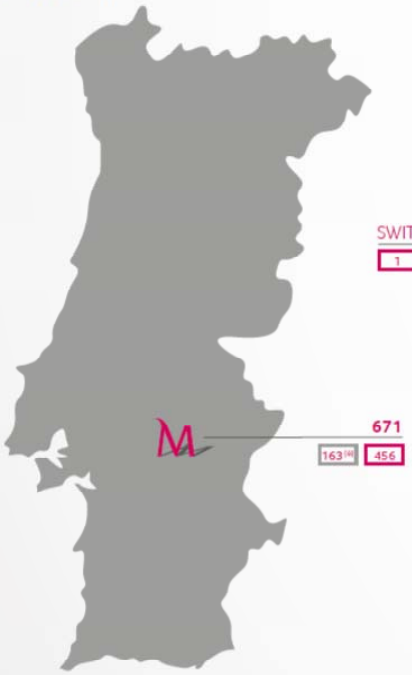
	2015	2014	2013[(**)]	Change % 15/14
TOTAL IN PORTUGAL [(*)]	671	695	774	-3.5%
Poland	411	423	439	-2.8%
Switzerland	1	1	1	0.0%
Mozambique	169	166	157	1.8%
Angola	90	88	82	2.3%
TOTAL OF INTERNATIONAL OPERATIONS	671	678	679	-1.0%
TOTAL	1,342	1,373	1,453	-2.3%

[(*)] Includes Macao branch.
[(**)] 2013 exclude companies discontinued or to be discontinued.

BRANCHES BREAKDOWN



PORTUGAL



INTERNATIONAL
POLAND AND SWITZERLAND

ANGOLA AND MOZAMBIQUE

TOTAL OF BRANCHES
BRANCHES OPENED ON SATURDAY
BRANCHES WITH DIFFERENTIATED SCHEDULE
BRANCHES WITH ACCESS CONDITIONS TO PEOPLE WITH REDUCED MOBILITY

[(a)] Includes branches of different networks sharing the same premises.

REMOTE CHANNELS AND SELF-BANKING

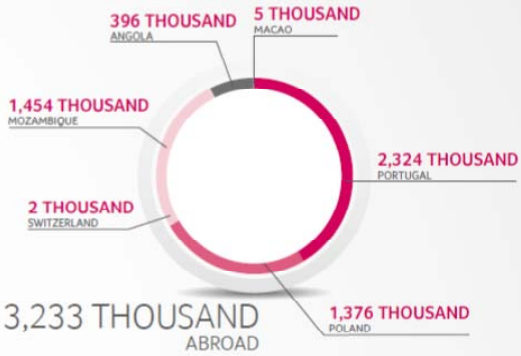
5.557 MILLION CUSTOMERS

	Internet	Call Centre	Mobile Banking	ATM (*)	POS (**)
TOTAL IN PORTUGAL	587,634	97,308	176,716	2,026	41,297
Poland	920,886	104,724	402,689	519	-
Switzerland	421	-	-	-	-
Mozambique	18,249	64,349	341,904	458	7,268
Angola	14,621	7,229	8,092	112	2,800
TOTAL OF INTERNATIONAL OPERATIONS	954,177	176,302	752,685	1,089	10,068
TOTAL	1,541,811	273,610	929,401	3,115	51,365

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, where it is present in the following markets: Poland, Mozambique, Angola and Switzerland. All its banking operations develop their activity under the Millennium brand. The Group also ensures its presence in the five continents of the world through representation offices and/or commercial protocols.

The Bank offers a vast range of financial products and services: current accounts, payment systems, 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 Bank's distribution networks, offering a wide range of products and services.

DISTINCTIVE FACTORS AND SUSTAINABILITY OF THE BUSINESS MODEL

Largest privately-owned banking institution

Millennium bcp is Portugal's largest privately-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.

At the end of 2015, the Bank had 671 branches, serving over 2.3 million Customers, and held the position of second bank (first privately-owned bank) in terms of market share for both loans to Customers (18.1%), and customer deposits 17.5%), in December 2015.

Resilience and sustainability of the business model

The resilience of the business model is primarily based on the Bank's concentration on retail banking, by nature more stable and less volatile, in relation to the lower weight of financial operations. The Bank adopted a new business model based on a new segmentation of its Customers, a review of the products and services that it offers and adjustment of its back-office and branch network, as well as the aim of becoming closer to its Customers, while at the same time reducing operating costs. The objective of the Bank is to ensure sustainable profitability in the medium and long term, seeking to become the best in class in terms of operational efficiency, improving operating profit in a sustainable manner and maintaining a high level of credit risk control, thus preserving its strategic position in the Portuguese retail and SME banking services market.

In September 2013, the Directorate General for Competition of the European Commission announced the formal agreement with the Portuguese authorities on the restructuring plan of the Bank, having concluded that it complies with the rules of the European Union regarding state aid, showing the Bank is viable without continued State support.

The share capital increase operation concluded in July 2014 enabled the Bank to accelerate its strategic plan, by repaying a total of 2,250 million euros of the hybrid capital capital instruments (CoCos) underwritten by the Portuguese State in 2014, bringing forward the full repayment of these instruments by the end of 2016 and increasing the organic generation of capital, building the foundation for sustainable earnings growth, which will promote greater balance between the contribution of the domestic and international components.

In June 2015, the Bank successfully completed a public offer of exchange of securities issued by the

Group for the delivery of new ordinary shares of the Bank, having increased its share capital by 387.5 million euros, from 3,706.7 million euros to 4,094.2 million euros, through the issue of 4,844,313,860 new ordinary shares, book-entry and registered without nominal value, with an issue price of 0,0834 euros per share, which contributed to the favourable evolution of the CET1 ratio in the 2nd quarter of 2015.

During 2015, Millennium bcp developed a 3-year plan for its Portuguese operation. The objective of this plan, known as Strategic Agenda 2016-2018, is to prepare the Bank for the changes to banking Customers' consumption profile that have been taking place, the new positioning of the competition and the regulatory changes that are affecting the financial system. Within the scope of its Strategic Aganda, the Bank currently has 10 teams and more than 100 Employees working on the transformation of the business and the organisation's culture.

Innovation and capability to deliver

Since its incorporation, the Bank has built a reputation associated with innovation. The Bank was the first Bank in Portugal to introduce specific innovative concepts and products,including direct marketing methods, layouts based on customer profiles, salary accounts, simpler branches ("NovaRede"), telephone banking services, through Banco 7, which later became the first online banking services platform, health insurance (Médis) and direct insurance, and a website dedicated to individual Customers and corporate banking. The Bank was also a pioneer in the launch of a new Internet Banking concept, based on the ActivoBank platform, which provides a simplified service to the customer, including the opening of a current account using a tablet.

Technology

Continuing to improve its information systems, the Bank developed a series of initiatives and structuring projects in 2015, among which the following are particularly noteworthy:

- the implementation of the "Channel Personalisation" project, which enabled Internet channels (companies, individual Customers and individual mobile Customers) to provide personalised commercial offers adjusted to the profile and needs of each Customer;
- the improvements made to the websites, such as the automation of credit applications (online credit), the reformulation of the front ends of the personal and auto loan simulators and the provision, on the corporate website, of the "signature/authorisation" of documentary loan requests with SAFe;
- the introduction of new functionalities in Apps, including the extension of the Millennium App for the Apple Watch, the new Mobile website, adapted to all types of mobile equipment, and M Contacto, which aims to offer managed Customers an area of personalised contact with their Manager, on the website and App;
- the new digital price list solution available at branches, which allows the Bank's price list and campaign posters to be presented;
- the developments on the iPAC Platform, namely in terms of the "New Management of Customers", which provided a simpler and more comprehensive picture of the main portfolio indicators;
- the new Mortgage Loan offer with cross-selling, which allowed Customers to benefit from a subsidised spread on this type of credit, depending on the products held in portfolio;
- the reformulation of the personal loan process, now integrated in the new contracting workflow, similarly to what occurs with other credit products, making the circuit more agile and efficient;
- the new "Special Price List for Customers", which has simplified and strengthened the management of the special price list, in particular with regard to corporate Customers;
- the changes made to the Advisory Model of Private Banking, through the provision of standard portfolio allocation models, according to the investment profiles of previously defined Customers;
- the improvements in the subscription process for the issue of certificates;
- the implementation of a series of new requirements, within the scope of the open architecture of mutual funds for Retail, among which a wider range of new fund families; and

- the adjustments made within the scope of indexed deposits, providing greater flexibility in the execution of this type of operations.

Also worth mentioning is the launch of the cash-on-time credit line, included in the project to reformulate the current confirming offer of the Bank, the provision of online access to the Central Credit Register of the Bank of Portugal, which has ensured improved efficiency in credit decision processes, the implementation, within the scope of the "GO Paperless" Project, of various processes using a digital signature for Individual Customers of the Retail Network and the lauch of the new e-banking solution of Macau. Regarding the projects of a legal and/or regulatory nature, among others, it is important to mention the adaptations to the account opening and customer maintenance processes, as well as the changes arising from the new mutual fund tax regime, in compliance with the most recent legislation in force and to reinforce the applicable internal control principles.

Internet & Mobile

In terms of Mobile services, there was an increase in the number of users and operations carried out, of 33% and 42%, relative to the same period of the 2014. In this regard, it is important to point out that Millennium bcp was the first and only bank to launch the App for the Apple Watch and the launch of Mobile Web, a website that adapts to all equipment.

The Mobile Web, launched in October, is a new solution for smartphones and tablets that provides an improved experience with regard to accessing the Bank and account management. Therefore, when the Customers access the www.millenniumbcp.pt website, if they are on a smartphone or tablet, they will be automatically forwarded to the solution that is better adapted to their equipment and that offers a simpler and more intuitive use.

In terms of users, there was a 3.5% increase relative to the same period of 2014. The channel was actively promoted among Customers through actions to publicise useful functionalities for day-to-day account management, new personal credit and Móbis (auto insurance) simulators were implemented and a non-financial offer microsite - Prestige World - for Prestige Customers was created.

In 2015, and for the 5th consecutive year, the Millennium bcp website won the prestigious PC Guia Readers' Prizes in the category of Best Homebanking Website*, the only prizes in Portugal that are awarded by the direct vote of its readers.

Users of the Companies website and the number of transactions carried out increased by 5.5% and 12.6%, respectively relative to 2014. Business continuity and safety was reinforced through the implementation of the Store&Forward and Heuristics solutions for contingency situations, the offer of tutorial videos as a Customer training aid in the services available to Companies was extended, and the online platforms for forex trading and for acceptance of documents and digital signatures within the scope of documentary loan operations were implemented.

The MEmpresas App within the scope of SEPA international transfers and the inclusion of confirming in authorisations was updated. The number of users and transactions carried out increased by 21% and more than 38%, respectively relative to the previous year. The Spanish version was made available, in tandem with the internationalisation process of Portuguese companies.

The Millennium Brand and Communication with Customers

The Millennium brand is a basis for the Bank's entire commercial offer and a fundamental part of its strategy with a direct impact on its results, enabling Millennium bcp to be positioned in the mind of its Customers and to project credibility, building up the relationship of confidence in the Bank and creating a sentiment of loyalty, thereby boosting the value of the brand.

The Commercial Communication of Millennium bcp in 2015 was marked by the continuation of the strategy that combined strong institutional messages with segment campaigns, reinforcing the positioning of the Bank among its various targets. Continuing the new positioning launched in 2014 - based on the dichotomy "Millennium understands, Millennium resolves" - the communication undertaken during the year under analysis enabled the consolidation of an attitude that is closer, more dedicated and better suited to Customers and their different needs and profiles.

The companies campaigns "Let's move forward" and "Prestige Family", which allowed Millennium bcp to communicate to these segments in a differentiated and personalised manner, are noteworthy.

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* Prize is of the sole responsibility of the entity that awarded it.

The commercial intention was reinforced at the end the year, through the launch of the "Triple Salary Advantage" campaign which, along with a totally solution-focused message, enabled Millennium bcp to consolidate and exploit in media terms the sponsorship of the tennis player João Sousa, thereby contributing towards a considerable increase in the brand's notoriety and the positive reinforcement of its values.

The various awards received also brought recognition to the communicational activity of the Bank. The Meios e Publicidade award for "Best institutional advertising campaign" with the campaign "Let's move forward" and the Gold Effectiveness award in the "Low budget" category and the Silver Effectiveness award in the "Sponsorship Activation" category for the "Torel Beach" action are noteworthy.

Main awards received†

In 2015, the Bank received several awards, of which the following are noteworthy:

- Distinction as the best distributor in Portugal of structured products by Structured Retail Products, a division of the Euromoney Group;
- Distinction of the custody operation of Bank Millennium, in the best performance category, attributed by the Global Custodian magazine, in the 2014 "Agent Banks in Emerging Markets" survey;
- ActivoBank conquered 1st place in Marktest's 2015 Reputation Index ranking, for the second year consecutive year, in the Online Banking category and was distinguished as the "Most Innovative Bank Portugal 2015" by the International Finance Magazine;
- Election of Bank Millennium as the best distributor of structured products and derivatives in Poland by StructuredRetailProducts.com;
- Distinction of Bank Millennium's team of analysts who won the national competition organised by the Parkiet newspaper for the most accurate macroeconomic and market forecasts in 2014;
- Bank Millennium won the 4th edition of the "Bank of Quality" survey, undertaken by the TNS Polska agency, conquering the distinction of the bank that offers the best service to the Customer;
- The "Millennium bim" brand was distinguished, for the 6th consecutive year, as the "Best Brand of Mozambique" in the banking sector. Millennium bim received the "Most Innovative Bank in Africa" award from the prestigious African Banker magazine and conquered four PMR Africa 2015 distinctions, in the categories of banking services - Individuals, Companies and Investment Banking - and in the products area, in the Credit Cards category;
- Banco Millennium Angola was distinguished with the "Best Commercial Bank Angola 2015" award by Capital Finance Internacional (cfi.co), a prestigious British magazine specialised in economic and financial affairs;
- Election of Millennium bcp, for the second consecutive year, as "Best Private Bank" in Portugal by the Wealth & Finance International financial magazine;
- For the tenth consecutive time, the Millennium bcp brand is in the ranking of the "Superbrands" brands, having been recognised as a "Superbrand - Born in Portugal" this year;
- Distinction of Bank Millennium in Poland with three awards attributed from among four categories within the scope of Newsweek's Bank Awards 2015: "Best Branch Banking", "Best Internet Banking" and "Best Mortgage Banking";
- Distinction of ActivoBank, for the fourth consecutive year, as the Best Commercial Bank in Portugal, by the World Finance financial magazine, within the scope of the World Banking Awards 2015;
- Distinction of ActivoBank as "Best Consumer Digital Bank" in Portugal, a prize awarded by the Global Finance financial magazine within the scope of the 2015 World's Best Digital Banks Awards;

† Awards are the exclusive responsibility of the entities that attributed them.

- Distinction of ActivoBank with the "Marketing in Social Networks" award, by the Digital Economy Association Navegantes XXI, aimed at promoting and developing the digital economy in Portugal;
- Award of the "Best Life Insurance Company in Portugal" prize to Ocidental by the prestigious World Finance international magazine;
- Award of the PC Guia's Reader prize in the category of "best online banking website" for the fifth consecutive year;
- Recognition of the American Express brand, represented in Portugal by Millennium bcp, for the 3rd consecutive year, as "Brand of Excellence in Portugal 2015" by the Superbrands international organisation;
- Recognition of Millennium bim as "Bank of the Year in Mozambique in 2015" by the international publication "The Banker", of the Financial Times group;
- The "Bank Millennium" brand was awarded the mention of "Superbrand 2015/2016", following the annual survey undertaken by the Superbrands international organisation in the Polish market;
- Bank Millennium was awarded the “POLITYKA CSR Silver Leaf 2015”, a prize awarded to companies that implement Corporate Social Responsibility policies and Sustainable Development activities.

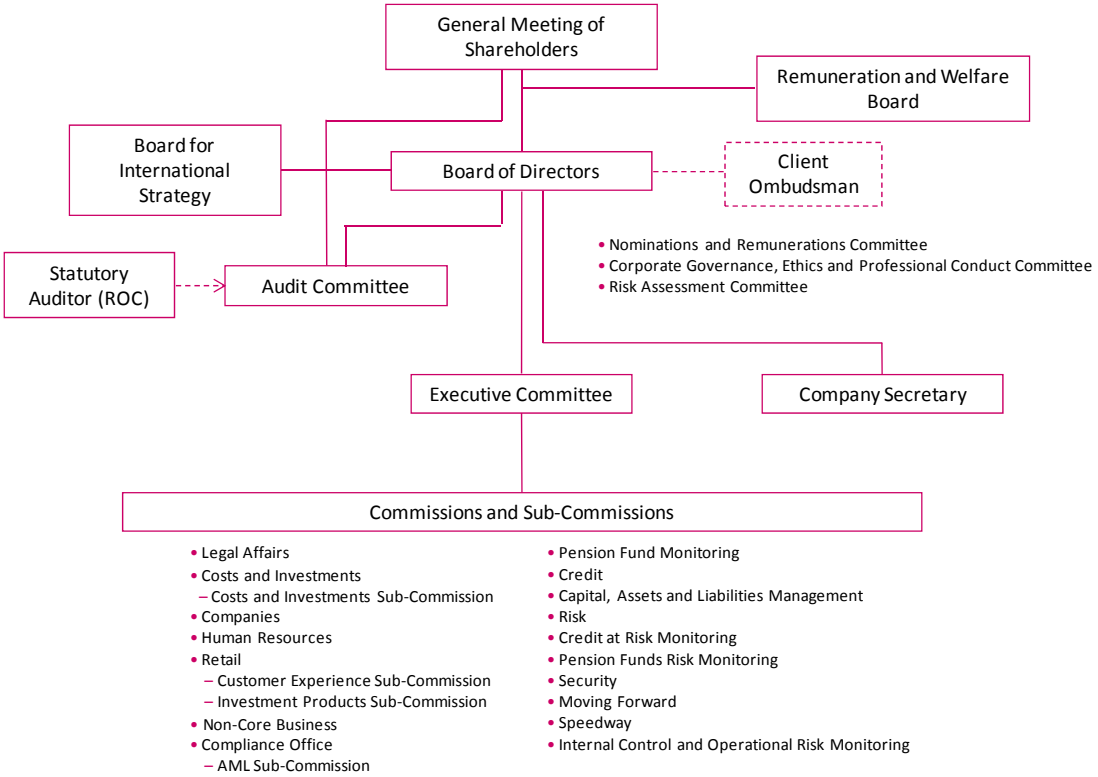
GOVERNANCE

Banco Comercial Português, S.A. employs a 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.

In addition, the Group uses a Statutory Auditor and an external auditing firm to audit the individual and consolidated accounts of the Bank, whose appointment is deliberated at the General Meeting.

The members of the governing bodies were elected at the General Meeting of Shareholders held on 11 May 2015 to perform duties for the three-year period 2015/2017.

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 terms of law and the 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 the 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 especially 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 17 and maximum of 25 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 2015 was composed of 20 permanent members, with 13 non-executives, including 2 members appointed by the State for the period of enforcement of the public investment to strengthen the Bank's own funds, and 7 executives.

The Board of Directors appointed an Executive Committee composed by 7 of its members, in which it delegates the day-to-day management of the Bank. During 2015 the Executive Committee was assisted in its management functions by several committees and commissions which oversaw the monitoring of certain relevant events.

The supervision of the company is assured by an Audit Committee, elected by the General Meeting, composed of a minimum of 3and maximum of 5 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 of 3 to 5 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 Vitor Martins Monteiro (Chairman of the BD)	●				●
Carlos José da Silva (Vice-chairman of BD)	●				●
Nuno Manuel da Silva Amado (Vice-chairman of BD and CEO)	●	●			●
Álvaro Roque de Pinho Bissaia Barreto	●				
André Magalhães Luiz Gomes	●				
António Henriques de Pinho Cardão	●				
António Luís Guerra Nunes Mexia	●				
Bernardo de Sá Braamcamp Sobral Sottomayor (*) (**)	●			●	
Cidália Maria Mota Lopes	●		●		
Jaime de Macedo Santos Bastos	●		●		
João Bernardo Bastos Mendes Resende	●				
João Manuel de Matos Loureiro (Chairman of AUDC)	●		●		
José Jacinto Iglésias Soares	●	●			
José Miguel Bensliman Schorcht da Silva Pessanha	●	●			
José Rodrigues de Jesus (*)	●		●		
Maria da Conceição Mota Soares de Oliveira Callé Lucas	●	●			
Miguel de Campos Pereira Bragança	●	●			
Miguel Maya Dias Pinheiro	●	●			
Raquel Rute da Costa David Vunge	●				
Rui Manuel da Silva Teixeira	●	●			
José Gonçalo Ferreira Maury (Chairman of RWB)				●	
José Guilherme Xavier de Basto				●	
José Luciano Vaz Marcos				●	
Manuel Soares Pinto Barbosa				●	
Carlos Jorge Ramalho dos Santos Ferreira (Chairman of BIS)					●
Francisco de 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.

(**) Following a requirement from Mr. Bernardo de Sá Braamcamp Sobral Sottomayor and as approved by His Excellency the Minister of State and Finance, on 26 February 2016, Mr. Bernardo de Sá Braamcamp Sobral Sottomayor, one of the State representatives named in the scope of the Bank's recapitalization was exonerated from his duties as representative of the Portuguese State at the Board of Directors of the Bank. The same Board Member resignated to its position as Member of the Remuneration and Welfare Board on 12 February 2016.

MAIN EVENTS IN 2015

JANUARY

- Completion, on 8 January 2015, of the sale of Banca Millennium in Romania to OTP Bank, with BCP having received 39 million euros of the total price agreed for the sale from OTP Bank. OTP Bank also ensured the full repayment to BCP of the funding it granted to Banca Millennnium of approximately 150 million euros. The operation had a negligible impact on the consolidated common equity tier 1 ratio of BCP.
- Inclusion of the BCP Group, for the first time, in "The Sustainability Yearbook 2015", published by the analyst RobecoSAM.

FEBRUARY

- On 24 February 2015, Banco Comercial Português, S.A. informed that it is currently evaluating several scenarios to enhance the value of ActivoBank, a leading online bank in Portugal.
- Millennium bcp held another edition of "Millennium Days for Companies" in Porto, seeking to strengthen ties with Portuguese companies, supporting their internationalisation and increase their competitiveness.

MARCH

- Announcement, on the 26 March 2015, of the pricing of an accelerated placement to institutional investors of 186,979,631 ordinary shares of Bank Millennium S.A. constituting 15.41% of the Company's existing share capital, at a price of PLN 6.65 per ordinary share. Gross proceeds raised by BCP from the placement are expected to be approximately PLN 1.24 billion (304 million euros), resulting in an increase in the Group CET1 ratio versus end-2014 figures of 46 b.p. under fully-implemented rules and 64 b.p. according to phased-in criteria. After the completion of the placement, BCP continued to hold a majority shareholding in Bank Millennium, corresponding to 50.1% of Bank Millennium S.A.'s share capital.
- Some more "Tourism Entrepreneurship Days - Visit the Future" were held in Évora.

MAY

- Completion of the sale of the total share capital of Millennium bcp Gestão de Activos - Sociedade Gestora de Fundos de Investimento, S.A. to Corretaje e Información Monetária y de Divisas, S.A. (CIMD Group), continuing the current offer of MGA mutual funds to be available in all the distribution channels and networks of Millennium bcp.
- Conclusion, on 11 May 2015, of the Annual General Meeting of Shareholders, with 46.63% of the share capital represented and endorsement of the following resolutions among others: approval of the management report, balance sheet and individual and consolidated accounts for 2014; approval of the appropriation of the net losses on the individual balance sheet to Retained Earnings; and approval of the launching of a public offer for the exchange of subordinated securities.
- Reaffirmation on 19 May 2015 by Fitch Ratings Agency of the Viability Rating of Banco Comercial Português at "bb-" and improvement of the Outlook from "Negative" to "Stable". Simultaneously, the BCP IDR rating was downgraded by 2 notches, from "BB+" to "BB-" following the withdrawal of the government support and starting to reflect the Viability Rating of BCP.
- Participation at a national level of Millennium bcp in the regular food collection campaigns promoted by the Food Bank.

JUNE

- Share capital increase of 387,545,108.8 euros, from 3,706,690,253.08 euros to 4,094,235,361.88 euros, by the issuance of 4,844,313,860 new ordinary, nominative and book-entry shares without nominal value, as a result of the partial and voluntary public tender offer for the acquisition of subordinated securities in exchange for new shares issued at the price of

0.0834 euros per share and the listing of the new shares on Euronext Lisbon's Regulated Market.

- Renewal of membership of the ECO Movement - Companies against Fires, a project that aims to contribute to the prevention of forest fires and raise public awareness on risky behaviour.

JULY

- Holding of the Tourism Entrepreneurship Days, in Porto, dedicated to the theme "Visit the Future", with the participation of entrepreneurs from the sector and His Excellency, Minister for the Economy, Pires de Lima.
- Millennium bcp held another edition of "Millennium Days for Companies" in Aveiro.
- Banco Millennium Angola renewed its support to Nazareth Home, in the municipality of Cacuaco, a work that aims to accommodate about 30 orphans aged between 4 and 18 years old.
- Millennium bim, in Mozambique, held the 10th edition of the Mini Basketball Tournament, involving more than 1,700 athletes, aged between 8 and 12 years old, from 9 cities.

SEPTEMBER

- DBRS maintained the viability rating of BCP at “BB (high)” and downgraded the long term senior debt and deposits rating from “BBB (low)” to “BB (high)”, with a “stable” outlook. The short-term debt and deposits rating was also downgraded from “R-2” to “R-3”. The subordinated debt rating was confirmed at “BB”.
- Millennium bcp held another edition of "Millennium Days for Companies" in Setúbal.
- Confirmation of Millennium bcp in the Sustainability Indices "Ethibel Sustainability Index (ESI) Excellence Europe”, EURO STOXX® Sustainability and STOXX® Europe Sustainability.

OCTOBER

- Signing of a memorandum of understanding on 8 October with the largest shareholder of Banco Privado Atlântico, S.A. (Global Pactum – Gestão de Ativos, S.A.), with the aim of merging Banco Millennium Angola, S.A. and Banco Privado Atlântico, S.A., which will create the 2nd largest private institution in terms of lending to the economy, with a market share of approximately 10% in turnover.
- Holding, with the support of Millennium bcp, of the 3rd edition of the Heritage Fair, in the city of Coimbra, under the theme “Internationalisation of Heritage”. The patrimonio.pt Millennium bcp Fair is a pioneering event aimed at promoting the Cultural Heritage sector as an asset that creates economic and social value, being a tourist attraction that generates revenue and boosts job creation.
- Conclusion of the 5th edition of the “Banking Olympics Millennium bim 2015”, a project aimed at training a new generation of consumers of financial services in Mozambique.

NOVEMBER

- Presence at the II Portugal-China Gala 2015, an event organised by the Luso-Chinese Chamber of Commerce and Industry, comprising a business conference and a Business Merit awards ceremony between the two countries.
- Signing by Millennium bcp and the European Investment Bank of a new financing contract to support SMEs, of a total amount of 500 million euros.
- Participation at a national level in the regular food collection campaigns promoted by the Food Bank.
- Launch of an internal action, “Millennium Solidarity - Christmas Campaign”, to collect toys and books for the Acreditar Association.

DECEMBER

- Upgrade by Standard & Poor's of the viability rating of Banco Comercial Português S.A. (SACP) from "b" to "b+" in response to the strengthening of the bank's capital base underway. S&P removed a level previously included for government support in the long-term rating of Millennium bcp following the implementation of the Bank Recovery and Resolution Directive. As a result of these changes, S&P reaffirmed the long-term and short-term counterparty credit ratings of Millennium bcp at "B+/B", with a positive outlook.
- Association with the 7th National Request for used batteries, promoted by Ecopilhas.
- Inclusion of Bank Millennium in Poland, for the eighth consecutive time, in the RESPECT Index - the first Central and Eastern European index of socially responsible companies.
- Millennium bcp is included in the "ECPI Global Developed ESG best in class – Equity" Sustainability index.

RESPONSIBLE BUSINESS

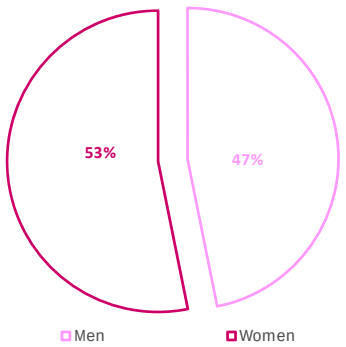
The BCP Group pursues dynamic strategies appropriate to the new challenges imposed by the different stakeholders with which it is related. The main objectives of the adopted sustainability policies, which foster a culture of Social Responsibility, has been to positively influence the organisation's value proposition in the long term, balanced with the well-being of the people, the company and communities in which it operates, while preserving natural resources and the environment.

The selection of the topics addressed in this chapter took into consideration the materiality analysis of issues pertaining to sustainability, pursuant to the matrix of materiality presented in the Sustainability Report of 2015.

EMPLOYEES

The BCP Group ensures, in its different operations, a fair trea tment and equal opportunities to all its Employees, promoting meritocracy at all stages of their career and defining their remuneration in accordance with category, professional path and level of achievement of the established objectives.

BREAKDOWN BY GENDER
Percentage



The general principles that rule the BCP Group established a series of values and benchmarks, universally applicable to all Employees, resulting in a unequivocal guidance, so that, regardless of the respective hierarchical or responsibility level, all Employees always act in a fair manner, with no discrimination, and also reaffirming the commitment to the ten Global Compact Principles, 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.

In this context, the Millennium Group's commitments have also been published concerning working conditions and equal opportunities, through the formalisation and disclosure of the Policies on Occupational Health and Safety, Equality and Non-Discrimination.

Training

One of the strategic pillars of the BCP Group are its employees, which is why training has always been assumed as a priority for the development of their professional and personal skills. 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, taking into account the Bank's strategic objectives.

TRAINING

	2015	2014	2013	Change % 15/14
NUMBER OF PARTICIPANTS (1)				
Presencial	23,762	30,124	25,873	-21.1%
E-learning	185,474	244,601	199,269	-24.2%
Distance learning	45,975	78,080	84,533	-41.1%
NUMBER OF HOURS				
Presencial	282,736	252,134	238,515	12.1%
E-learning	109,515	114,139	125,095	-4.1%
Distance learning	76,590	214,060	245,745	-64.2%
By Employee	**27**	**33**	**33**	**-17.1%**

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

In overall terms, 2,359 training actions were ministered, corresponding to over 470,700 hours of training, with an average of 27 training hours per Employee. During 2015, the training effort kept its focus not only on the commercial areas, but also on team management.

Talent Management

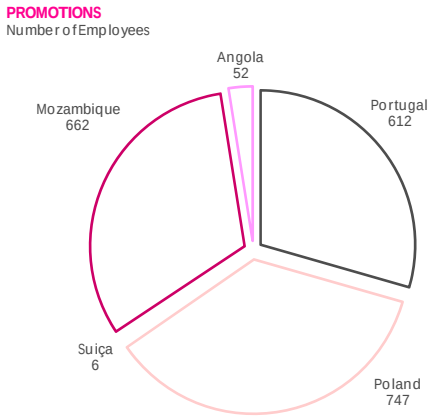
At the BCP Group, people management is a foundational vector and one of the most important pillars of the Bank's competitiveness and sustainability. Simultaneously with the valorisation of general and specific skills, it is crucial, in an organisational enhancement perspective, to identify Employees with potential and talent, so that in future they can perform duties of higher complexity and responsibility.

The development programmes that have been implemented in the different geographic areas of the BCP Group are thus a specific response to Employees with high performance and potential, enabling: i) recently recruited Employees to acquire a transversal overview of the business and best practices of the organisation; and ii) experienced Employees the opportunity to acquire the necessary skills so that in future they can perform more complex roles with higher responsibility.

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 a system of incentives, a professional valorisation plan based on merit and specific distinctions, attributed to Employees with excellent performance.

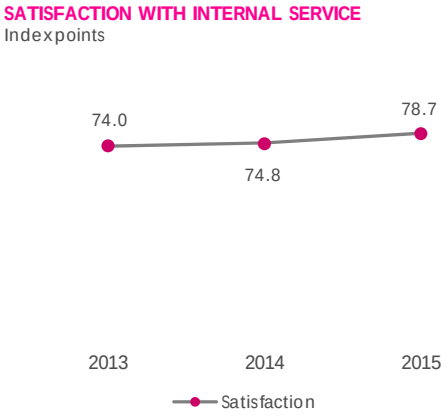


Satisfaction with Internal Customers

Since Employees constitute one of the strategic pillars of the BCP Group, their level of satisfaction with the service provided by the different internal areas - with direct relation and reflection on the quality of the guaranteed Customer service - is an important endogenous indicator to assess the Bank's effectiveness and perceived efficiency.

The opinion surveys were maintained regarding the satisfaction with the internal service among Employees who interact with other areas to perform their duties, in order to, as part of a continuous improvement policy, identify opportunities for improvement and optimisation of the processes and procedures in force.

In Portugal, the total value of 78.7 i.p. reflected a significant increase compared to the previous year.



Benefits

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

Concerning health and safety, in Portugal and Poland, 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) a HIV office, ensuring prevention and follow-up of this disease; and iii) social support office, offering counselling to Employees with serious social problems.

HEALTH SERVICES (1)

	2015	2014	2013	Change % 15/14
MEDICAL SERVICES				
Appointed held	22,259	30,913	33,448	-28.0%
Check-ups made	8,413	9,253	9,192	-9.1%
HEALTH INSURANCE				
Persons covered	50,277	52,039	49,724	-3.4%

(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. Employees may also benefit from credit for social purposes which, among others, covers situations of credit needs in order to meet expenditure related to education, health, improvements to their own or rented home, and other products and services of exceptional nature.

CREDIT TO EMPLOYEES (1)

Million euros

	2015		2014		2013	
	AMOUNT	EMPLOYEES	AMOUNT	EMPLOYEES	AMOUNT	EMPLOYEES
MORTGAGE						
In portfolio	790.1	10,558	853.7	10,989	911.8	11,550
Granted in the reporting year	23.9	338	18.4	310	20.7	335
SOCIAL PURPOSES						
In portfolio	20.5	3,683	23.0	3,803	22.7	3,817
Granted in the reporting year	7.5	1,288	10.8	1,372	10.6	1,346

(1) Includes active and retired Employees.

Evolution of Staff Numbers

In 2015, the number of BCP Group Employees fell by 2.5% (-451 Employees) in relation to the previous year. Of the 17,252 Employees of the Group, 57% worked in the international business and 43% in Portugal.

EMPLOYEES (1)

	2015	2014	2013	Change % 15/14
TOTAL IN PORTUGAL	**7,459**	**7,795**	**8,584**	-4.3%
POLAND	**5,992**	**6,183**	5,956	-3.1%
SWITZERLAND	**71**	**69**	67	2.9%
MOZAMBIQUE	**2,505**	**2,513**	2,476	-0.3%
ANGOLA	**1,225**	**1,143**	1,075	7.2%
TOTAL INTERNATIONAL	**9,793**	**9,908**	**9,574**	-1.2%
TOTAL	**17,252**	**17,703**	**18,158**	**-2.5%**

(1) information about the number of employees (not FTE's - Full Time Equivalent) for: Portugal, Angola, Mozambique, Switzerland and Poland.

In Portugal, the downward trend in the number of Employees continued, with 366 having left, 91% of whom through mutual agreement and/or retirement plans. Among the Employees who left, 42% had worked in the commercial areas.

In Poland, the total staff number also declined (-3.08% relative to 2014), with 1,059 having left, 63% of whom through own initiative, and 75% allocated to commercial areas, which was partially offset by the recruitment process which integrated 857 Employees.

In Mozambique, the number of Employees who left surpassed those recruited, with a turnover of 156 and 148 Employees, respectively. Of the Employees who left, 58% left through own initiative and 63% had worked in commercial areas.

However, Banco Millennium Angola maintained its trend of growth of number of Employees (7.2%) with the recruitment of 216 Employees and leaving of 134 Employees, 81% of the latter through own initiative and 69% allocated to commercial areas.

CUSTOMERS

Satisfaction Surveys

In Portugal, Millennium bcp continues to focus on the model of assessment of Customer experiences. 24 hours after interaction with the Bank, the Customer is invited to answer a brief questionnaire aimed at assessing Customer satisfaction with this experience with the Bank and the corresponding level of recommendation. In 2015, the Net Promoter Score indicator (NPS) of Prestige Customers, which reflects the Bank recommendation level, increased to 57.2 points, corresponding to 2.4 points more than in 2014, following the increased percentage of Promoter Customers from 62.8% to 65.4% and the stabilisation of the percentage of Detractor Customers at 8.2%. For Mass Market Customers, the percentage of Promoter Customers increased by 4.1%, from 65% to 69.1%, and the percentage of Detractor Customers fell by -2.7%, reflected in an increase of the Millennium bcp NPS from 51.7 to 58.4 (+6.7 points). The NPS of Business Customers also improved, having increased to 53.9 (48.4 in 2014), with 9.3% of Detractor Customers and 63.2% of Promoter Customers. Over 180,000 Customers were surveyed.

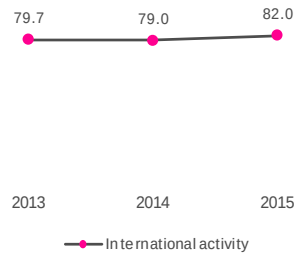
Under the "Maximum Quality" programme, aimed at internally capitalising the advantages of the "Assessment of Experiences" model and the "Mystery Client" actions through recognition of the Employees and branches which are most portrayed in Customer service quality, over 900 Employees of the Retail Network were distinguished via the attribution of "Maximum Quality" awards and/or certificates.

In order to strengthen the measurement of satisfaction and loyalty in the various Customer segments, Millennium bcp continued to monitor various market studies carried out by specialised companies, so as to obtain indicators to position the Bank in the sector and assess, in an evolutionary way, market perception with regard to quality of the service provided, the Bank's image and the products and services it sells.

In the international activity, Customer overall satisfaction levels with the Bank recorded a value of 82 index points (i.p.), influenced by the upturn recorded in Mozambique, which shifted from 75 to 80 i.p.

Poland, with 84 i.p. of overall satisfaction, saw Internet banking and mobile banking channels reach 96% and 92%, respectively, of positive ratings in 2015.

CUSTOMERS SATISFACTION
Index points



Information not available for Angola and Switzerland in 2013, 2014 and 2015.

In Angola, focus has continued on “Mystery Client” actions, that included visits to Branches of Private and Enterprise Networks, in which attributes related to treatment were valued.

Complaints

In Portugal, the total number of complaints, 27,529, showed a minor increase compared to the previous year. The majority, 80%, are claims related to current account movements, card transactions and automatic services. The Bank has shown constant concern to boost the swift settlement of complaints, and has managed to ensure an average settlement period of 6 business days.

CLAIMS

	2015	2014	2013	Change % 15/14
CLAIMS REGISTERED				
Activity in Portugal	27,529	27,126	24,487	1.5%
International activity	51,579	46,658	53,541	10.5%
CLAIMS RESOLVED				
Activity in Portugal	26,739	25,668	21,800	4.2%
International activity (1)	50,141	45,472	50,444	10.3%

(1) Includes valid claims related with the disregard of the privacy of Customers in Poland (39) and in Mozambique (6), based on the wrong processing of personal data and operational errors.

Regarding international activity: i) Poland recorded 1.2% fewer complaints than in the previous year, with 64% having been related to current accounts, card transactions and automatic services; ii) in Mozambique, the complaints increased significantly, with cards and current accounts being the most frequently mentioned issues; iii) in Angola, the number of complaints grew by 34.4%. The issues most raised in these claims were related to cards and banking products.

The average settlement period recorded was 13 consecutive days in Poland, and 7 and 11 business days in Mozambique and Angola, respectively.

Culture of Rigour

The BCP Group considers that respect for the defined mission and values of the organisation, combined with compliance with its approved strategy, depends, first of all, 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 instituted rules of conduct.

In this context, the implementation of specific training activities and the monitoring of the Compliance Office teams has been a constant feature. Thus, joint action with the different business areas enabled the training, in Portugal, of 262 employees in various topics related to the activity of the Compliance Office, always focused on the Employees' awareness of the need to adopt a professional conduct and behaviour in accordance with a culture of ethics and rigour when performing daily duties. This figure registers a reduction when compared with the verified in 2014, year in which were conducted specific formative processes resulting from regulatory changes. Endowing the Employees with skills for the execution 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, continues to be part of the Group's activities plan.

EMPLOYEES IN COMPLIANCE TRAINING ACTIONS (1)

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

	2015	2014	2013	Change % 15/14
Activity in Portugal	262	1,035	845	-74.7%
International Activity	8,094	7,490	7,950	8.1%
TOTAL	**8,356**	**8,525**	**8,795**	**-2.0%**

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

The adequacy and efficacy of the Bank's internal control system as a whole and the efficacy 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 also been maintained with the judicial authorities and with national and international conduct supervisory authorities. In this regard, and acting on its own initiative, a total of 364 communications were sent to local Judicial Entities and 1,106 requests were answered.

Social and Environmental Products and Services

The BCP Group offers a complete and broad range of financial products and services, and continues, under the development of its business lines, responsible for offering products and services which incorporate social principles and respect for the environment and nature.

The BCP Group is aware that the implementation of social and environmental criteria and standards in the commercial offer is reflected in more efficient risk management, reputation value and higher quality of the products and services offered to customers.

In Portugal, Millennium bcp Microcredit continues to be recognised as an alternative for the funding and feasibility of entrepreneurial action and own-job creation, having approved 341 new operations, which corresponds to total credit granted of 3,464 thousand euros, and helped to create 593 jobs. The volume of loans granted to the 1,120 operations in portfolio stood at 12,103 thousands euros, corresponding to principal of 8,243 thousands euros.

With the objective of continuing to support Customers in financial difficulties and prevent default, Millennium bcp also maintained its focus on the stimulation and applicability of SAF packages (Financial Follow-up Service). In this context, 25,375 contractual amendments were made during 2015 (7,713

mortgage loans and 17,662 consumer credit), with a restructuring value of 543 million euros (473 mortgage loans and 70 consumer credit).

For Entities of the social sector, Millennium bcp has kept the Non-Profit Associations Account available, a current account with special conditions, which does not require a minimum opening amount and is exempt from maintenance and overdraft commissions. 499 accounts with these features were opened, corresponding to a total of 2,902 accounts in the Bank's portfolio.

As for students who have decided to continue their academic path, the Bank granted 92 new loans in 2015, amounting to 1 million euros, under the University Credit Line with Mutual Guarantee - credit line with very favourable interest rate conditions that may be reduced, since they are indexed to the students' performance. The volume of credit granted to the 1,094 operations in the portfolio amounted to 9.8 million euros.

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

- Support to enterprise creation investment projects by unemployed persons, through the following credit lines: i) Microinvest Line - which financed 46 entrepreneurs to a total of 745 thousand euros; and ii) Invest+ Line which supported 46 entrepreneurs, to a total value of 1,951 thousand euros.
- Support for companies which need to meet treasury needs and seek to implement investment projects; 2 operations were financed to a total of 395 thousand 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 2,808 operations, with total funding of 239,660 thousand euros.
- Regarding support to companies in the agricultural and/or fisheries sector, 95 operations were conducted involving a total financing of 5,553 thousand euros through the PRODER/PROMAR and IFAP Short Term credit lines.
- A credit line - Social Invest - was launched in 2013 to facilitate the inclusion of Third Sector institutions in the financial system. In 2015, the Bank maintained 9 operations in portfolio, with a total value of 532 thousand euros.
- Credit Lines to Support Tourism, aimed at supporting, with favorable conditions, companies that develop activities related to tourism. 5 operations were financed, to a total amount of 42,023 thousand euros.

Under the Angola Invest Programme, Banco Millennium Angola's offer included subsidised credit product for Micro, Small and Medium-Sized Enterprises (MPME) and Micro, Small and Medium-Sized Individual Entrepreneurs (MPMES).

In Poland, the WWF Millennium MasterCard credit card, offered since 2008, takes up an environmental commitment. For each subscribed card, the Bank transfers to WWF Poland (World Wide Fund For Nature) half of the first annuity and a percentage of each transaction made.

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 19 environmental funds in the area of water and energy, amounting to a portfolio value above 4,258 thousand euros; and ii) ActivoBank – offering 16 investment funds, of which 7 are ethnic funds and 9 are environmental funds, with a total portfolio value above 611 thousand euros. Of these funds, by the end of the year 11 had subscribed participation units, with a subscribed portfolio value above 191 thousand euros.
- In Poland, Bank Millennium also has a solid offer of SRI funds, fundamentally aimed at Customers of the Prestige and Private segment, reflecting the investment in businesses whose principles incorporate environmental concerns, namely regarding climate change. The 4 available funds assured a subscribed value of 59.5 thousand euros.

Support to the Community

The BCP Group's strategy aims 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 developed, with priority focus on its intervention on cultural, educational and social initiatives.

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

- In the context of the Food Bank's food collection campaigns, Millennium bcp once again was present at the collection warehouses, helping to separate, store and channel the food. In 2015, in the two regular campaigns, the Bank encouraged the participation of more than 330 volunteers at national level, including Employees and their families.
- The Bank supports Junior Achievement Portugal (JAP) in its entrepreneurial, creativity and innovation projects, through the Bank Employees participation as volunteers. In the academic year of 2014/2015, 69 Bank volunteers participated in the Junior Achievement programmes, contributing with 865 hours and impact among 1,683 students.

The Bank has also organised, encouraged and followed-up internal solidarity actions which promote a culture of proximity and generate social value, as an important contribution to implementing its Social Responsibility policy in Portugal. Among these initiatives, which received a special boost from the Direct Banking, Retail Marketing, Operations and Credit Recovery Departments, we highlight:

- "Giving a Litre is Easy", an action aimed at the collection of milk in favour of Comunidade Vida e Paz at Millennium bcp's Central Service Buildings in Lisbon and Porto, which raised a total quantity of 2,153 litres of milk from donations by Employees and the Bank.
- "We Help to Give (more) Colour to Hope", an internal initiative aimed at collecting band-aids for children, coloured or with pictures, for the children supported by the Association ACREDITAR. The contributions of the Bank's Employees at a national level enabled the raising of around 640 boxes of band-aids, corresponding to over 10,000 individual band-aids.
- "Solidarity Millennium - Christmas 2015", a campaign directed at the collection of Toys and Books, new or used, for the Association ACREDITAR which enabled, with the dedication and commitment of the Bank's Employees at a national level, collecting around 4,400 presents.

Millennium bcp also backed a number of initiatives to support institutions and initiatives able to add social value, such as:

- Participation in the 2015 edition of the ECO Movement - Companies against Fires, a civil society project that aims to contribute to the prevention of forest fires and raise public awareness on risky behaviour.
- Regular support to institutions through the donation of IT equipment and office furniture that is no longer used, but is in condition to be reused. In this context, the agreement concluded with Entrajuda, the main beneficiary entity, has been maintained. The Bank donated over 2,572 items of IT equipment and furniture to 74 institutions during 2015.
- Participation in the 2nd edition of Marketplace Lisboa, a social market drawing together companies, local authorities and non-profit making institutions, where the participants display their offers and needs, promoting a sharing of knowledge and experiences which give rise to the exchange of goods and services. Millennium bcp, which was present for the first time at this event, established 10 agreements for donation of material with different social solidarity institutions.

- Once again, Millennium bcp joined the National Request for used batteries promoted by Ecopilhas, having provided collection bins at its Branches and in the Central Service Buildings. This appeal, now in its 7th edition, aimed to provide the Lisbon Oncological Institute (IPO) with a new treatment machine for the fight against cancer.
- Seeking to improve financial literacy and simultaneously stimulate saving habits, ActivoBank launched a video *live streaming app* on its Facebook page, named Active Conversations, which addresses topics so as to contribute to better knowledge and awareness of the issues related to the provision of financial services.

- Aimed at increasing the financial literacy of our Customers, the Prestige Segment re-launched the article "Knowing to Invest" included in the Prestige Welcome Pack. This article explains the underlying concepts of each family of saving/investment products.
- Provision of a space at the Bank's premises, for solidarity institutions to publicise and collect funds in defined periods. In 2015, APAM (Portuguese Association to Support Women with Breast Cancer) and CERCI de Oeiras were at Tagus Park.

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

- The "BAKCYL - Bankers for Financial Education of Youth" project is a joint initiative of the Polish banking sector, designed and organised by the Warsaw Banking Institute. BAKCYL, which includes the voluntary participation of employees in the banking sector as trainers and whose target group is high school students, aims to convey financial knowledge in a practical perspective and contribute to the informed use of financial products and services by the younger generations. In 2015, the 18 Millennium bank volunteers ministered 78 classes.
- Partnership with the United Way Foundation, with a view to continued support to the "Nikifory" programme of combat of isolationism of disabled artists, assisting the development, promotion and publicising of their creative activity.
- "Charity Corporate" runs - 92 Employees were present in charity runs, organised by Everest Foundation, the revenues of which were intended for the treatment and rehabilitation of children with disabilities.
- Collection of items for children – the Bank has maintained the programme of collection of items donated by Employees, started in 2011 and intended to support shelters for vulnerable children.
- With regards to education, we highlight: i) Millennium Bankers programme, aimed at supporting university students in their approach to the labour market. Participation of 34 students in 2015; ii) partnerships with AISEC (International Students Association) and NSZ SGH, independent union of Warsaw commercial school students, initiatives under a policy of proximity and direct relations with the academic community.

In Mozambique, the Bank's social commitment is embodied in the "More Mozambique for Me" programme, one of the references of the BCP Group under Corporate Social Responsibility aimed at tightening relations with local communities, which continues to focus on projects in the area of health, education, culture, children and youth sports, and community development:

- A Clean City for Me: Recycle and Win – a programme started in 2007 and already in its 9th edition, intended to raise the awareness of young people and the general public on the importance of their behaviour in the reduction of urban waste.
- Partnership with AMOR – Recycling Project, for the 6th consecutive year, an example in the area of collection, recycling and reuse of solid waste.
- Millennium bim Mini Basketball Tournament - in its 10th edition, involved 1,750 athletes, aged between 6 and 12 years old, from 9 cities.
- Millennium bim Race - 10th edition of a sports event which seeks to foster the development of running, the appearance of new talent and the adoption of healthy living habits, having involved the participation of over 1,200 athletes.
- Responsible Millennium bim - in the context of corporate voluntary action, 40 Employees and their families helped to restore Infulene Shelter Pilot Centre, an institution which cares for around 60 orphan children requiring support.
- The 6th edition of Millennium bim Banking Olympics was held, continuing to contribute to a better informed generation in terms of financial concepts and services. The 20 students who competed in the final competition were those who, from among the 400 participants who took the written test, had achieved the best results.
- AZGOZITO Project - included in the 5th edition of the AZGO Festival, enabled enriching the school curriculum of the participant students, providing new skills in the area of music.

- Partnership between Millennium bim and ADPP – Ajuda de Desenvolvimento de Povo para Povo - Children's Citadel, with the main objectives of supporting school education and encouraging entrepreneurism, improving the vocational training activities ministered by this institution.
- Road Safety Campaign - conducted in partnership with the Police of the Republic of Mozambique (PRM) and Impar – Seguradora Internacional, with this 6th edition involving training lectures given by PRM officers to the children and teachers of primary schools of Maputo.

Banco Millennium Angola supported initiatives in the area of Culture and Social Responsibility, prioritising actions involving the participation of Employees, in particular:

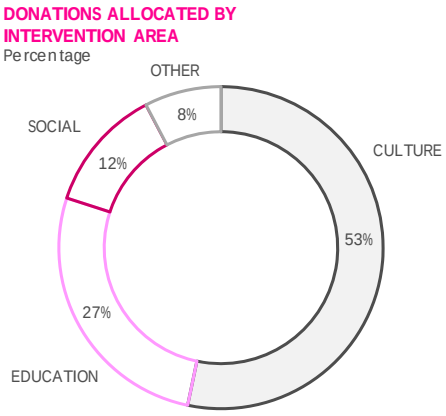
- Presence at the food collection campaign promoted by the Food Bank Angola, through the participation of 12 volunteers who helped in the collection, sorting and packaging of donated goods.
- Support was continued to Lar de Nazaré (Nazaré Home), in the municipality of Cacuaco, a work derived from the joint initiative of BMA and FEC (Evangelisation and Cultural Foundation), which cares for about 30 orphans between 4 and 18 years old. The employees also offered food, educational materials, toys and clothes.
- Continuing its support to National Artists, the Bank sponsored the "The Proverbial Singularity of the Baobab Tree" by the Angolan plastic artist Don Sebas Cassule at the Portuguese Cultural Centre, in Luanda. Cassule exhibited over 20 works of art, constituting a singular approach to the Baobab, in an artistic exercise around 20 angles of the mythical tree, each linked to Angolan proverbs in national languages.

Millennium bcp Foundation

The Millennium bcp Foundation, under the institutional social responsibility and cultural patronage policies, represents an agent of creation of value in society, in the different areas of its intervention, namely Culture, Education/Research and Social Solidarity.

During 2015, the Foundation lent its support to 108 projects in these three areas and backed 8 exhibitions open to the public.

In the context of Culture, priority has been given to initiatives towards Conservation and Publicising of the Bank's heritage, in particular:



- Maintenance of the Archaeological Centre of Rua dos Correeiros (NARC) and management of guided visits, which received 11,950 visitors.
- Holding of the exhibition "Iridescent Fragments - The Glass of the Archaeological Centre of Rua dos Correeiros", organised in collaboration with the National Museum of Archaeology which shows the collection of glass found in the archaeological excavations carried out at the Centre.

It should be noted that NARC commemorated 20 years of being open to the public and was this year classified as a National Monument, by Decree 7/2015 of the President of the Council of Ministers.

In the context of the 20 year of NARC, the Foundation organised a Roman Market as a commemorative event, which emphasised the commitment undertaken by the Foundation to share culture, in its diverse expressions, with the community.

Millennium Gallery, an exhibition space which received 22,749 visitors in 2015 distributed over the following temporary exhibitions: i) "Modernism in the Millennium bcp Collection " (included in the "Shared Art" project) which was attended by 6,729 visitors; ii) "My Life would Produce a Sardine" which received 9,677 visitors; and "Within light/inside glass an intersection between art and science" with a total of 6,343 visitors.

Both spaces participated in the "International Day of Monuments and Sites", "International Museum Day", "Museum

Night" and "Heritage Days", with NARC and Millennium Gallery having longer opening hours;

Continuing the Shared Art itinerary exhibitions project, which began in 2009, the following thematic exhibitions were organised and presented, having received 20,943 visitors: i) "Naturalist Painting in the Millennium bcp Collection", in Porto - Soares do Reis Museum (3,925 visitors) and Cascais – Condes Castro Guimarães Museum (17,009 visitors); ii) "Modernist Painting in the Millennium bcp Collection" in Castelo Branco - Contemporary Cultural Centre; iii) "Happiness in Júlio Pomar/Works of the Millennium bcp/Júlio Pomar Atelier-Museum Collections", exhibited at the Municipal Gallery of Porto.

Support to projects of modernisation of important national museums and promotion of museum activities and other cultural activities, in particular:

- National Coach Museum – support to the reopening of the museum to the public in the new location;
- Ajuda National Palace - renewal of graphic identity and signalling;
- National Museum of Ancient Art (MNAA) – support to exhibitions and the fund-raising initiative for the Museum's acquisition of the painting "The Adoration of the Magi" by Domingos Sequeira, support to the restoration of the nativity art room and library;
- National Museum of Contemporary Art - Chiado Museum (MNAC) - support to the exhibitions;
- Geology Museum of the University of Trás-os-Montes e Alto Douro - support to the museum programming;
- Coimbra Circle of Plastic Arts - support to the exhibition "Rui Chafes and Pedro Costa - Cryptoportico";
- Maia City Council - 4th Biennial of Contemporary Art of Maia 2015;
- Castelo d'If Association - 6th edition opening of artistic ateliers;
- Directorate-General for the Arts – support to the Portuguese official representation - "I Will be Your Mirror - Poems and Problems" exhibition by João Louro in the 56th International Art Exhibition of La Biennale di Venezia. The exhibition received over 45,000 visitors.

Regarding the restoration of heritage, architecture and other cultural areas, we highlight:

- Santa Clara Church (Porto) – works of rehabilitation and improvement of visiting conditions;
- São Nicolau Parish Church (Lisbon) - restoration of the arch and baptistery;
- Loures Mother Church – support to the rehabilitation of the roof, columns and restoration of the shroud of Our Lady of the Assumption;
- Lisbon Architecture Triennial – Millennium Triennial Awards;
- AICA - International Association of Art Critics - Visual Arts and Architecture awards;
- Spira - Heritage Revitalisation - 3rd Millennium bcp Heritage Fair held in Coimbra, at Mosteiro de Santa Clara-a-Velha, dedicated to the "Internationalisation of Heritage";
- Cupertino de Miranda Foundation - support to the multiannual project "Porto, city in transition";
- European Institute of Cultural Sciences - Father Manuel Antunes - support to the International Congress 100/Orpheu;
- Vieira da Silva Arpad Szenes Foundation - support to the initiatives;
- Youth Foundation – "Martelinhos de São João" exhibition;
- Lisbon City Council – Academy of Cultural Producers - ALL Festival 2015;
- Academy of Fine Arts - support to the historic library;

- Ephemeral Gardens Festival (Viseu) – support to the V edition of the festival involving various cultural activities.

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 7 scholarship students in the academic year of 2014/2015.
- ACEGE – Christian Association of Entrepreneurs and Managers - support to the programme of social development of business leaders;
- Support to the Master's course in Legal-Political Studies of the Institute of Legal Cooperation, at Eduardo Mondlane Law School, in Mozambique.
- University of Minho - Organising Committee of PYCHem - National and European Meeting of Young Chemistry Specialists;
- University of Porto - Centre of Astrophysics – Astrocamp 2015, summer academic programme;
- Universidade Católica Portuguesa: i) Faculty of Economics and Business Studies – scholarships for the Lisbon MBA; ii) Institute of Political Studies - support to the chair of European Law studies; (iii)) Law School – Support to foreign students of the "Master of Laws" course.
- University of Beira Interior - Faculty of Health Sciences - support to the I International Congress of Health Sciences - *I Congress in Heath Science Research: Towards Innovation and Entrepreneurship - Trends in Endocrinology and Neurosciences*;
- Institute of Banking Law, the Stock Exchange and Insurance (BBS) - support to the post-graduation courses in Banking Law, in collaboration with the Law School of Coimbra University;
- Start Up Programme (8th edition) of Junior Achievement Portugal – development of entrepreneurship programmes among university students.
- Universidade Católica Portuguesa – Law School: Sociality, Poverty(ies) and Social Exclusion - support to the SPES research project, aimed at studying the transformations of the Welfare State in the context of its social, economic, financial and political sustainability in the XXI century;
- League of Friends of Santa Marta Hospital, in collaboration with the Faculty of Medical Sciences of Lisbon and with the involvement of Harvard University - "*Impact of Treatment Modality on Vascular Properties in Coarctation of the Aorta. A transatlantic multicentre study in Paediatrics*";
- National Institute of Health Dr. Dr. Ricardo Jorge – scientific research project in lysosomal storage diseases "Less is More: development of a new therapeutic approach for mucopolysaccharidosis by using RNA interference technology".
- Portuguese Olympic Committee - award of prizes to the best research projects in various areas of Sport Sciences.

Under these difficult circumstances, the Foundation strengthened its social support, especially to the:

- Food Bank Against Hunger - concerning the food collection campaigns; i) supported the production of collection bags; and ii) gave a donation for the acquisition of tuna fish.
- Karingana Wa Karingana – national campaign to collect school supplies for distribution to deprived families;
- AESE - Higher Education Management Studies Association – GOS programme, Management of Social Organisations: programme developed in partnership with AESE - Business Management School and ENTREAJUDA. The programme aims to improve the management undertaken by the senior staff of IPSS through training actions targeting their governing bodies;
- Portuguese Large Families Association (APFN) - support to the "Observatory of Family Responsible Municipalities" project, created by APFN in 2007 with the goal of raising awareness, rewarding and publicising municipalities that adopt family responsible measures which facilitate the reconciliation of family/work and family life. The project benefits a total of more than 300,000 families in 41 municipalities;
- BUS Association - Social Utility Assets - the institution collects, free of charge, several utility goods of people wishing to get rid of them and forwards them to institutions and families in

need. The Foundation's support contributed to the expansion of the association's activity, which currently has 300 partner organisations, and distributed around 33,000 items of domestic utility in 2015.

In 2015, the Millennium bcp Foundation was distinguished by the Portuguese Government with the Medal of Cultural Merit, in recognition of the work developed over recent years in the area of Culture, and also received the Marketeer Award of Social Responsibility in the 7th edition of the Marketeer awards.

SUPPLIERS

At Millennium bcp, the Supplier selection process follows criteria of overall competence of the company, functionality, quality 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 92.8%.

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

Since 2007, the BCP Group, in particular in Portugal and Poland, includes an annex to its supplier contracts with Supplier Principles, which cover various aspects such as legal compliance, good environmental and labour practices, human rights and the application of these principles in the contracting of third parties.

BCP conducts assessments of its suppliers, through the application of a performance questionnaire which includes parameters related to the level of compliance with the Supplier Principles. In 2015, the suppliers endorsing these principles were submitted to a process of continuous monitoring.

Millennium bcp suppliers are also subject to an assessment process, substantiated: 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.

Operating Eco-efficiency

The BCP Group focuses on operating efficiency in terms of resource consumption (energy, water and materials, mainly paper), convinced of its benefits associated to cost reduction and improvement of the efficiency of processes. The Bank regularly monitors a series of environmental performance indicators which measure its efficiency in relation to its main consumption of resources. In overall terms, the Bank's operating eco-efficiency recorded an improvement compared to 2014, as a result of the investment made to mitigate environmental impacts by adopting environmentally responsible practices.

Based on the principle of continuous improvement, the BCP Group promotes eco-efficiency by investing in two priority areas:

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

Optimisation of processes and equipment

In order to promote efficiency, the BCP Group invests in the continuous improvement of its processes and activities and in the renovation of its equipment and infrastructures. All these actions are based on careful and thorough cost-benefit analyses with the fundamental premise of maintaining the quality of the service provided, enhancing Bank Customer satisfaction and assuring service efficiency.

The Bank implements its strategic guidelines for sustainability across the countries where it operates.

Portugal

In Portugal, during 2015 and following on the work that has been progressively developed over previous years, various measures were implemented to increase the Bank's energy efficiency. The optimisation of the functioning of transformer stations, 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 merely some of the energy efficiency measures that were implemented.

The reduction of energy consumption was essentially due to the constant and continuous concern not only with aspects of the rational use of energy, but also with energy efficiency, with measures having been taken at various levels, very often in a perspective of a specific approach targeting each group of facilities. Some examples of the measures that were taken are presented below:

- Permanent dynamic control of the operating hours of lighting and climatisation devices, both in Central Buildings and Branches;
- Replacement of fluorescent lighting by LED technology in various facilities;
- Monitoring of consumption, as a form of defining a stricter energy policy according to specific consumption profiles.

The Green IT programme was also continued, which covers a series of actions designed to identify measures and solutions that are reflected in technological and environmental gains. In this context, we highlight the continuation of the "GO P@perless" project which focuses on the dematerialisation of operations as a way to innovate and optimise processes, using solutions of electronic production and signing of documents, also with an expected positive impact on reduction of the "ecological footprint".

Millennium bcp thus continues to contribute to cutting the use and circulation of paper, on the one hand through regular communication/information actions on the advantages of documental dematerialisation, and on the other hand, through programmes of migration to digital solutions.

In 2015, the Bank implemented the Digital Price List at all its Branches, contributing to saving paper, to improved communication with Customers and to the achievement of productivity gains due to this procedural simplification.

The strategy was also maintained to foster the use of documents in digital format – Combined Bank Statement and Invoices/Entry Notes - by Customers, with growth of 31% having been recorded in the applications for documents in digital format made in the digital channels, compared to the same period of the previous year.

Moreover, ActivoBank was distinguished by the IDC CIO Awards with an honourable mention for its initiative of optimisation and dematerialisation of the account opening process. This initiative consists of a solution that enables the signing of the mandatory legal documentation via a tablet, without requiring its printing. With the innovation, ActivoBank has achieved higher efficiency and speed in the opening of an account, a high and automatic digitalisation of processes, an effective saving of paper and printouts with the consequent beneficial effects on the environment and, lastly, a mitigation of the operating risks related to handling paper.

Poland

In Poland, Bank Millennium continues to invest in various eco-efficiency initiatives, namely:

- Continuous monitoring of water, energy and paper consumption;
- Replacement of lights in the external advertising panels (traditional fluorescent bulbs were replaced by low-consumption LED bulbs);
- Automatic system to turn off the lighting of advertising panels from 00:00 h and lights at the headquarters from 18:00 h;
- In addition, there is a rationalisation plan for energy consumption in the central services and branches for the use of air conditioning and ventilation according to the season of the year;
- Introduction of low-emission cars in the motor vehicle fleet.
- 100% of the Bank's motor vehicle fleet complies with the Euro 5 Standards;
- Use of remote communication methods to reduce mobility during work (telephone, video-conference and e-learning);
- The "8 in 1" initiative, which enables new Customers, when acquiring various services, to receive only one contract, instead of separate contracts for each product, thus contributing to the dematerialisation process;
- Automation of the process of installation of ATMs, thus eliminating the need to print documents of transaction with MilleDesk, customer attendance solution.

The Internet banking channel also offers Customers online services and supporting documents. Close to 65% of the Bank's customers and 99% of new customers have applied for digital bank statements.

Regarding waste management, the Bank follows the applicable environmental regulations (Waste Act), which necessarily implies the appropriate management of waste, both through a series of agreements (Acceptance Protocols, Protocols of Confirmed Utilisation and Waste Transfer Card), and by the obligation to submit specifications on the type and volume of waste to the local offices. In 2015, the Bank concluded a contract with a licensed service provider to collect, transport and recycle materials,

with about 80% of the produced waste having been recycled. Furthermore, the reuse of furniture and equipment is promoted.

Remaining Countries

In Switzerland, the Bank implemented various measures such as, for example, the posting of stickers in dining areas to raise employee awareness towards moderate consumption of water and electricity; the consumption of recycled paper, the adoption of printing on both sides, the recycling of paper and provision of bins to separate plastic cups for recycling, as well as the preference of video-conferences. Moreover, the Bank has progressively implemented digital statements – in 2015, around 70% of the customers had access to the digital statement, thus reducing the Bank's paper consumption.

In Angola and Mozambique, focus was maintained on increasing the use of digital bank statement, as well as the widespread implementation of video conference practices to reduce the number of business trips. In Mozambique, practices were implemented to reduce paper consumption, including cutting down on printing e-mails or documents which can be treated without printing and the reuse of archive folders.

Environmental Awareness Raising

The Bank considers that it is very important to raise Employee awareness on the environment, as part of the Bank's environmental impacts in terms of energy, water and material consumption essentially depends on change of behaviour.

In Poland, the awareness of the Employees continues to be enhanced concerning the importance of adopting more environmentally responsible behaviour, with the customers and employees having been provided with an environmental guide during the year, both on the intranet and institutional website. This guide identifies various environmentally responsible practices which can be adopted at home and at the workplace.

In Portugal, the internal communication campaign - Reduction of consumption/Environmental signs - was continued, raising Employee awareness on the adoption of behaviour leading to more rational consumption of electricity, water and paper and, at the same time, to optimising the Bank's operating costs.

In 2015, in Portugal, Millennium bcp joined the Commemoration of the Day of the Tree initiative, organised by the Municipality of Oeiras, participating with around 40 volunteers, in the planting of 200 trees.

In Poland, the Bank has maintained its participation in Earth Hour, an event promoted by the WWF. As part of this campaign, the lighting and billboards are turned off for one hour, both at the branches and central buildings. The purpose of this initiative is to attract attention towards the human impact on the environment and, accordingly, Customers and Employees are invited to participate in this action.

In Mozambique, Millennium bim has supported and developed projects that work towards raising the awareness of local communities on environmental issues and implement projects aimed at preserving the environment and improving the quality of life of people. In this regard we highlight the support granted to AMOR – Mozambican Recycling Association, and environmental association which works in the selective collection of urban waste.

Ecological Footprint

As noted above, the BCP Group regularly monitors a series of environmental performance indicators which measure the Bank's eco-efficiency with regard to its main consumption of resources[‡].

As a whole, the Bank's eco-efficiency level has continued to improve, as a result of the continuous investment over the last few years in new equipment, optimisation of processes and change in Employee behaviour.

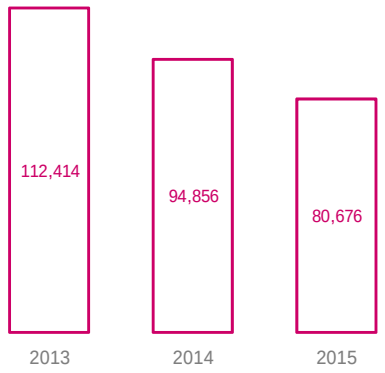
The majority of the Bank's energy consumption derives from indirect sources (electric and thermal), which represented, 60% of the BCP Group's power needs in 2015. Indirect and direct energy

[‡] The environmental performance of all the Bank's operations was monitored in 2015, namely in Portugal, Mozambique, Switzerland, Poland and Angola.

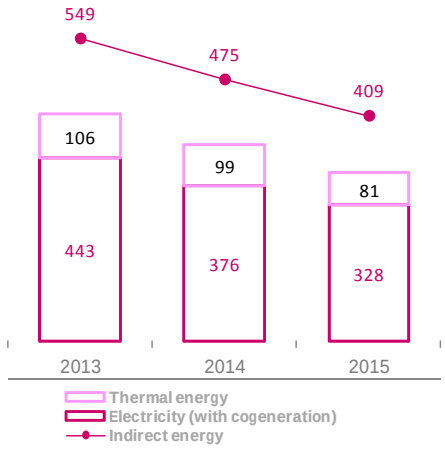
consumption fell by 14% and 11%, respectively, relative to 2014, where the majority of these reductions are due to 9% lower consumption of electricity, around 13% lower consumption of petrol and 11% lower consumption of natural gas in Portugal.

Concerning domestic activity, in Portugal, BCP reduced its energy consumption by 9%, having surpassed its annual goal (-5%), where electricity fell by 9% relative to 2014. This reduction of 5.1 GWh enabled preventing about 1,175 tonnes of CO2 emissions and saving about 738 thousand euros.

ELECTRICITY CONSUMPTION [1]
MWh



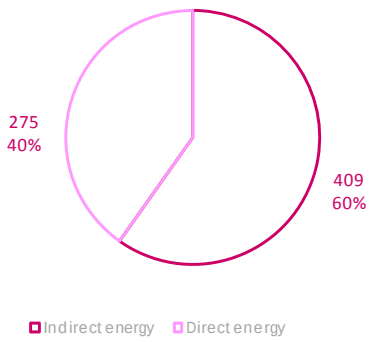
INDIRECT ENERGY CONSUMPTION [2]
TJ



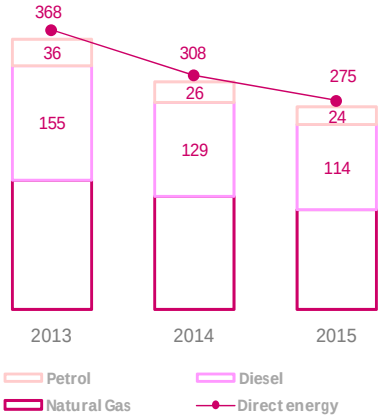
[1] Includes Portugal, Angola, Mozambique, Poland, Switzerland and Romania (2013).The electricity consumption does not include the cogeneration plant and data center in Portugal.

[2] Includes Portugal, Angola, Mozambique, Poland, Switzerland and Romania (2013). The electricity consumption includes the cogeneration plant in Portugal and it does not include data center in Portugal.

DIRECT AND INDIRECT ENERGY CONSUMPTION 2015
TJ and %

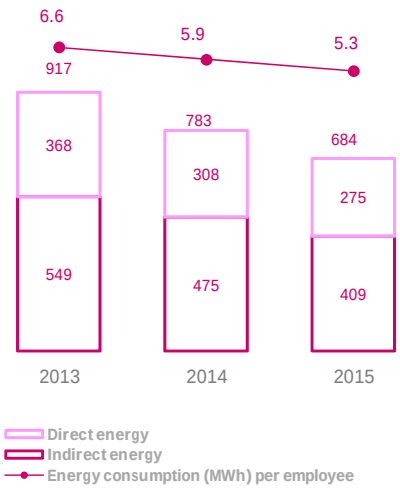


DIRECT ENERGY CONSUMPTION [3]
TJ



(3) Includes Portugal, Angola, Mozambique, Poland and Romania (2013).

ENERGY CONSUMPTION (4)
TJ



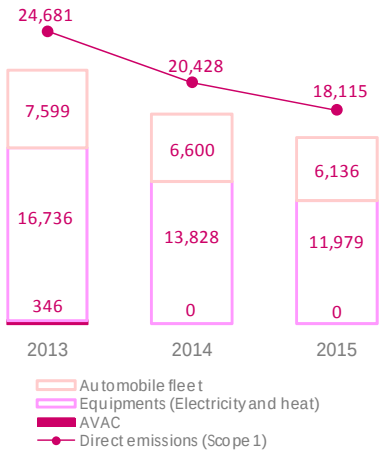
(4)Consumption of electricity per employee - Includes Portugal, Poland, Romania (2013), Mozambique, Switzerland and Angola. Includes the cogeneration plant in Portugal and it does not include data center in Portugal.

Under its commitment to combat climate change, BCP calculates and monitors its carbon footprint and annually participates in the Carbon Disclosure Project (CDP).

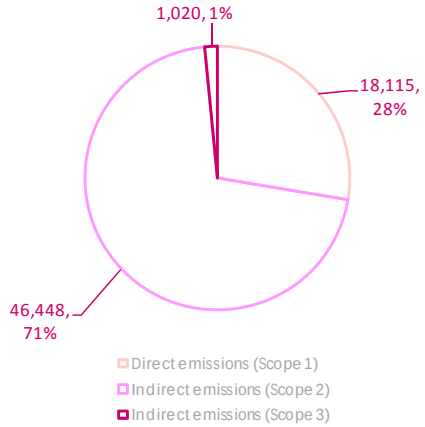
The Bank has implemented a series of measures to reduce energy consumption, which enables minimising the greenhouse gas emissions associated to its activity. Millennium's carbon footprint follows a downward trend recorded in the Bank's direct and indirect energy consumption, with total greenhouse gas emissions having fallen by 8% in relation to 2014.

In overall terms, the emissions associated to fuel consumption (scope 1) fell by 11% compared to the previous year, reflecting the 11% decrease occurred in direct energy consumption. Emission associated to electricity consumption and mobility (scopes 2 and 3) decreased by around 7% and 3%, respectively, imputable to the 14% reduction occurred in indirect energy consumption and to 7% reduction in air travel.

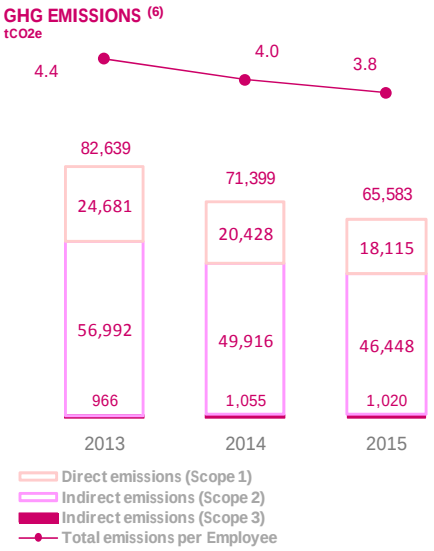
DIRECT GHG EMISSIONS (SCOPE 1) (5)
tCO_2e



TOTAL EMISSIONS (SCOPE 1,2 and 3) 2015
tCO_2e and %



(5) Includes Portugal, Angola, Mozambique, Poland and Romania (2013).



(6) **Direct emissions** – Includes emissions from Portugal, Angola, Mozambique, Poland and Romania (2013).

Indirect emissions - Includes emissions from electricity and thermal power acquired in Portugal, Angola, Mozambique, Poland, Switzerland and Romania (2013).

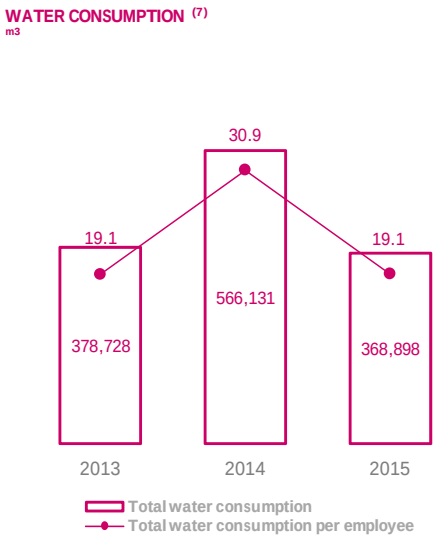
Indirect emissions (scope 3) - Includes emissions from Portugal, Poland, Romania (2013). It does not include Angola, Mozambique and Switzerland.

Total emissions per employee - Includes Portugal, Angola, Mozambique, Poland, Switzerland and Romania (2013).

Concerning domestic activity (Portugal), as a whole Millennium bcp had a slight reduction in its greenhouse gas emissions by about 0.3% compared to 2014. This result is due in particular to increase of the emission factor related to the energy mix of the electricity supplier.

Direct emissions fell by 9% year-on-year, due to the reduction of direct energy in the same proportion. BCP thus surpassed its defined annual goal for reduction of emissions (-5%). Also indirect emissions related to mobility (scope 3) fell by 6%, and BCP also surpassed its defined annual goal for reduction of this emissions type (-5%).

The Bank continued to encourage the use of webcasting means (video-conferences to replace business travels), aimed at cutting CO2 emissions, with the increased use of this tool having occurred.

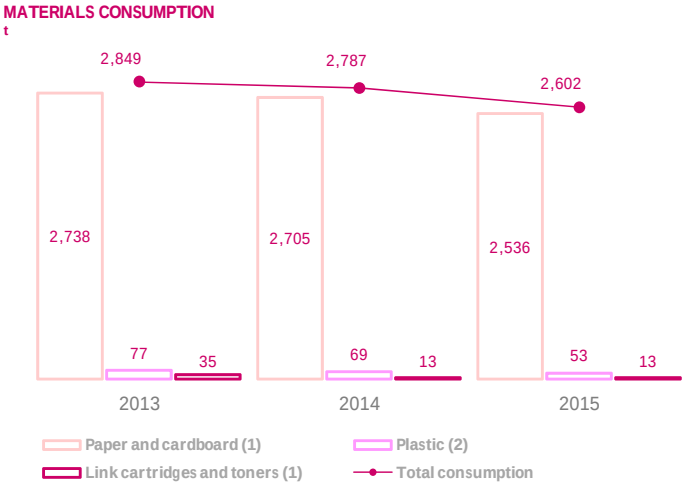


(7) Includes Portugal, Angola, Poland, Mozambique and Romania (2013).

In 2015, the BCP Group's water consumption decreased by 35% in relation to the previous year, mainly due to the decrease in consumption recorded in Mozambique.

In Portugal, total water consumption was 176.245 m^3, of which 97% corresponds to water from the public network and 3% of rainwater reuse. In 2015, water consumption derived from the public supply fell by 7%, exceeding the predefined annual goal (-4%). This outcome is partly due to the awareness raising actions carried out among the employees on the rational use of water. A study and assessment of implementation of water flow reducers at branches was conducted in 2015. A study and assessment was

also carried out of implementation of non-irrigated grassland in the green zones, which should lead in the future to a reduction of irrigation water.



(1) Includes Portugal, Angola, Poland, Mozambique, Switzerland and Romania (2013).

(2) Includes Portugal, Angola, Poland, Mozambique and Romania (2013).

Over these last years, the BCP Group has progressively reduced the consumption of its main materials (paper and cardboard, plastic, ink cartridges and toners), due to the optimisation which occurred in most of its geographic areas. The Bank pursued its focus on the dematerialisation of processes, where the bank statement in digital format is the best example of this strategy.

In 2015, materials consumption decreased by 7% over the previous year.

The consumed materials of most importance in terms of weight and quantity continue to be paper and cardboard, which, in overall terms, fell by 6% in relation to 2014, as a result of the dematerialisation initiatives implemented in all the geographic areas. The plastic consumption decreased by 23%, associated to consumption reduction of Angola.

In Portugal, paper and cardboard consumption was cut by 10%, and plastic consumption showed a significant reduction of 32%, once again exceeding the established annual goals (-2% and -5%, respectively).

Further details on the information reported in this chapter (Responsible Business), in particular 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

During 2015, stock markets proved to be resilient, particularly in the Eurozone, where they accumulated, in general significant gains, in spite of the year having been marked by some critical issues such as instability in Greece, the refugee crisis in Europe, the Volkswagen scandal, the cooling of the Chinese economy, the onset of economic recession in Brazil, the continuing downward trend of the oil prices, initiated in mid-2014, the terrorist attacks and political uncertainties in European Union member states, as in the case of Portugal and Spain. In Portugal, the unsuccessful takeover bid for BPI launched by CaixaBank and the postponement of the sale of NovoBanco were also factors that had an impact on share prices, particularly of Portuguese banks.

The quantitative easing plan of the ECB revealed in January enhanced the depreciation trend of the euro, initiated with the start of the rise of interest rates in the US, which had a positive impact on the revenues of exporting companies, enabling their stock market performance to improve. At the same time, the maintenance of interest rates at historically low levels (0.05%) also had a positive influence on capital markets, with investors moving to risky assets such as shares, in search of potentially higher returns.

The national reference index, the PSI 20, posted a gain of 10.7%, in spite of the political instability at the end of the year.

BCP Shares indicators

	Units	2014	2013
Adjusted prices			
Maximum price	(€)	0.0959	0.1406
Average price of the year	(€)	0.0696	0.1038
Minimum price	(€)	0.0416	0.0650
Closing price	(€)	0.0489	0.0657
Shares and equity			
Number of ordinary shares	(M)	59,039	54,195
Shareholder's Equity attributable to the group	(M€)	4,623	4,213
Shareholder's Equity attributable to ordinary shares (1)	(M€)	4,563	4,041
Value per share			
Adjusted net income (EPS) (2) (3)	(€)	0.005	-0.005
Book value	(€)	0.077	0.075
Market indicators			
Closing price to book value	(PBV)	0.63	0.88
Market capitalisation (closing price)	(M€)	2,887	3,561
Liquidity			
Turnover	(M€)	4,670	8,189
Average daily turnover	(M€)	18.2	32.1
Volume	(M)	67,810	78,530
Average daily volume	(M)	265.1	308.0
Capital rotation (4)	(%)	119.2	317.9

(1) Shareholder's Equity attributable to the group - 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 year average number of shares issued.

BCP share prices closed 2015 with a depreciation of 26%. This performance can be summarised in four phases:

- Significant increase in the 1st quarter: from 0.0657 euros to 0.0957 euros (+45.7%), driven by exogenous reasons which translated into an interest in the Portuguese banking system, as in the case of CaixaBank's takeover bid for BPI; Santoro's proposal of a merger of BPI with BCP and the existence of 7 non-binding offers for the acquisition of Novo Banco.
- Depreciation in the 2nd quarter: from 0.0957 euros to 0.0780 euros (-18.5%), reflecting an adjustment to the gains in the 1st quarter, which was primarily driven by three factors. Firstly, the emergence of doubts, by the supervisor, as to whether national legislation indicated that deferred tax assets consisted of state aid, an issue which was resolved, but which had a negative impact on the share price. Secondly, the cancelling of the takeover bid for BPI, offsetting the positive effect in the previous period. Lastly, instability in Greece resulting from the difficulty of the Greek government in reaching an agreement with its creditors.
- Depreciation in the 3rd quarter: from 0.0780 euros to 0.0435 euros (-44.2%), the period that better justifies the performance of the shares over the entire year, with the emergence of three factors that affected the performance of BCP shares very negatively. Firstly, the revocation of notice 3/95 of the Bank of Portugal with negative implications on the Bank's capital ratio; secondly, the emergence in Poland of a series of draft laws with a view to converting the mortgage loans denominated in Swiss francs and the emergence of a proposal for the creation of a new tax on the banking sector; lastly, the cancelation of the sale process of Novo Banco.
- Appreciation in the 4th quarter: from 0.0435 euros to 0.0489 euros (12.4%), partially offsetting the steep decline in the 3rd quarter, following the clarification by the Bank of Portugal regarding the means of financing the Resolution Fund, notwithstanding the political instability in Portugal, the resolution of Banif and the decision to capitalise Novo Banco through the transfer of senior debt placed with institutional investors for BES.

Absolute and relative performance

Index	Change 2015
BCP share	-25.6%
PSI Financials	-15.6%
PSI20	10.7%
IBEX 35	-7.2%
CAC 40	8.5%
DAX XETRA	9.6%
FTSE 100	-4.9%
MIB FTSE	12.7%
ATHENS FTSE	-23.6%
Eurostoxx 600 Banks	-3.3%
Dow Jones Indu Average	-2.2%
Nasdaq	8.4%
S&P500	-0.7%

Source: Euronext, Reuters, Bloomberg.

Liquidity

During 2015, BCP shares were the most traded shares in the Portuguese market and in the national financial sector. During this period, approximately 67,810 million shares were traded, corresponding to an average daily volume of 265 million shares. The capital turnover index came to 119.2% of the average annual number of shares issued.

Indices in which BCP Shares are listed

BCP shares are listed in about 90 national and international stock market indices, among which the following are noteworthy: Euronext PSI Financial Services, PSI 20, Euronext 150, NYSE Euronext Iberian and Euro Stoxx Banks.

In addition, at the end of 2015, Millennium bcp was also included in the following Sustainability Indexes: Ethibel Excellence Europe, Ethibel EXCELLENCE Investment Register, STOXX Europe Sustainability, EURO STOXX Sustainability and ECPI Global Developed ESG best in class - Equity.

Indexes	Weight
Next 150	1.21%
Iberian Index	0.78%
PSI 20	7.59%
PSI Geral	5.25%
PSI Serviços Financeiros	50.38%

Source: Euronext.

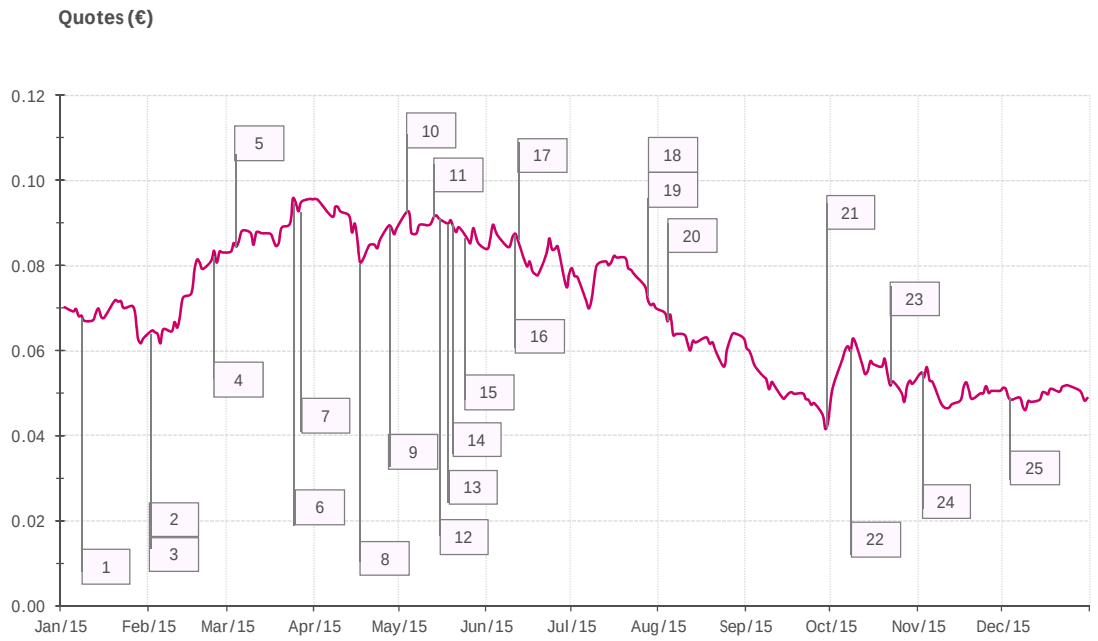
Sustainability Indexes

MATERIAL INFORMATION AND IMPACT ON THE SHARE PRICE

The table below summarises the material information directly related to Banco Comercial Português that occurred during 2015, as well as net changes of the share price both the next day and 5 days later, and 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	8/Jan	Conclusion of the sale of Banca Millennium (Romania) to OTP Bank	-1.8%	-0.5%	1.4%	-0.4%	-4.9%	0.8%
2	2/Feb	Bank Millennium (Poland) Consolidated Results in 2014	-0.6%	-2.4%	-3.1%	-0.3%	-0.5%	-1.9%
3	2/Feb	Consolidated Earnings Presentation 2014	-0.6%	-2.4%	-3.1%	-0.3%	-0.5%	-1.9%
4	24/Feb	Announcement of the evaluation process for strategic scenarios for ActivoBank	-3.3%	-3.3%	-2.5%	2.2%	1.5%	2.7%
5	3/Mar	Proposal of merger between BCP and BPI received from Santoro Finance - Prestação de Serviços, SA	-0.9%	0.6%	-2.2%	-0.5%	0.9%	-1.7%
6	25/Mar	Launch of an accelerated placement of up to 15.41% of the existing share capital of Bank Millennium	-2.2%	-1.1%	-1.5%	0.8%	0.9%	-0.1%
7	26/Mar	Information about the pricing of its accelerated placement of shares of Bank Millennium	2.4%	1.3%	2.5%	2.8%	1.3%	1.1%
8	17/Apr	Information about about capital strengthening transactions	5.0%	4.3%	3.6%	6.8%	6.2%	3.6%
9	27/Apr	Bank Millennium (Poland) results for the 1st quarter of 2015	-0.6%	0.0%	0.4%	3.8%	2.7%	6.8%
10	4/May	First quarter of 2015 consolidated results	-5.4%	-3.0%	-3.4%	-3.6%	-2.7%	-5.3%
11	11/May	Resolutions of the Annual General Meeting	0.4%	1.2%	1.6%	0.4%	1.1%	1.4%
12	15/May	Information about internal organisation	-1.2%	-1.0%	-0.9%	-2.2%	-1.9%	-4.3%
13	18/May	Completion of sale of Millennium bcp Gestão de Activos – Sociedade Gestora de Fundos de Investimento, S.A.	0.9%	0.4%	-0.5%	-4.0%	-2.1%	-5.6%
14	20/May	Information about ratings decision	-1.2%	-1.3%	-1.0%	-0.2%	2.6%	-0.2%
15	25/May	Launch by Banco Comercial Português, S.A. of a Partial an Voluntary Public Tender Offer for the Acquisition of Securities	-1.2%	0.8%	-0.3%	-2.8%	-0.2%	-1.5%
16	11/Jun	Information about share capital increase with a partial and voluntary public tender offer for the acquisition of securities	-2.1%	-0.6%	-1.3%	-10.8%	-6.3%	-7.7%
17	12/Jun	Registry of the share capital	-6.8%	-4.4%	-4.7%	-9.2%	-6.8%	-7.7%
18	27/Jul	Bank Millennium (Poland) results for the 1st half of 2015	-4.3%	-4.0%	-5.7%	-8.2%	-9.5%	-11.0%
19	27/Jul	First half of 2015 consolidated results	-4.3%	-4.0%	-5.7%	-8.2%	-9.5%	-11.0%
20	7/Aug	Clarifications regarding the legislative proposal in Poland	-0.3%	-0.8%	-1.0%	-3.1%	-2.6%	0.0%
21	29/Sep	Information about ratings decision	4.6%	1.5%	2.3%	44.7%	33.2%	37.7%
22	8/Oct	Strengthening of the partnership with Banco Privado Atlântico, S.A. in the Angolan	4.8%	4.4%	4.1%	-4.0%	-1.7%	-2.8%
23	23/Oct	Bank Millennium (Poland) results for the 1st nine months of 2015	-4.9%	-4.7%	-4.6%	-0.9%	-1.8%	1.8%
24	2/Nov	First nine months 2015 consolidated results	-2.0%	-3.1%	-1.5%	-13.1%	-8.9%	-13.4%
25	3/Dec	Information about ratings decision	-1.0%	-0.5%	-0.8%	-1.6%	0.5%	2.3%

The following graph illustrates the performance of BCP shares over the reference period:



Dividend policy

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

Monitoring of Investors and Analysts

BCP shares are analysed by the leading national and international investment firms, which issue regular investment recommendations and price targets on the Bank. At the end of 2015, there were 5 buy, 3 neutral and 1 sell recommendations. The average price target was 0.08 euros.

The Bank participated in various events during 2015, having attended 12 conferences and 10 roadshows in Europe and the USA, where it gave institutional presentations and held one-to-one meetings with investors. More than 350 meetings were held with analysts and institutional investors, which continues to demonstrate the significant interest in relation to the Bank.

Treasury shares

Treasury shares held by entities included in the consolidation perimeter are held within the limits established by the bank's by-laws and by "Código das Sociedades Comerciais".

As at 31 December 2015, Banco Comercial Português, S.A. did not hold any treasury shares and no treasury shares were purchased or sold during 2015. However, as at 31 December 2015, 24,280,365 shares (31 December 2014: 24,280,365 shares) held by Customers are registered under Treasury Shares. 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 and, pursuant to accounting policies, deducted from equity.

Regarding treasury shares held by companies associated to the BCP Group, as at 31 December 2015, the Millenniumbcp Ageas Group held 652,087,518 BCP shares (31 December 2014: 652,087,518 shares) in the amount of 31,821,871 euros (31 December 2014: 42,842,000 euros).

Shareholder structure

According to information from Interbolsa, as at 31 December 2015, the number of Shareholders of Banco Comercial Português totalled 196,148. The Bank's shareholder structure continues to be extremely scattered, with only five Shareholders with qualified holdings (over 2% of the share capital) and only two Shareholders with a stake above 5%.

Shareholder structure	Number of Shareholders	% of share capital
Individual Shareholders		
Group Employees	3,289	0.44%
Other	187,631	39.54%
Companies		
Institutional	397	23.90%
Other and Qualified Shareholders	4,831	36.12%
Total	**196,148**	**100.00%**

Shareholders with more than 5 million shares represented 64% of the share capital. In 2015 there was an increase of the percentage of share capital held by national Shareholders.

Number of shares per Shareholder	Number of Shareholders	% of share capital
> 5,000,000	546	64.17%
500,000 to 4,999,999	9,599	18.48%
50,000 to 499,999	55,742	14.97%
5,000 to 49,999	66,213	2.22%
< 5,000	64,048	0.16%
Total	**196,148**	**100%**

With regard to geographic distribution, it is worth noting the the weight of Shareholders in Portugal, who represented 54% of the total number of Shareholders as at 31 December 2015.

	Nr. of Shareholders (%)
Portugal	54.0%
Africa	18.1%
UK / USA	7.4%
Other	20.5%
Total	**100%**

QUALIFIED HOLDINGS

As at 31 December 2015, the following Shareholders held 2% or more of the share capital of Banco Comercial Português, S.A.:

31 December 2015

Shareholder	Nr. of shares	% of share capital	% of voting rights
Sonangol - Sociedade Nacional de Combustíveis de Angola, EP, directly	10,534,115,358	17.84%	17.84%
Total of Sonangol Group	**10,534,115,358**	**17.84%**	**17.84%**
Bansabadell Holding, SL, fully owned by Banco de Sabadell, S.A. *	2,644,643,445	4.48%	4.48%
Banco de Sabadell, S.A., directly	350,219,968	0.59%	0.59%
Total of Sabadell Group	**2,994,863,413**	**5.07%**	**5.07%**
EDP -Imobiliária e Participações, S.A, fully owned by EDP - Energias de Portugal, S.A. *	1,087,268,954	1.84%	1.84%
EDP Pensions Fund **	402,753,534	0.68%	0.68%
Voting rights held by the members of the management and supervisory bodies	109,741,163	0.19%	0.19%
Total of EDP Group	**1,599,763,651**	**2.71%**	**2.71%**
Interoceânico - Capital, SGPS, S.A., directly	1,199,549,296	2.03%	2.03%
Voting rights held by the members of the management and supervisory bodies	8,110,204	0.01%	0.01%
Total of Interoceânico Group	**1,207,659,500**	**2.05%**	**2.05%**
BlackRock	1,308,152,656	2.22%	2.22%
Total of BlackRock* **	**1,308,152,656**	**2.22%**	**2.22%**
Total of Qualified Shareholders	**17,644,554,578**	**29.89%**	**29.89%**

* Allocation in accordance with subparagraph b) of paragraph 1 Art. 20 of the Portuguese Securities Code.

** Allocation in accordance with subparagraph f) of paragraph 1 Art. 20 of the Portuguese Securities Code.

*** According to the latest available information (24th July 2014).

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.

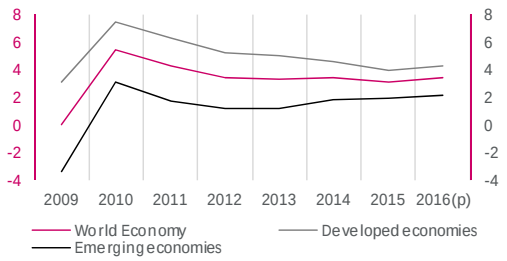
ECONOMIC ENVIRONMENT

WORLD'S ECONOMIC ENVIRONMENT

According to the projections of the International Monetary Fund (IMF), the pace of expansion of global activity in 2015 ought to have fallen to the lowest level since 2009, in a context in which the greater dynamism of the developed economies was not enough to offset the loss of vigour of the emerging markets. The pronounced fall of commodity prices, besides intensifying the gap between the groups of economies, worsened the global deflationary pressures, creating an environment of greater financial vulnerability along with a need for maintaining accommodative monetary conditions globally.

In the Euro Area, the improvement of the monetary conditions stemming from the more expansionist stance of the European Central Bank (ECB), the effective depreciation of the euro, the reduction of energy costs and the greater neutrality of the fiscal policies of the 'peripheral' countries spurred the recovery process of the economy. In fact, after a growth of 0.9% in 2014, in 2015 GDP grew 1.5% and in 2016, the European Commission (EC) estimates that the pace of economic expansion will accelerate to 1.7%. However, the frailty of the emergent economies, the escalation of geopolitical tensions and the risks inherent to the necessity of enhancing the ongoing structural reforms in several Member-States might hinder the rhythm of the recovery of the Euro Area's economy.

GLOBAL ECONOMIC GROWTH REMAINS MODERATE
Annual growth rate of real GDP (in %)



Source: IMF WEO (Jan 2016)

In the US, the steady increase of employment and of the real disposable income together with the low level of interest rates spurred consumption and residential investment. Nevertheless, the recession associated to the oil price slump in the American energy sector and the dollar appreciation exerted an adverse effect over business investment and exports, which resulted in a GDP growth rate identical to that observed in 2014, i.e. 2.4%. In 2016, the behaviour of private consumption should be the pendulum that will determine the robustness of economic growth, which in turn implies a strong labour market in circumstances haunted by the presumable normalization of monetary policy and the concomitant intensification of the dollar's appreciation trend against the major international currencies.

The Chinese economy continued to display clear signals of loss of strength in the course of 2015, especially on the demand components that were the cornerstone of the Chinese growth model, namely exports and investment. The main risk to 2016 lies on the possibility of further weakening of the Renmimbi, which would have as an associated risk a capital flight and the consequent deterioration of funding conditions to the companies and households in China.

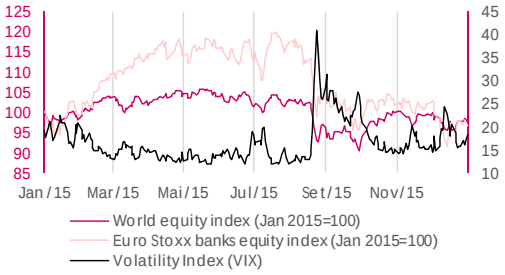
In 2016, the global economy faces complex and varied risks. The downward spiral that engulfed the natural resource sector and the emerging markets complex threatens to continue to restrict the recovery of global demand and to cause a correction in the international financial markets. Moreover, the expected rise in the Federal Reserve's key rates and the resulting increase in the debt service of the highly indebted US corporate sector carry the risk of a retraction of investment and also consumption. Finally, the prevalence of several sources of geopolitical tensions and the security issues in Europe constitute obstacles difficult to quantify but still potentially adverse to the consolidation of the recovery of the Euro Area's economy.

GLOBAL FINANCIAL MARKETS

The evolution of financial markets in 2015 was dominated by the rise of volatility, presumably resulting from the uncertainty surrounding the implications for the world economy of the emerging markets' loss of vigour and of the beginning of the reversal of the US Federal Reserve's expansionary policy. In that environment, the geographies where monetary policies were more accommodative, such as the Euro Area and Japan, generically recorded stronger financial assets appreciation than the economies whose monetary conditions became more restrictive, as it happened in the US, and with greater intensity, in emerging markets. The US key equity indexes closed the year with meagre or negative appreciations, while its European and Japanese counterparts recorded gains around 10%. Regarding exchange rate, the most salient development was the appreciation of the US Dollar, in particular against the currencies of the countries most dependent on commodity exports.

In contrast to the previous years, the performance of the international debt market was marked by a clear divergence between, on the one hand, the price stability of the securities issued by higher credit rating entities, and on the other hand, the depreciation of the most risky bonds. In the Euro Area, even though the ECB has implemented a public debt securities purchase program, the 'peripheral' countries' sovereign debt risk premia have displayed an erratic behaviour, though without a defined direction, after the very significant compression that occurred in 2013 and 2014. Notwithstanding, the intensification of the expansionary stance of the ECB's monetary policy, including setting the deposit facility interest rate at negative values, shifted the Euribor interest rates curve below zero for maturities up to six months and contributed to the Euro's depreciation, in particular against the Dollar.

THE WORLD EQUITY INDEX DEVALUATED AND THE VOLATILITY INCREASED



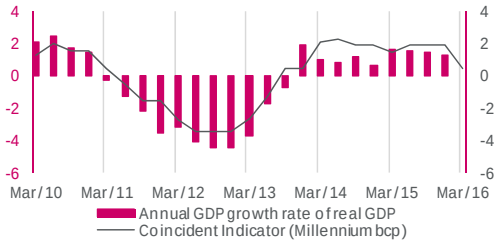
Source: Datatsream

OUTLOOK FOR THE PORTUGUESE ECONOMY

The recovery of the Portuguese economy has consolidated during the course of 2015, benefiting from the lower financing costs, the fall of oil prices, the acceleration of the European economy, the gains of external competitiveness conferred by the effective depreciation of the Euro and, in a more indirect way, the structural reforms implemented during the adjustment program. According to Statistics Portugal, GDP grew 1.5% in 2015, above the 0.9% recorded in 2014. The greater strength of economic activity stemmed essentially from the dynamism of private consumption and exports, since investment proceeded at a slower pace than that of the previous year.

In 2016, the recovery trend should remain supported by domestic demand, which is bound to benefit from the rise of employment and disposable income, the low cost of energy, the low interest rates and, also from the implementation of the new European financing framework, namely, the Portugal 2020 program. Nevertheless, the risk of slowdown of the global economy associated with emerging markets' fragility as well as the possibility of a significant correction in financial markets constitute potential threats to the extension of the recovery of the national economy.

PORTUGUESE ECONOMY CONTINUES TO RECOVER



Source:Datastream and Millennium bcp

The postponement of Novo Banco's sale process to 2016 and the application of a resolution measure to Banif at the end of the year were the key developments in the Portuguese banking system in 2015, disturbing the ongoing process of the earnings improvement, the consolidation of the liquidity position and the solvency of credit institutions in Portugal, mirrored in the gradual fading of the contraction trend of credit granted to the economy.

The profitability of the financial sector in 2015, excluding the cases mentioned above, tended to improve relative to the previous year based, on the one hand, on the favourable evolution of core income (i.e. interest margin and commissions) and on the gains on financial operations associated to the improvement of the country risk premium, especially in the first half of the year, and, on the other hand, on a less negative evolution of the cost of risk and also on a greater control of the operational costs in Portugal.

The sustainability of the profitability improvement process remains as one of the biggest challenges for the year of 2016, whose success will heavily depend on the stabilization of the risk and uncertainty regarding to the international context, on the recovery of the Portuguese economy and on the relative evolution of the cost of risk and of the net interest margin. The repercussions of the resolution process constitute latent uncertainty factors in the banking business, both in terms of the trust of clients and investors and of the profound change of the competitive context of the Portuguese market that it imparts. The deepening of the Banking Union and the correspondent regulatory framework, the financial integration under the aegis of the Capital Markets project, and the use of new business projects stemming from the adoption of new technological possibilities will continue to force banks to rethink their strategy and business positioning.

INTERNATIONAL OPERATIONS

According to the Central Statistical Office of Poland, GDP grew 3.6% in 2015, making this country one of the most dynamic economies in the European Union. The main contribution for such performance arose

from private consumption, which was supported by the rise of the disposable income, by the ease of access to credit and by the improvement of the labour market, in addition to the favourable evolution of investment. Conversely, the net external demand is expected to have had a neutral contribution to GDP growth. The framework of higher dynamism of economic activity did not translate, however, into higher inflation due to the persistence of strong external deflationary pressures. In this context of low inflation levels, the monetary policy remained accommodative, which contributed to the relative stability of the Zloty against the Euro over the year as a whole. For 2016, the IMF expects that Poland will maintain robust growth levels, despite the risks for economic activity, the sustainability of public finances and the compliance of the European commitments that might arise from the policies announced by the government that took office in the sequence of the parliamentary elections of October 2015.

After five consecutive years of GDP growth rates above 7%, the Mozambican economy is expected to have decelerated in 2015, with the IMF projecting an expansion of 6.3%. This evolution resulted from the fall of commodity prices, in particular of gas, coal and aluminium, which provoked a fall in export revenues and a slower pace of foreign direct investment, leading to a deterioration of the current account balance and, therefore, to the depreciation of the Metical. The exchange rate instability, particularly felt in November, led the Mozambican government to request an emergency loan from the IMF and to adopt a more restrictive monetary and fiscal policy in order to restore economic stability. Indeed, the concerns about the sustainability of the public debt (mostly in foreign currency) intensified, which led to the downward revision of the ratings assigned by international agencies. For 2016, despite the challenging international environment, the IMF predicts a slight acceleration of the Mozambican economy, spurred by the expected productivity gains in agriculture and by the expansion of coal production, in the wake of the opening of new transport channels, namely railways.

In 2015, the Angolan economy continued its deceleration trajectory. The fall of oil prices significantly reduced fiscal revenues and foreign exchange earnings from the energy sector exports, a development that has especially hampered private consumption and public investment, leading to a reduction of the GDP growth rate, which according to the IMF went from 4.8% in 2014 to 3.5% in 2015. In this context, the Kwanza depreciated considerably and the inflation rate approached 10%, thereby imposing the need for a more restrictive monetary policy. In 2016, the IMF expects that the GDP growth rate will remain at 3.5%, supported by the effects of the policies that have been adopted in order to reduce the dependence on the oil sector and guarantee a greater diversification of economic activity, since the external context should remain adverse, in particular in what concerns the Chinese economy behavior and the evolution of oil prices.

GROSS DOMESTIC PRODUCT

Annual growth rate (in %)

	2013	2014	2015	2016	2017
European Union	0.2	1.5	1.5	1.4	1.3
Portugal	-1.6	0.9	1.5	1.5	1.4
Poland	1.7	3.4	3.6	3.5	3.6
Sub-Saharan Africa	5.2	5.0	3.5	4.0	4.7
Angola	6.8	4.8	3.5	3.5	3.8
Mozambique	7.4	7.4	6.3	6.5	7.9

Source: IMF and national statistics institutes

IMF estimate (feb 2016)

MAIN RISKS AND UNCERTAINTIES

Risk	Sources of risk	Risk level	Trend	Interactions
		ENVIRONMENT		
Regulatory	▪ More demanding regulatory framework in terms of capital and liquidity requirements ▪ New regulation aimed at improving the credit profile of banks and the transparency of the information provided by banks ▪ Implementation of BRRD / MREL ▪ Single Supervisory Mechanism of the ECB ▪ Single Resolution Mechanism ▪ Risk of process of introduction of a bank contribution rate in Poland ▪ Risk of process of conversion of mortgage loans denominated in CHF ▪ Ordinary contributions to the resolution fund, resulting from the sale of NovoBanco (NB), if sold below its book value (in spite of the Bank now being more robust following the capitalisation of 1.9 billion euros via the transfer of senior debt from NB to BES), and of Banif.	**High**	↔	▪ Comply with the minimum regulatory requirements in Pillar I (4.5%), with the additional requirements in Pillar II, and with a set of additional capital reserves (macro-prudential reserves), namely: i) the capital conservation buffer (2.5%); ii) the countercyclical capital buffer (0% for the 1st quarter of 2016, revised quarterly); and iii) the buffer of other institutions of systemic importance at a domestic level (0.75% in the case of BCP, as of January 2017). ▪ Regular practice of conducting Stress Tests by the ECB ▪ Disclosure of the LCR and NFSR and Leverage ratios that will have to exceed the regulatory minimums ▪ Negative impact on the Income Statement of Bank Millennium ▪ Possible sale of Novo Banco below the capitalisation value
Sovereign	▪ Moderate upturn of the activity at an international and national level, against a background of low inflation and interest rates ▪ Continuation of fiscal consolidation / Implementation of structural reforms ▪ Correction of the unbalances of the current and capital balance ▪ Duration of the new minority government ▪ Regular access to international funding markets ▪ Exposure to Portuguese sovereign debt ▪ Exposure to emerging countries	**Medium-level**	↔	▪ Potentially negative impact on profitability resulting from low interest rates in nominal terms ▪ Need for a broad consensus for the implementation of structural reforms and continuation of the adjustment process of the Portuguese economy ▪ Economic upturn in Portugal may be limited by the sluggishness of the main trading partners ▪ Confidence of international investors ▪ Increase in sovereign debt yields and impact on CET1
		FUNDING AND LIQUIDITY		
Access to WSF markets and funding structure	▪ Recourse to ECB funding ▪ Irregular functioning of WSF/MMI markets ▪ Alteration of ECB rules on collateral	**Medium-level**	↓	▪ Deleveraging of internal economic agents and reduction of commercial gap ▪ Increased weight of balance sheet customer deposits and funds in the funding structure ▪ Decrease of cost of funding ▪ Reduction of the use of ECB funding should result in less pressure on LT ratings ▪ Progressive replacement of the funding obtained from the ECB by funding obtained in the IMM

Risk	Sources of risk	Risk level	Trend	Interactions
		CAPITAL		
Credit risk	▪ Evolution of asset quality ▪ Regularity of Stress Tests conducted by the ECB ▪ Exposure to real estate assets directly or through participation in real estate investment and restructuring funds	**High**	↔	▪ Moderate upturn in Portugal ▪ Evolution of disposable income / evolution of unemployment rate / company delinquency level ▪ High leveraging of companies ▪ Exposure to problematic sectors ▪ Need to reduce exposure to real estate risk / strengthen own funds (Pillar II)
Market risk	▪ Volatility in capital markets ▪ 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
Operating risk	▪ Inherent to the Group's activity	**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 ▪ Reputation risk compounded by recent BES and Banif resolutions, following problems in BPN and BPP	**Medium-level**	↔	▪ The negative opinion of the public or sector could adversely affect the capacity to attract Customers (in particular depositors) ▪ Possible Customer complaints ▪ 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	▪ Low interest rates in nominal terms ▪ More limited space to adjust spreads on term deposits in new production ▪ Regulatory pressures on fees and commissions ▪ Asset quality/impairments ▪ Exposure to emerging market economies, including countries specifically affected by the fall in the oil price	**Medium-level**	↓	▪ Negative impacts on net interest income: price effect, volume effect and overdue credit effect ▪ Memorandum of Understanding for the merger of Banco Millennium Angola with Banco Privado Atlântico which will allow the exposure to Angola to be reduced

INFORMATION ON TRENDS

In 2015, the activity of Portuguese banks was developed in a context of consolidation of the economic recovery and continuation of the correction of macroeconomic imbalances, with repercussions on fiscal consolidation (significant improvement of the structural balance of the public accounts) and on the deleveraging of the non-financial private sector, with a marked impact on the deleveraging of the banking sector and on the correction of the imbalance of the external balance.

The international framework of the Portuguese economy, characterised by moderate growth of the major economies and low inflation rates, led the key monetary authorities to maintain accommodative policies, reducing the reference interest rates to very low levels and, in some cases, to negative levels, which passed on to Euribor rates, which are currently at negative values for maturities of six months or less. At the same time, there was a compression of risk premiums, namely the reduction of the spreads of government bonds relative to German government bonds, occasionally interrupted by the deadlock in negotiations between Greece and the Eurogroup, which culminated in a third request for financial assistance from Greece. This evolution of the spreads also benefits from the asset purchase programme implemented by the ECB, which will continue at least until March 2017.

There was progress in the structural liquidity position of the banking sector, benefitting from a resilient behaviour of deposits and from the contraction of credit, as well as a significant improvement of the levels of capitalisation.

The profitability of Portuguese banks continues to be strongly conditioned by an environment of low GDP growth rates, low inflation rates and interest rates at historically low levels and over a longer period than was initially expected; credit contraction, whose evolution has reflected a slower deleveraging process of the non-financial private sector in the current context of low interest rates; recognition of significant amounts of impairments; and, finally, limited progress in the reduction of operating costs for the system as a whole.

Credit granted by BCP has continued to diminish, in a context of deleveraging of the non-financial sectors of the economy, resulting in a fall in demand for credit. At the same time, deposits have also been decreasing, given that the bank has allowed some large deposits that require a higher remuneration to leave, in accordance with a policy to preserve the net interest margin. As the commercial gap closes, BCP has also reduced its use of funding from the ECB. In 2016, the trends previously referred to are expected to remain in force, namely the continued reduction of the loans-to-deposit ratio and the decrease in the use of funding from the ECB.

The maintenance of interest rates in money markets at very low levels has contributed to the narrowing of the spread on term deposits of Portuguese banks, a trend that is likely to continue in 2015, more than offsetting the reduction of credit spreads. Interest rates on new operations involving the establishment of term deposits were close to 50 basis points at the end of 2015, with the average interest rate of the portfolio expected to converge towards these levels over the course of the following year.

The price effect on net interest income is expected to remain broadly positive, reflecting the improvement of the interest rate margin in operations with Customers (differential between the headline credit rate and the headline remuneration rate paid by banks). However, the continued reduction of the loan portfolio (volume effect) is expected to continue to condition net interest income.

In 2016, regulatory contributions, following the transposition of the European directive for the implementation of the single resolution fund, will comprise contributions to the European resolution fund and to the national resolution fund.

Pursuant to the Banco de Portugal Instruction, published on 29 December, banks are going to pay higher contributions to the national resolution fund in 2016, with the base rate in force in 2016 to be set at 0.02%, which represents an increase relative to the previous rate of 0.015%. Both contributions, for the European resolution fund and for the national resolution fund, will be paid in the 1st half of 2016. It is expected that the contribution to the European Resolution Fund will be similar to the one paid in 2015, which stood at 31.4 million euros.

It is estimated that the total amount for the payment of the resolution fund will increase via the application of a new methodology, more than offsetting the expected reduction in contribution towards the deposit guarantee fund.

The expected improvement on core income and the continuation of restructuring effort and cost contention should translate into positive signs, which will be reflected in the improvement of results for 2016, although constrained by the economic environment.

The impairment charges over the last few years, as a result of the successive asset quality evaluations carried out by the Bank of Portugal and by the ECB, should contribute towards a slowdown of future impairment charges, assuming expectations related to the macroeconomic scenario and other assumptions in determining expected losses remain the same.

In relation to the operation in Poland, particular reference should be made of the consequences of a potential alteration in the legal framework, in particular with respect to the introduction of a contribution rate on the banking sector (which took place in February 2016) and the introduction of legislation relative to the conversion of loans to individuals expressed in Swiss francs into the domestic currency. This legislative proposal follows the decision of the Swiss Central Bank to discontinue the definition of a minimum exchange rate of the Swiss franc vis-a-vis the euro, which resulted in a significant appreciation of the Swiss currency vis-à-vis the Polish currency. The entry into force of the aforementioned legislative change would involve the recognition of losses associated to loans to individuals granted in Swiss francs, with a consequent impact on solvency levels.

It is not yet possible to determine the possible impact that the resolution for BES may have on BCP, as a participating institution of the resolution fund created by Decree-Law number 31-A/2012, of 10 February (the Resolution Fund). BCP holds a position corresponding to approximately 20% of the Resolution Fund, which, in turn, has an exposure of about 4.9 billion euros to Novo Banco (3.9 billion euros financed by a State loan, in addition to about 0.7 billion euros obtained via loans from various banks and about 0.3 billion euros which were already in the Resolution Fund).

The financial resources of the Resolution Fund can come from initial or regular contributions from the participating funds, the product of the contributions from the banking sector introduced by Law number 55-A/2010, of 31 December, and also income from financial investments. In addition, resources may also be obtained through special contributions from participating institutions, or even guarantees from participating institutions and loans or guarantees from the State.

In this context, the impact that the resolution for BES may have on BCP as a participating institution of the Resolution Fund will depend on external factors that are non-controllable by the Bank, including the value that Novo Banco will be sold for and the mode or modes that are to be adopted regarding the means of coverage of any funding needs of the Resolution Fund. In addition, following a clarification of Banco de Portugal on contributions to the Resolution Fund to meet a possible shortfall in Novo Banco, it is concluded that the contributions of the participating banks of the Resolution Fund will only be registered when they are due and paid, excluding the recording of impairment in advance. The Resolution Fund also clarified that it does not expect to propose the creation of a special contribution to finance the resolution for Banco Espírito Santo.

As at 20 December 2015, the Government and the Bank of Portugal decided to sell the activity of Banif and the majority of its assets and liabilities to Banco Santander Totta, in the scope of a resolution measure. The impositions of European institutions and the non-viability of Banif's voluntary sale led to the need for the sale to be decided in the context of a resolution measure. This measure involves an estimated state support of 2,255 million euros aimed at covering future contingencies, of which 489 million euros are from the Resolution Fund and 1,766 million euros are directly from the State.

The Directive 2014/59/EU, Banking Resolution and Recovery Directive (BRRD), provides a common settlement mechanism in the European Union that allows authorities to deal with the bankruptcy of banking institutions. The shareholders and creditors will have to internalise the costs associated to the bankruptcy of a bank, minimising the cost for the taxpayers.

To prevent banking institutions from structuring their liabilities in a manner that diminishes the effectiveness of the bail-in or of other settlement instruments and to avoid the risk of contagion or a run on deposits, the directive provides that institutions must comply with a minimum requirement for own funds and eligible liabilities (MREL).

The European Banking Authority (EBA) published, on 3 July 2015, the final draft of a regulatory technical standard on the MREL, developed according to article 45 of the BRRD, and on contractual recognition of bail-in, developed in accordance with number 3 of article 55 of the BRRD. Both standards specify the elements that are essential to guarantee the effectiveness of the settlement mechanism established by the BRRD.

This new regime (MREL), which will enters into force during the course of 2016, with a transitional period, is likely to have implications for the issue of debt by banking institutions, and may lead to changes in the liabilities structure, through the issue of new senior debt with some subordinated structure or by strengthening T2. The issue of AT1 instruments must only be considered after the repayment in full of the CoCos.

Vision, Mission and Strategy

Vision and Mission

BCP's vision is being 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 profitably and sustainably, so as to provide an attractive return to Shareholders, in a manner that supports and strengthens its strategic autonomy and corporate identity.

Strategy

In September 2012, BCP presented a new Strategic Plan, comprising three phases, to be implemented by 2017 ("Strategic Plan"). The Strategic Plan was also updated in September 2013, following the approval of BCP's Restructuring Plan by the EC and in June 2014, following the recently concluded capital increase operation, its targets were updated.

The three phases of the Strategic Plan are the following:

- Phase 1 (2012 to 2013): Define the foundations for sustainable future development

During the first phase of the Strategic Plan, the key priority consisted in reinforcing the balance sheet by reducing the dependence of funding on the wholesale market and increasing regulatory capital ratios.

- Phase 2 (2014 to 2015): Creating conditions for growth and profitability

During the second phase of the Strategic Plan, the focus is on the recovery of profitability of the Bank's domestic operations, combined with the continued development of the international subsidiaries in Poland, Mozambique and Angola. The improvement in domestic profitability was expected to be mainly driven by: i) the increase in net interest income by reducing the cost of deposits and changing the credit mix, with a focus on products with better margins; ii) the continued focus on the optimisation of operating costs by reducing the number of employees and eliminating administrative overlapping; and iii) the adoption of rigorous credit risk limits thus reducing the need for provisions.

- Phase 3 (2016 to 2017): Sustained growth

During the third phase, the management will focus on achieving a sustained growth of net income, benefitting from the successful implementation of the first two phases of the Strategic Plan, a better balance between the contributions of the domestic and international operations towards profitability and the conclusion of the winding down/divestment process of the Bank's non core portfolio.

For the three-year period 2015-2018, a new set of strategic priorities were defined for the domestic operation whose objective is the construction of a sustainable Bank adapted to the new needs of the market and of Customers. To this end, it defined 9 pillars which include various initiatives to be developed in order to achieve the objective previously referred to.

This defined strategic plan promotes the transformation of the Bank so as to increase the positioning of proximity to Customers, the simplification of products and processes and guarantee the Bank's sustainability. Another core objective of this process is the development of a more modern and digital Bank.

In relation to the business model, 6 transformation fronts were launched:

1. Redefine the Retail distribution model, exploiting the potential of new technologies, namely in the digital area (Internet Banking and Mobile Banking, among others);
2. Relaunch the affluent individuals segment, by adjusting the service model and taking up a position of leadership;
3. Consolidate the position of leadership in providing support to micro businesses and small enterprises;
4. Adjust the business model of the growth-oriented corporate segment, in order to be the reference Bank in providing support to the Portuguese economy;
5. Transform the credit recovery business through an integrated strategy of reduction of the non core portfolio, which may include the divestment of assets and the optimisation of the recovery operating model;
6. Build on the operating model of the Bank, by simplifying and automating processes, with a view to optimising the levels of service provided to the Customer.

In order to transform the Bank into a healthier organisation (according to the Organizational Health Index) and with greater involvement with the stakeholders, there are three organisation-wide work fronts underway:

1. Definition of the level of risk to be adopted in each business area with the implementation of the Risk Appetite Framework;
2. Promotion of a business sharing culture between business areas and geographies;
3. Launch of a cultural transformation programme of the organisation with a focus on the development of human resources, the improvement of its satisfaction and the consolidation of a set of values that guide the action of the Bank.

The implementation of the Strategic Agenda involves 10 work teams and more than 100 Empoyees that are working with the ambition of positioning Millennium bcp as a reference bank in Portugal.

Financial Information

LIQUIDITY AND FUNDING

During 2015 the wholesale funding needs decreased 2.4 billion euros, mainly as a result of the decreases in the commercial gap in Portugal and the portfolio of Portuguese sovereign debt, and the sale of 15.4% of the shareholding in Bank Millennium (Poland).

Throughout the year the Bank carried out the amortization of medium and long term debt amounting to 0.6 billion euros, related with the early redemption of senior debt and maturity of bank loans, and to the underwriting of new bank loans amounting to 0,3 billion euros.

Accordingly, there was a change in the wholesale funding structure of the Bank in 2015, with decreases of 0.9 billion euros in repos with financial institutions, of 0.3 billion euros in senior debt and of 1.3 billion euros in the balance of borrowings with the European Central Bank (ECB), among other less expressive changes.

As of 31 December 2015, the balance of the net funding with the ECB reached 5.3 billion euros, a decrease of 1.3 billion euros when compared with the amount registered in the same period of 2014.

The decrease of the net funding with the ECB, along with the reduction of 0,2 billion euros of the portfolio of available eligible assets, allowed an increase of 1.1 billion euros of the safety buffer, which totalled 8.6 billion euros at the end of December 2015.

The composition of the balance funded through the Eurosystem was throughout 2015 impacted by the early redemption of a 0.5 billion euros tranche prior to the maturity of the remaining balance of 3.5 billion euros, from an original total of 12.0 billion euros borrowing granted in 2012 by the ECB through its long term refinancing operations.

CAPITAL

On 26 June 2013, the European Parliament and Council approved Directive 2013/36/EU and Regulation (UE) 575/2013 (Capital Requirements Directive IV / Capital Requirements Regulation - CRD IV/CRR), which established new and stricter capital requirements for credit institutions, taking effect as of 1 January 2014.

This tightening of requirements derives from the more demanding definition of own funds and risk weighted assets, simultaneously with the establishment of minimum ratios, including a capital conservation buffer, of 7% for Common Equity Tier 1 (CET1), 8.5% for Tier 1 and 10.5% for Total Capital. The CRD IV/CRR also stipulates a transition period (phase-in) during which institutions can adjust to the new requirements, both in terms of own funds and compliance with minimum capital ratios.

The consolidated capital ratios were calculated applying the methodologies referred to in the table below, where special note should be made of the use of internal rating models (IRB) in the calculation of capital requirements for credit and counterparty risk, both for a relevant component of the retail portfolio in Portugal and Poland, and for the portfolio of companies stated in the activity in Portugal. The advanced method (internal model) was used for the coverage of general market risk and the standard method was used for purposes of operating risk coverage.

Credit risk and counterparty credit risk	
PORTUGAL	
Retail	IRB Advanced
Corporates	IRB Advanced [1]
POLAND	
Retail	
- Loans secured by residential real estate	IRB Advanced
- Renewable positions	IRB Advanced
OTHER EXPOSURES	Standardised
Market risks [2]	
Generic market risk in debt and equity instruments	Internal Models
Foreign exchange risk	Internal Models
Commodities risk and market risk in debt and equity instruments	Standardised
Operational risk [3]	*Standard*

[1] Excluding exposures derived from the simplified rating system, which are weighted by the Standardised approach.

[2] For exposures in the perimeter managed centrally from Portugal; for all the other exposures the approach applied is the Standardised method.

[3] The adoption of the Standard method of operational risk was authorised in 2009 for application on a consolidated basis.

The phased-in CET1 ratio as at 31 December 2015, according to our interpretation of the CRD IV/CRR up to date and based on the value of deferred tax assets stated in the consolidated financial statements and its new prudential treatment, stood at 13.3%, comparing favourably with the pro forma value of 11.7%[§] reached as at 31 December 2014.

The favourable evolution of the CET1 ratio between 31 December 2014 pro forma and the end of 2015 was primarily due to the following effects:

- The regulatory adjustments associated to the progression of the phase-in as at 1 January 2015, which led to a decrease of 278 million euros in CET1 and 99 million euros in risk weighted assets (-61 basis points in the CET1 phased-in ratio);

[§] Considers the impact of the application of the new prudential treatment to deferred tax assets. The ratio as at 31 December 2014 without the application of this new regime stood at 12.0%.

- The aggravation, as at 1 January 2015, of the risk weights applied to the exposures held on the Central Administration and Angolan Central Bank, which were reflected in an increase of 539 million euros of risk weighted assets as at that date (-14 basis points in the CET1 phased-in ratio);
- The sale of ordinary shares representing 15.41% of the capital of Bank Millennium, S.A. in Poland led to an increase of CET1 of 262 million euros and an increase of risk weighted assets of 95 million euros (+58 basis points in the CET1 phased-in ratio);
- The Public Exchange Offer carried out in June 2015 led to an increase of 427 million euros of CET1 and 175 million of risk weighted assets (+93 basis points in the CET1 phased-in ratio);
- The activity developed by the Group in 2015, excluding the effect of the operations described above, enabled adding +85 basis points to the CET1 phased-in ratio, both due to the organic generation of CET1, and the additional saving of capital requirements. Regarding CET1, we highlight the positive contributions of the net income, minority interests and the shortfall of impairment to expected loss, notwithstanding the recognition of adverse impacts associated to exchange rate differences and the actuarial differences of the pension fund. Concerning capital requirements, note should be made of the reduction of the value of the risk weighted assets of exposures with credit risk, following the evolution of the consolidated balance sheet, namely loans to customers.

On 8 October 2015, Millennium bcp announced that it had signed a memorandum of understanding with a view to the merger of Banco Millennium Angola, S.A. and Banco Privado Atlântico, S.A., which shall give rise to the second largest Angolan private institution offering credit to the economy, with a market share of approximately 10% in terms of turnover. The valuation of the stakes of each of the merged banks shall be subject to due diligence by an independent auditor, where it is expected that Millennium bcp's stake in the new entity should stand at around 20%. As at 31 December 2015, and on a pro forma basis, the undertaking of this operation should increase the CET1 phased-in ratio to an estimated value of 13.7%.

CAPITAL RATIOS (CRD IV/CRR) (EUR million)

	31 Dec. 15	31 Dec. 14	1 Jan. 14
	PHASED-IN (*)		
Own funds			
Common equity tier 1 (CET1)	5,775	5,104	5,563
Tier 1	5,775	5,104	5,563
Total capital	**6,207**	**5,827**	**5,893**
Risk weighted assets	**43,315**	**43,515**	**46,699**
Capital ratios			
CET1	13.3%	11.7%	11.9%
Tier 1	13.3%	11.7%	11.9%
Total	14.3%	13.4%	12.6%
	FULLY IMPLEMENTED (*)		
CET1	10.2%	7.8%	8.2%

(*) Considering the new prudential DTA framework (according to IAS). Figures for 1 Jan. 2014 result from applying our interpretation of the CRD IV/CRR to 31 Dec. 2013. figures.

RESULTS AND BALANCE SHEET

The consolidated Financial Statements were prepared under the terms of Regulation (EC) 1606/2002, of 19 July, and in accordance with the reporting model determined by Banco de Portugal (Banco de Portugal Notice 1/2005), following the transposition into Portuguese law of Directive 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 2015, 2014 and 2013, as a result of the sale of the entire shareholding held in the share capital of Millennium bcp Gestão de Activos in May 2015, of Millennium bank in Greece, concluded on 19 June 2013, and of Millennium bank in Romania, whose agreement was communicated on 30 July 2014 and was concluded on 8 January 2015. With these operations, Millennium bcp eliminated its exposure to the Greek and Romanian markets, before the foreseen time, enabling the pursuit of the objectives defined in the Group's Strategic Plan, embodied in the favourable evolution of the profitability and liquidity indicators.

Following the process of the sale of the total shareholding held in the share capital of Millennium bank in Greece, Millennium bank in Romania and Millennium bcp Gestão de Activos, and pursuant to IFRS 5, these operations were classified as discontinued operations, with the impact of these operations having being presented on a separate line in the income statement of 2013, 2014 and 2015, under "net income from discontinued operations".

In the consolidated balance sheet and following the process of divestment of these subsidiaries, the assets and liabilities of Millennium bank in Greece were not stated as at 31 December 2013; the assets and liabilities of Banca Millennium in Romania, considering that the conclusion of the process took place during the preparation of the financial statements of 2014, were not stated as at 31 December 2014; while the assets and liabilities of Millennium bcp Gestão de Activos were no longer stated from May 2015 onwards.

In view of the commitment signed with the Directorate-General for Competition of the European Commission (DG Com) regarding the Bank's Restructuring Plan, namely the implementation of a new approach in the investment fund management business, the activity of Millennium bcp Gestão de Activos has also been presented under the line of "net income from discontinued operations". The income statement as at 31 December 2012 has been restated, for comparative purposes, with no changes in terms of the consolidated balance sheet compared to the criteria considered in the consolidated financial statements as at 31 December 2014. Following the sale of the total shareholding held in the share capital of Millennium bcp Gestão de Activos, in May 2015, its assets and liabilities are no longer stated as of this date onwards.

Nevertheless, in order to offer a clearer understanding of the evolution of the Group's net worth, only for the effect of this analysis, some balance sheet indicators are also presented on a comparable basis, i.e., excluding the discontinued operations - Millennium bcp Gestão de Activos and Millennium bank in Romania.

Millennium bcp's activity in 2015 enabled the return to a positive net income, materialising the favourable performance of net operating revenues, operating costs and cost of risk, together with the strengthening of the capital and liquidity ratios.

Total assets reached 74,885 million euros as at 31 December 2015, compared to 76,361 million euros as at 31 December 2014, reflecting the effects of the contraction of the loans to customers' portfolio in Portugal, only partially offset by the increased of the securities portfolio, essentially associated with the treasury bonds portfolio.

Loans to customers' portfolio, before credit impairment, amounted to 55,438 million euros as at 31 December 2015, compared to 57,168 million euros as at 31 December 2014. This reflects the reduction recorded in the activity in Portugal in loans to individuals and loans to companies, penalised by the modest recovery of the Portuguese economy, in spite of the continued efforts of the commercial areas, in line with the strategy to support companies and consumption, with emphasis on the contribution to the economy and on project sustainability.

Total customer funds stood at 66,176 million euros as at 31 December 2015, compared to the 64,739 million euros recorded as at 31 December 2014, benefiting from the balance sheet funds performance, namely customer deposits, which continued to be the main source of funding of the Group's activity and contributed to the reduction of the commercial gap and to loan-to-deposit ratio improvement.

Net income increased during 2015, from a loss of 227 million euros in 2014 to a positive net income of 235 million euros in 2015, underpinned by the performance of net operating revenues, the lower level of impairment losses and provisions charges and, to a lower extent, the reduction of operating costs.

PROFITABILITY ANALYSIS

Net Income

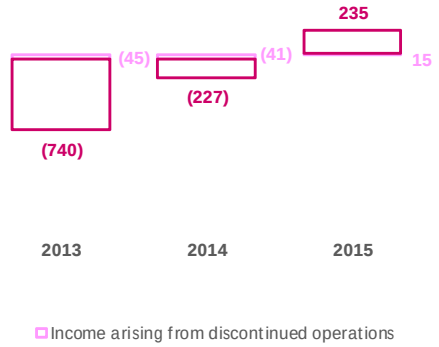
The net income of Millennium bcp reached 235 million euros in 2015, compared to a loss of 227 million euros recorded in 2014, reflecting the pursuit of the objectives defined in the Strategic Plan and underpinned by the recovery of profitability in Portugal and the development of international activity.

The evolution of net income observed in 2015 was determined by the positive performance of net operating revenues and the lower level of impairment losses and provisions charges, despite the fourth quarter of 2015, which was penalised by the booking of extraordinary contributions of 28.9 million euros in the subsidiary in Poland, related to the bankruptcy of a Polish bank, together with the contribution to the Mortgage Loan Restructuring Fund and 31.4 million euros associated with the Single Resolution Fund in the activity in Portugal.

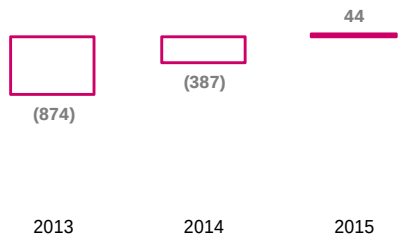
The improved profitability recorded in 2015 was boosted by the increased net interest income, influenced by the sustained reduction of term deposit rate and the lower cost of interest associated to the issue of hybrid financial instruments (CoCos), following the early redemption made during 2014, together with the increased net trading income, supported by the gains related to the sale of Portuguese sovereign debt securities.

Additionally, net income in 2015 also benefited from the reduction of operating costs, reflecting the initiatives focused on increasing operating efficiency that have been implemented, as foreseen in the Strategic Plan, namely in terms of costs savings in the activity in Portugal through the resizing and administrative reorganisation, and to the increased processes simplifications.

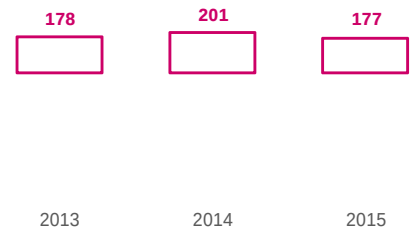
NET INCOME
Million euros



NET INCOME
Activity in Portugal
Million euros



NET INCOME
International activity
Million euros



The net income recorded in 2015 in the activity in Portugal showed an improvement when compared with the amount posted in 2014, supported by the increase of net operating revenues and lower level of impairment charges, boosted by net interest income performance.

QUARTERLY INCOME ANALYSIS

Million euros

	2015					2014	2013
	1st quarter	2nd quarter	3rd quarter	4th quarter	Total		
Net interest income	328	300	329	345	1,302	1,116	848
Other net income							
Dividends from equity instruments	2	4	0	6	12	6	4
Net commissions	170	181	170	173	693	681	663
Net trading income	200	308	46	41	595	442	264
Other net operating income	(18)	(24)	(14)	(66)	(122)	11	(72)
Equity accounted earnings	6	15	4	(2)	24	36	62
Total other net income	360	483	206	152	1,202	1,176	921
Net operating revenues	**688**	**783**	**535**	**497**	**2,504**	**2,292**	**1,769**
Operating costs							
Staff costs	153	156	152	155	616	636	767
Other administrative costs	107	106	102	108	424	448	460
Depreciation	17	17	16	18	67	66	68
Total operating costs	**277**	**279**	**270**	**281**	**1,107**	**1,150**	**1,295**
Operating results	**412**	**504**	**265**	**216**	**1,397**	**1,143**	**474**
Impairment							
For loans (net of recoveries)	206	269	153	205	833	1,107	821
Other impairment and provisions	70	22	26	44	161	209	466
Income before income tax	**136**	**213**	**86**	**(33)**	**403**	**(173)**	**(813)**
Income tax							
Current	30	15	18	37	100	101	116
Deferred	7	3	8	(61)	(43)	(199)	(326)
Net (loss) / income after income tax from continuing operations	**100**	**195**	**60**	**(8)**	**346**	**(76)**	**(602)**
Income from discontinued operations	1	14	0	(0)	15	(41)	(45)
Net income after income tax	**101**	**209**	**60**	**(9)**	**361**	**(117)**	**(647)**
Non-controlling interests	30	39	36	21	126	110	94
Net income attributable to shareholders of the Bank	**70**	**170**	**24**	**(29)**	**235**	**(227)**	**(740)**

The contribution of the international activity to consolidated net income in 2015 (excluding the effect of the partial sale of the shareholding in Bank Millennium in Poland) showed a reduction of 3.7%, penalised by net income unfavourable performance obtained by Bank Millennium, in Poland, as a result of the extraordinary contributions recorded at the end of the year, by the effect of foreign exchange results in Millennium bim, in Mozambique, and in aggregate terms, by the increase of operating costs and impairments and other provisions.

Bank Millennium in Poland posted a net income of 131 million euros in 2015, compared with 155 million euros in 2014. The results of Bank Millennium reflect the booking in the third quarter of 2015 of extraordinary items related to the additional contribution to the Bank Guarantee Fund, associated to the bankruptcy of SK Bank, the contribution to the Mortgage Loan Restructuring Fund, the fine imposed by the competition authority associated to card-related commissions and the provisions for taxes and other items. At the same time, a reduction of net interest income was observed throughout 2015, in a scenario of falling interest rates and commissions, derived from the regulatory environment penalising the card business, which were partly offset by the positive performance of operating costs.

Millennium bim, in Mozambique, recorded a net income of 84 million euros compared to 88 million euros in 2014. Excluding the foreign exchange effect, Millennium bim's net income would have been in line with the previous year (+0.2%), as the positive performance of net operating revenues, in particular net interest income, associated to the increased customer business, and foreign exchange results, was offset by operating costs and impairment and other provisions increases.

Banco Millennium Angola reached a net income of 76 million euros in 2015, reflecting an increase of 47.7% (+50.1% in kwanzas) compared to the 51 million euros recorded in 2014. This evolution was positively influenced by the performance of net interest income, associated with the increase in loans to customers and customer deposits, and foreign exchange rate results, in spite of operating costs growth, derived from the expansion of the branch network and the increased impairments and other provisions.

Millennium Banque Privée in Switzerland presented a net income reduction to 6 million euros in 2015, compared with 7 million euros obtained in 2014. Excluding the effect of the appreciation of the Swiss franc, this evolution resulted from the unfavourable performance of commissions related to brokerage and placement of third party entities products and of net interest income, associated to the reduction of loans to customer's volume and lower market interest rates, in spite of foreign exchange results increase and operating costs savings.

Millennium bcp Bank & Trust in the Cayman Islands posted a net income of 5 million euros in 2015, lower than the 8 million euros registered in 2014, due to the unfavourable performance of net interest income, determined by lower customer deposits volumes and the reduction of amounts owed to credit institutions' interest rate, of the operating costs and of credit impairment, in spite of the positive contribution of net trading income.

Net income of foreign subsidiaries

Million euros

	2015	2014	2013	Chan. % 15/14
Bank Millennium in Poland (1)	131	155	127	-15.8%
Millennium bim in Mozambique (1)	84	88	86	-4.8%
Banco Millennium Angola (1)	76	51	41	47.7%
Millennium Banque Privée in Switzerland	6	7	6	-16.9%
Millennium bcp Bank & Trust in the Cayman Islands	5	8	11	-37.7%
Non-controlling interests	(125)	(109)	(93)	
Total	177	201	178	-12.4%

(1) The amounts showed are not deducted from non-controlling interests.

Net Interest Income

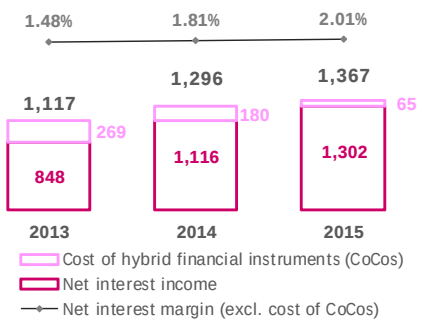
Net interest income amounted to 1.302 million euros in 2015, showing an increase of 16.6% when compared to the 1,116 million euros posted in 2014, essentially supported on the performance of the activity in Portugal. The performance of net interest income was influenced by the decreased interest related to the issue of hybrid financial instruments subscribed by the Portuguese State (CoCos), which fell from 180 million euros in 2014 to 65 million euros in 2015, reflecting the early redemption carried out during 2014, in the amount of 2,250 million euros.

The evolution of net interest income, between 2014 and 2015, reflects the favourable interest rate effect of 237 million euros, driven by the decrease of the cost of term deposits, in spite of the unfavourable impact obtained in loans to customers´ remuneration.

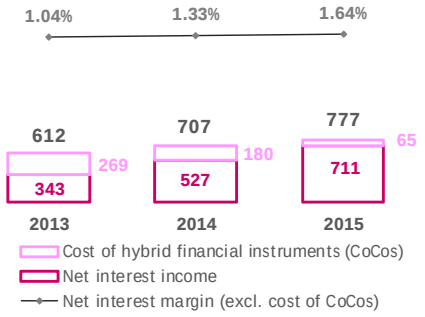
The performance of net interest income benefited from the continued reduction of the cost of deposits, materialising the trend towards normalisation compared to the amounts recorded during the sovereign debt crisis in the euro area, as well as the early partial redemption of the CoCos during 2014.

The improvement of loan-to-deposit ratio and the reduction of the commercial gap observed between the end of 2014 and the end of 2015 was driven by customer deposits increase, embodying the strategy of adjusting the funding structure towards sources that are considered stable, notwithstanding the penalising impact of the Portuguese financial system's adjustment process observed in these last few years, namely in terms of credit concession retraction.

NET INTEREST INCOME
Million euros



NET INTEREST INCOME
Activity in Portugal
Million euros

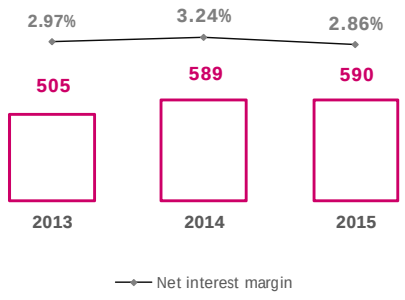


Net interest income of the activity in Portugal stood at 711 million euros in 2015, an increase of 35.0% when compared with the 527 million euros recorded in 2014, having benefited from the lower cost of the CoCos, reflecting the early redemption made during 2014 amounting to 2,250 million euros, combined with the sustained reduction of the term deposit rate, embodied in a decrease of 60 basis

points when compared to 2014, in line with the strategy to support companies and consumption, with emphasis on the contribution to the economy and on project sustainability.

In the international activity, net interest income reached 590 million euros, compared to 589 million euros registered in 2014, driven by the increased deposit and loans volumes, as well as by the effect of the reduction of the cost of deposits, in spite of the decreased loans remuneration rate. This increase in net interest income benefited from the positive performance achieved by the activity developed in Angola and Mozambique, reflecting the defined priority of continued business development in these geographic areas.

NET INTEREST INCOME
International activity
Million euros



AVERAGE BALANCES

Million euros

	2015		2014		2013	
	Average Balance	Yield	Average Balance	Yield	Average Balance	Yield
Interest Earning Assets						
Deposits in credit institutions	3,284	0.82%	3,254	1.17%	3,931	1.31%
Financial assets	10,659	2.75%	12,236	3.41%	13,337	3.43%
Loans and advances to customers	53,251	3.62%	55,068	3.81%	57,335	3.92%
Total Interest Earning Assets	**67,194**	**3.34%**	**70,558**	**3.62%**	**74,603**	**3.69%**
Discontinued operations (1)	107		398		1,879	
Non-interest earning assets	9,827		9,587		9,211	
Total Assets	**77,128**		**80,543**		**85,693**	
Interest Bearing Liabilities						
Amounts owed to credit institutions	10,797	0.66%	12,217	0.67%	14,491	1.00%
Amounts owed to customers	50,510	1.16%	48,715	1.65%	46,880	2.15%
Debt issued and financial liabilities	5,318	3.47%	8,550	3.79%	11,694	3.75%
Subordinated debt	1,837	6.71%	3,335	7.23%	4,326	7.55%
Total Interest Bearing Liabilities	**68,462**	**1.41%**	**72,817**	**1.99%**	**77,391**	**2.48%**
Discontinued operations (1)	1		323		1,910	
Non-interest bearing liabilities	3,111		3,027		2,773	
Shareholders' equity and Non-controlling interests	5,554		4,376		3,619	
Total liabilities, Shareholders' equity and Non-controlling interests	**77,128**		**80,543**		**85,693**	
Net Interest Margin (2)		**1.91%**		**1.56%**		**1.12%**
Excluding cost of hybrid financial instruments (CoCos)		2.01%		1.81%		1.48%

(1) Includes activity of subsidiaries in Greece, in Romania and of Millennium bcp Gestão de Activos, 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 2015, 2014 and 2013, to the respective balance item.

In 2015, average net assets declined to stand at 77,128 million euros, compared to 80,543 million euros in 2014. This reflects the reductions of interest earning assets balance, namely the average balance of loans to customers to stand at 53,251 million euros in 2015 compared to the 55,068 million recorded in 2014, showing the still moderate recovery of the Portuguese economic agents, and the average financial assets balance which fell from 12,236 million euros in 2014 to 10,659 million euros in 2015, reflecting the impact of the sale of a public debt bonds portfolio which led to relevant gains in net trading income in 2015.

Average total interest bearing liabilities declined to 68,462 million euros in 2015, compared to 72,817 million euros in 2014, as a result of the reduction of issued debt and financial liabilities average balance to 5,318 million euros in 2015 (8,550 million euros in 2014), driven by the repayment of medium and long term debt, and the decrease in deposits from credit institutions to 10,797 million euros in 2014 (12,217 million euros in 2014), reflecting the lower exposure to the European Central Bank, combined with the reduction of subordinated debt average balance from 3,335 million euros in 2014 to 1,837 million euros in 2015. These evolutions were partially offset by the increase in the average balance of customer deposits that reached 50,510 million euros in 2015 (48,715 million euros in 2014), consolidating the effort to attract and retain stable balance sheet funds, aimed at reducing the commercial gap and the primary funding of loan activity by customer deposits.

In terms of the average balance sheet structure, the average balance of interest earning assets represented 87.1% of the average net assets in 2015, compared to 87.6% in 2014. The weight of the loans to customers component in the balance sheet structure increased standing at 69.0% of average net assets in 2015 (68.4% in 2014), and continues to be the main aggregate of the interest earning assets portfolio, while the weight of the financial assets portfolio in the balance sheet structure fell to 13.8% of average net assets in 2015 (15.2% in 2014).

In the structure of interest bearing liabilities, customer deposits continued to be the main source of funding and support of the intermediation activity, reflected in a strengthening of the liabilities structure by representing 73.8% of the average interest bearing liabilities balance in 2015 (66.9% in 2014), supported by the commercial effort focused on attracting and maintaining stable customer funds. The component of debt securities issued and financial liabilities showed a reduction of their weight in interest bearing liabilities balance to 7.8% in 2015 (11.7% in 2014), together with the reduction of the weight of subordinated debt in total interest bearing liabilities to 2.7% in 2015 (4.6% in 2014).

The evolution of the average equity balance reflects the share capital increase that occurred through the public exchange offer ("OPT") on 11 June 2015, the increased current net income for the year and the strengthening of non-controlling interests as a result of the sale of 15.41% of the share capital of Bank Millennium, S.A. (Poland).

FACTORS INFLUENCING NET INTEREST INCOME

Million euros

	2015 vs 2014			
	Volume	Rate	Rate / Volume mix	Net change
Interest Earning Assets				
Deposits in credit institutions	-	(12)	-	(12)
Financial assets	(55)	(82)	11	(126)
Loans and advances to customers	(70)	(106)	4	(172)
Total Interest Earning Assets	**(123)**	**(196)**	**9**	**(310)**
Interest Bearing Liabilities				
Amounts owed to credit institutions	(10)	(2)	1	(11)
Amounts owed to customers	30	(244)	(9)	(223)
Debt issued and financial liabilities	(124)	(28)	11	(141)
Subordinated debt	(110)	(18)	8	(120)
Total Interest Bearing Liabilities	**(88)**	**(433)**	**26**	**(495)**
Net Interest Income	**(35)**	**237**	**(16)**	**186**

Net interest margin stood at 1.91% in 2015, having increased compared to the 1.56% recorded in 2014, essentially benefiting from the increases observed in the activity in Portugal, which more than offset the slow-down in international activity. Excluding the impact of the CoCo funding cost, net interest margin stood at 2.01% in 2015 (1.81% in 2014). The analysis of the average balance sheet shows a reduction, between 2014 and 2015, of the average interest rates of the components directly related to operations with customers, where it should be noted that the change in the average rate of loans to customers was offset by the reduction recorded in the average rate of customer deposits.

Other Net Income

Other net income, which includes income from equity instruments, net commissions, net trading income, other net operating income and equity accounted earnings reached 1,202 million euros in 2015, corresponding to a 2.2% increase compared to the 1,176 million euros recorded in 2014, largely driven by the performance recorded in net trading income.

OTHER NET INCOME

Million euros

	2015	2014	2013	Chan. % 15/14
Dividends from equity instruments	12	6	4	102.8%
Net commissions	693	681	663	1.8%
Net trading income	595	442	264	34.7%
Other net operating income:				
Regulatory contributions (1)	(92)	(51)	(51)	
Sale of Non-Life insurance business	–	69	–	
Other	(30)	(7)	(21)	
Equity accounted earnings	24	36	62	-34.6%
Total	**1,202**	**1,176**	**921**	**2.2%**
of which:				
Activity in Portugal	838	829	564	1.1%
International activity	364	347	357	4.7%

(1) Includes contributions to Resolution Fund, Deposit Guarantee Fund Mortgage Loans Restructuring Fund (Poland) and tax contribution to Banking Sector.

Income from Equity Instruments

Dividends from equity instruments comprises dividends and income from participation units received from investments in financial assets available for sale or held for trading. In 2015, this income reached 12 million euros in 2015, compared to 6 million euros recorded in 2014, essentially corresponding to the income associated to the Group's investments that incorporate the shares portfolio (9 million euros) and the investment fund participation units (3 million euros).

Net Commissions

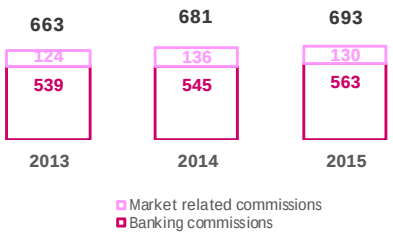
Net commissions reached a total of 693 million euros in 2015, having grown by 1.8% compared to 681 million euros recognised in 2014, boosted by the performance observed in the activity in Portugal which increased by 3.5%.

Net commissions' performance in 2015 reflects the 3.2% increase of commissions related to the banking business (+17 million euros) recorded both in Portugal and in the international activity. Commissions related to financial markets decreased by 4.0% (-6 million euros), influenced by the lower level of securities transactions.

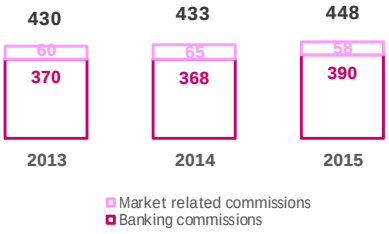
Commissions directly related to the banking business reached 563 million euros in 2015, compared to 545 million euros in 2014, reflecting the growth of the commissions related to loans and guarantees together with current accounts-related commissions, strengthening the positive effect associated with the decreased cost of the guarantee by the Portuguese State to debt securities issued, in spite of the unfavourable performance of the commissions from cards and transfers.

The commissions associated to the card business and transfers fell by 11.0%, amounting to 172 million euros in 2015, compared to 194 million euros recorded in 2014, driven by the performance of the commissions related to cards recorded by the international activity, namely due to the reduction of the interchange fees in the subsidiary in Poland.

NET COMMISSIONS
Million euros



NET COMMISSIONS
Activity in Portugal
Million euros

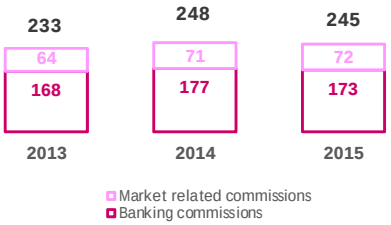


Commissions related to loan operations and guarantees reached a total of 179 million euros in 2015, compared to 160 million euros in 2014, having increased by 11.9%, influenced by the commissions related to the issue of guarantees recorded in the activity in Portugal and the commissions related to loan operations accounted by the subsidiaries in Poland, Angola and Mozambique.

Bancassurance commissions, which includes commissions obtained for the placement of insurance products through the commercial structure of the Bank's distribution networks in Portugal, stood at 75 million euros in 2015, showing an improvement of 3.6%, compared to the 73 million euros posted in 2014.

Net commissions related to the opening and maintenance of customer accounts reached 84 million euros in 2015, showing an increase of 10.1%, compared to the 77 million euros in 2014, benefiting from the performance registered in the activity in Portugal.

NET COMMISSIONS
International activity
Million euros



The amount of net commissions for 2014 and 2013 includes the cost related to the guarantee provided by the Portuguese State to the Bank's debt securities issued and which, following the repurchase and cancellation of all of these issues in October 2014, reached a total of 23 million euros in 2014 and 60 million euros in 2013.

Other banking commissions decreased both in the activity in Portugal and in international activity, reaching 52 million euros in 2015, compared to 65 million euros recognised in 2014.

Commissions related to financial markets fell by 4.0%, from 136 million euros in 2014 to 130 million euros in 2015, partially mitigated by the performance of the international component, in particular the activity developed by the subsidiary in Poland, which increased 2.0% underpinned by asset management commissions. The performance of the activity in Portugal was penalised by the commissions related to the assembly of operations.

Commissions associated with securities transactions amounted to 91 million euros in 2015, compared to 97 million euros in 2014, showing a reduction of 5.9%. The performance observed in commissions related to securities transactions reflects the lower commissions from the placement and structuring of operations in the primary and secondary market recorded in 2015 in the activity in Portugal.

In 2015, commissions related to asset management stood at the same level as the amounted posted in 2014 (39 million euros), benefiting from the international activity, in particularly driven by the commissions obtained by the subsidiary in Poland. The decrease recorded by the activity in Portugal was entirely offset by the performance of the international activity.

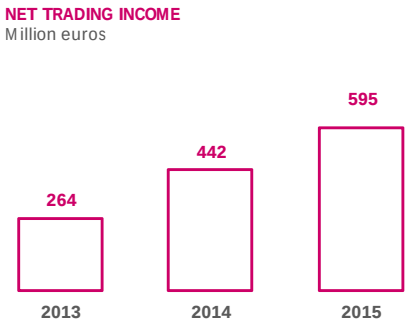
NET COMMISSIONS

Million euros

	2015	2014	2013	Chan. % 15/14
Banking commissions				
Cards and transfers	172	194	181	-11.0%
Credit and guarantees	179	160	155	11.9%
Bancassurance	75	73	72	3.6%
Current accounts related	84	77	105	10.1%
Commissions related with the State guarantee	–	(23)	(60)	
Other commissions	52	65	85	-20.6%
Subtotal	**563**	**545**	**539**	**3.2%**
Market related commissions				
Securities	91	97	91	-5.9%
Asset management	39	39	33	0.9%
Subtotal	**130**	**136**	**124**	**-4.0%**
Total net commissions	**693**	**681**	**663**	**1.8%**
of which:				
Activity in Portugal	448	433	430	3.5%
International activity	245	248	233	-1.2%

Net Trading Income

Net trading income, which includes net gains from foreign exchange transactions, net gains from trading and hedging activities, net gains from financial assets available for sale and net gains from financial assets held to maturity, stood at 595 million euros in 2015, compared to 442 million euros recorded in 2014.



The performance of net trading income was driven by the activity in Portugal, which benefited from the gains related with the sale of Portuguese public debt securities (treasury bonds), having reached the total amount of 395 million euros in 2015, compared to 319 million obtained in 2104.

In the international activity, net trading income totalled 152 million euros in 2015, compared to 99 million euros recorded in 2014, mainly reflecting the gains obtained with foreign exchange transactions carried out by the subsidiaries in Angola and Mozambique.

NET TRADING INCOME

Million euros

	2015	2014	2013	Chan. % 15/14
Results from trading and hedging activities	174	154	80	12.6%
Results from available for sale financial assets	422	302	184	39.5%
Results from financial assets held to maturity	–	(14)	–	
Total	**595**	**442**	**264**	**34.7%**
Geographic breakdown:				
Activity in Portugal	443	344	158	29.0%
of which: Portuguese sovereign debt	395	319	69	
International activity	152	99	106	54.6%

Other Net Operating Income

Other net operating income includes other operating income, other net income from non-banking activities and net gains from the divestment of subsidiaries and other assets. Other net operating income was negative by 122 million euros at the end of 2015, compared with a positive 11 million euros registered in the same period of 2014.

In the activity in Portugal, the amount posted in 2014 was influenced by the booking of capital gains of 69 million euros associated with the sale of the financial stakes held in the Non-Life insurance subsidiaries, while the amount recorded in 2015 incorporates the cost related to the contribution of 31 million euros to the European Resolution Fund (FUR), the additional contribution in the amount of 6 million euros (8 million euros in 2014) required for the national resolution fund, the contribution for the banking sector of 25 million euros (37 million euros in 2014) and the contribution of 1 million euros (6 million euros in 2014) to the Deposit Guarantee Fund.

In 2015, the international activity includes the effect of the extraordinary recognition in the fourth quarter of 2015, of a contribution to the Deposit Guarantee Fund of 25 million euros due to the bankruptcy of a Polish bank and 4 million euros to the Mortgage Loans Restructuring Fund.

Equity Accounted Earnings

Equity accounted earnings, which include the results appropriated by the Group associated with the consolidation of entities where the Group, in spite of having significant influence, does not exercise control over their financial and operating policies, reached a total of 24 million euros in 2015, compared to 36 million euros recorded in 2014.

The performance observed in 2015 of equity accounted earnings include a reduction of 28 million euros (-77.1%) compared to the previous years, associated to the results obtained from the 49% stake held in Millenniumbcp Ageas, as a consequence of the sale of the Non-Life business in the second quarter of 2014, within the scope of the process aiming at focusing on core activities, as defined in the Strategic Plan. Equity accounted earnings also incorporate the increase in the results from the stakes held in

other subsidiaries, namely Luanda Waterfront Corporation (11 million euros) and Unicre - Instituição Financeira de Crédito, S.A. (4 million euros).

EQUITY ACCOUNTED EARNINGS AND INCOME

Million euros

	2015	2014	2013	Chan. % 15/14
Millenniumbcp Ageas	8	36	50	-77.1%
Other	15	–	12	-
Total	**24**	**36**	**62**	**-34.6%**

Operating Costs

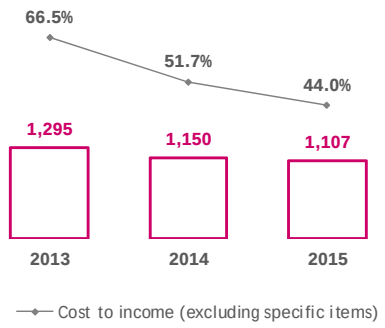
Operating costs, which aggregate staff costs, other administrative costs, amortisation and depreciation for the year, excluding the effect of specific items essentially associated to restructuring costs, fell by 4.3%, when compared to the 1,150 million euros recorded in 2014, standing at 1,101 million euros in 2015 (1,107 million euros with the effect of specific impacts). The reduction of operating costs, that reflects the guidelines defined by the Strategic Plan that have been implemented, contributed to the positive performance of the efficiency ratio (cost-to-income), induced by the reductions of 4.0% in staff costs, 5.5% in other administrative costs and 1.6% in amortisation and depreciation for the year.

In the activity in Portugal, excluding specific items, operating costs stood at 636 million euros in 2015 (642 million euros with the effect of specific impacts), a 7.8% decrease compared to the amount recorded in 2014, reflecting the 9.7% savings obtained in staff costs, embodied in the reduction of the number of employees and in the temporary salary reduction measures initiated in 2014.

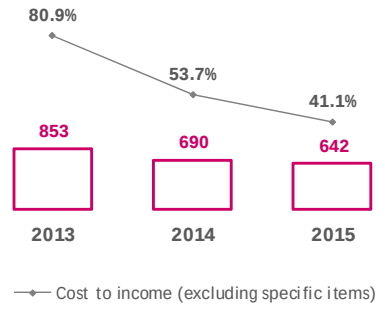
In the international activity, operating costs increased 1.1%, reaching a total of 465 million euros in 2015, compared to 459 million euros in 2014, as a result of the performance recorded in the operations in Angola and Mozambique, influenced by the strengthening of the distribution networks and respective operational support.

The consolidated cost-to-income ratio, on a comparable basis, improved from 51.7% and 66.5% in 2014 and 2013 to stand at 44.0% at the end of 2015, materialising the positive contribution of operating costs reduction and the simultaneous increase of net operating revenues. The cost-to-income ratio of the activity in Portugal registered a favourable evolution, standing at 41.1% in 2015, compared to 53.7% in 2014, benefiting from the performance of income and operating cost component. In the international activity, the growth of net operating revenues offset operating costs increase. As a result, the cost-to-income ratio improved to stand at 48.7% in 2015 (49.1% in 2014).

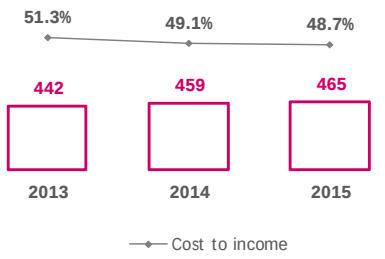
OPERATING COSTS
Million euros



OPERATING COSTS
Activity in Portugal
Million euros



OPERATING COSTS
International activity
Million euros



OPERATING COSTS

Million euros

	2015	2014	2013	Chan. % 15/14
Activity in Portugal (1)				
Staff costs	371	411	433	-9.7%
Other administrative costs	235	247	263	-4.9%
Depreciation	30	32	38	-6.5%
	636	**690**	**734**	**-7.8%**
International activity				
Staff costs	239	225	218	6.4%
Other administrative costs	189	202	194	-6.2%
Depreciation	36	33	30	9.7%
	465	**459**	**442**	**1.1%**
Consolidated (1)				
Staff costs	610	636	651	-4.0%
Other administrative costs	424	448	457	-5.5%
Depreciation	67	66	68	1.6%
	1,101	**1,150**	**1,176**	**-4.3%**
Specific items				
Restructuring programme and early retirements	6	–	126	
Legislative change related to mortality allowance	–	–	(7)	
Total	**1,107**	**1,150**	**1,295**	**-3.7%**

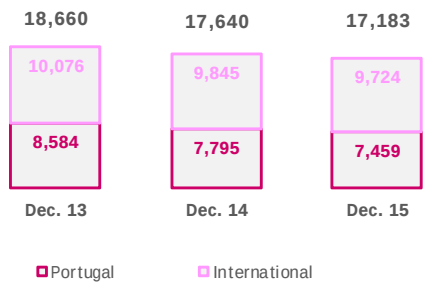
(1) Excludes impacts of specific items presented in the table.

Staff Costs

Staff costs, excluding the impact of specific items, reached a total of 610 million euros in 2015, compared to 636 million euros posted in 2014, showing a reduction of 4%, materialised by the performance of the activity in Portugal, in spite of the increase registered by the international activity.

In the activity in Portugal, excluding the specific items, staff costs decreased by 9.7% to 371 million euros in 2015 (411 million euros in 2014), reflecting the effects of the restructuring programme, embodied in the reduction of number of employees to a total of 7,459 employees at the end of 2015, compared to 7,795 employees at the end of 2014.

NUMBER OF EMPLOYEES



In the international activity, staff costs amounted to 239 million euros in 2015, having increased by 6.4% compared to the 225 million euros registered in 2014, representing 38.8% of total staff costs on a consolidated basis in 2015 (35.4% in 2014). This performance was driven by the increases observed in the subsidiaries in Angola and in Mozambique, in spite of the staff costs stabilisation in Bank Millennium in Poland. At the end of 2015, the number of employees allocated to the international activity fell by 1.2% compared to the number recorded in the previous year, to stand at a total of 9,724 employees (9,845 employees at the end of 2014). The number of employees in the international activity decreased between the end of 2015 and end of 2014, induced by Poland (-197 employees) and Mozambique (-8 employees), notwithstanding the increase observed in the activities developed in Angola and Switzerland.

STAFF COSTS

Million euros

	2015	2014	2013	Chan. % 15/14
Salaries and remunerations	473	490	504	-3.4%
Social security charges and other staff costs (1)	137	146	147	-6.0%
	610	**636**	**651**	**-4.0%**
Specific items				
Restructuring programme and early retirements	6	–	124	
Legislative change related to mortality allowance	–	–	(7)	
Total	**616**	**636**	**767**	**-3.1%**

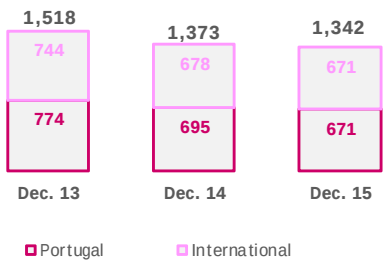
(1) Excludes impacts of specific items presented in the table.

Other Administrative Costs

In 2015, other administrative costs decreased 5.5%, reaching 424 million euros, compared to a total of 448 million euros recorded in 2014, favourably influenced by the savings obtained in the headings of rents, advertising and maintenance and repair.

Other administrative costs reduction benefited from the 4.9% decrease in the activity in Portugal, as a result of the implementation of various initiatives to improve operating efficiency, namely via the optimisation of the branch network in Portugal, which had a total of 671 branches at the end of 2015, representing a reduction of 24 branches compared to a total of 695 branches at the end of 2014.

BRANCHES



In the activity in Portugal, other administrative costs decrease, benefited from the effects of the renegotiation of contracts and cutting of costs related to consumption, and was materialised in lower costs related to rents, dispatch services and maintenance and repair, which more than offset the increase of costs related to advertising and sponsorships.

In the international activity, other administrative costs stood at 189 million euros in 2015, a reduction of 6.2% compared to the 202 million euros in 2014, driven by the operation in Poland, in particular of costs related to rents, advertising and outsourcing, offsetting the increase registered in costs related to maintenance and repair. The total number of branches allocated to the international activity fell from 678 branches at the end of 2014 to 671 branches at the end of 2015, representing a reduction of 7 branches.

OTHER ADMINISTRATIVE COSTS

Million euros

	2015	2014	2013	Chan. % 15/14
Water, electricity and fuel	19	20	20	-3.6%
Consumables	6	6	6	-4.3%
Rents	108	115	123	-5.8%
Communications	27	28	29	-6.1%
Travel, hotel and representation costs	10	10	10	-1.1%
Advertising	29	32	28	-8.7%
Maintenance and related services	28	30	31	-7.5%
Credit cards and mortgage	5	5	5	6.4%
Advisory services	12	13	16	-1.7%
Information technology services	20	21	19	-1.6%
Outsourcing	77	76	81	1.1%
Other specialised services	30	30	30	1.1%
Training costs	2	2	1	35.8%
Insurance	6	5	5	7.0%
Legal expenses	7	7	7	-10.0%
Transportation	11	11	11	2.8%
Other supplies and services	27	39	36	-30.0%
	424	**448**	**457**	**-5.5%**
Specific items				
Restructuring programme	–	–	2	
Total	**424**	**448**	**460**	**-5.5%**

Depreciation

Depreciation for the year reached 67 million euros in 2015, corresponding to a 1.6% increase compared to 2014, mainly influenced by the increase observed in the international activity, in spite of the decrease recorded in Portugal, implying that the depreciation for the year representative of the international activity stands at 54.5% of the consolidated total in 2015, compared to 50.5% recorded in 2014.

The 6.5% reduction (-2 million euros) in the depreciation for the year in the activity in Portugal, when compared to the same period of 2014, reflects the gradual end of the depreciation period of investments made in previous years, in particular the lower level of depreciation recorded in the headings of real estate properties and software.

The 9.7% increase (+3 million euros) in the depreciation for the year recorded by the international activity in 2105, compared to 2014, was influenced by the performance of the headings related with real estate properties and software, essentially reflecting the expansion of the operations developed in Angola and in Mozambique, albeit offset by the decrease in Poland.

Loan impairment

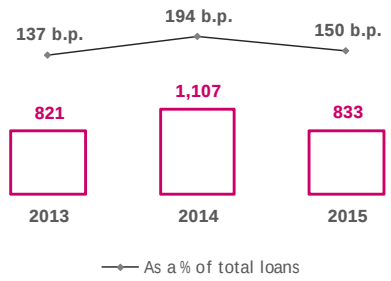
The year of 2015 was marked by the return of the main institutions of the Portuguese banking system to positive profitability levels, which had not been the case since 2010. This recovery, when compared to the same period of the previous year, was largely driven by the lower flow of loan impairments, reflecting a reduction of the cost of risk in the system's loan portfolio, albeit without enabling a significant decrease of the continued high levels of impairment costs.

Loan impairment (net of recoveries) stood at 833 million euros in 2015, having fallen by 24.7% compared to the 1,107 million euros in 2014. This evolution was driven by the slow-down of the charges net of recoveries observed in the activity in Portugal in the amount of 291 million euros.

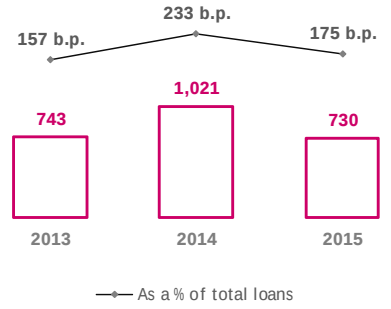
In the international activity, with a total of 103 million euros as at 31 December 2015, a 19.7% increase was recorded in loan impairment charges (net of recoveries), compared to the 86 million euros recorded in 2014. This evolution was driven by the higher charges level observed both in the subsidiaries in Mozambique and in Angola, although at a lower scale in the latter.

In spite of the evolution observed in Portugal, 2015 still showed a significant provisioning effort, as foreseen in the guidelines set in the Strategic Plan, with the cost of risk improving to stand at 150 basis points, compared to 194 basis points registered in 2014, and the credit at risk in total credit ratio decreased from 12.0% as at 31 December 2014 to 11.3% at the end of 2015.

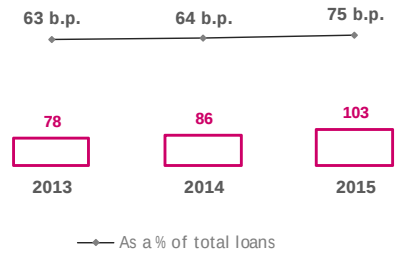
IMPAIRMENT CHARGES (NET)
Million euros



IMPAIRMENT CHARGES (NET)
Activity in Portugal
Million euros



IMPAIRMENT CHARGES (NET)
International activity
Million euros



Other Impairments and Provisions

Other impairments and provisions include the headings of charges for impairment of other financial assets, 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 stood at 161 million euros in 2015, a decrease of 22.9% compared with 209 million euros in 2014, reflecting the lower level of charges related to impairment of other financial assets (-38.0%), related to the stakes held in the restructuring funds, and other impairments and provisions (-11.2%). The evolution in the impairment of other financial assets reflects the reduction of impairment charges related to guarantees provided and for other contingencies in the activity in Portugal for this heading.

In the international activity, there was a lower level of charges for other impairment and provisions in 2015, standing at the total amount of 9 million euros, compared to the 2 million euros posted in 2014, reflecting the reinforcement registered by the subsidiaries in Poland, Angola and Mozambique.

Income Tax

Income tax (current and deferred) reached 56 million euros in 2015, compared with -98 million euros recorded in 2014.

In 2015, this tax includes current tax costs of 100 million euros (101 million euros in 2014), net of deferred tax income of 43 million euros (199 million euros in 2014).

The deferred tax income recognised in 2015 mainly refers to impairment losses which are not deductible for purposes of calculation of taxable profit, net of the annulment of deferred tax associated to tax losses.

Non-controlling interests

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

At the end of March 2015, the Group sold 15.41% of the share capital of Bank Millennium, S.A. (Poland) through the accelerated placement of 186,979,631 ordinary shares, for the unit value of PLN 6.65, having achieved capital gains of 31 million euros recognised against reserves.

Non-controlling interests primarily refer to the net income for the year attributable to third parties related to the shareholdings held in the share capital of Bank Millennium in Poland (49.9%), Millennium bim in Mozambique (33.3%) and Banco Millennium Angola (49.9%), standing at 126 million euros in 2015 (110 million euros in 2014). This performance was mainly driven by the increase in net income of Banco Millennium Angola, corresponding to an increase of 12.2 million euros in the heading of non-controlling interests, and the increase of interests (5.7 million euros) derived from the sale of 15.41% of the share capital of the subsidiary in Poland.

REVIEW OF THE BALANCE SHEET

During 2015, the Portuguese economy followed a sustained and moderate upward trend, more gradual than in previous periods of recession and associated to a slow profile of recovery, in a scenario characterised by a robust dynamic external demand that enabled a context of strong exports growth, in terms of volume and market share, in an environment of consolidation of the positive expectations of economic agents. On the demand side, note should be made of the continued trend towards the recovery of private consumption as a result of the modest improvement of the conditions in the labour market and reduction of household debt levels.

In spite of the above-referred, the level and growth of the Portuguese economy are constrained by other factors, which should be taken into account: (i) the reduction of total and active population; (ii) the very slow level of capital investment; and (iii) the very high level of long term unemployment, in spite of the upward trend mentioned in recent employment surveys.

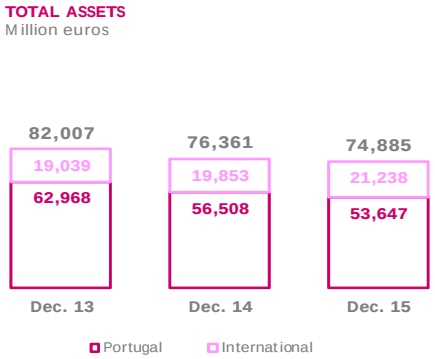
The European Central Bank (ECB) maintained the refinancing rate at 0.05% and simultaneously continued with the programmes of acquisition of the Bank's own assets, creating conditions, temporally limited, to improve the liquidity and funding situation of financial institutions in the euro zone in general and of the Portuguese banking system in particular.

At Millennium bcp, in 2015, there was a reduction of 2.4 billion euros in wholesale funding needs, mainly supported on the decrease observed in the commercial gap of the activity in Portugal and in the portfolio of Portuguese sovereign debt, and by the sale of 15.4% of the shareholding of the subsidiary Bank Millennium in Poland.

Over the year, the Bank proceeded with the amortization of medium and long term operations in the amount of 0.6 billion euros, through the early redemption of senior debt and payment upon maturity of bank loans, and the underwriting of new bank loans to the total of 0.3 billion euros.

At the end of 2015, there was a change in the funding structure, with decreases of 0.9 billion euros in repos with financial institutions backed by securities, 0.3 billion euros in senior debt and 1.3 billion euros in the balance of amounts granted by the European Central Bank (ECB), among other less expressive changes.

Total assets reached 74,885 million euros as at 31 December 2015, compared to 76,361 million euros as at 31 December 2014, reflecting the effects of the contraction of the loans to customers' portfolio in Portugal, only partially offset by the increased securities portfolio, essentially associated with the treasury bonds portfolio.



Loans to customers (gross) amounted to 55,438 million euros as at 31 December 2015, compared to 57,168 million euros at the end of 2014, induced by the reduction observed in the activity in Portugal and the increase registered in the international activity.

Loans to customers in Portugal fell by 5.0% compared to 31 December 2014, as a result of the performance observed in loans to individuals, influenced by the repayments of principal associated to mortgage loans, and in loans to companies. This reflects, on the one hand, the still gradual recovery of the Portuguese economy, and, on the other hand, the deliberate reduction of exposure to certain activity sectors in Portugal considered Non-Core under the terms of the Restructuring Plan approved by the European Commission, and notwithstanding the continued focus on offering solutions to support companies and consumption.

In the international activity, loans to customers increased by 3.4% compared to 31 December 2014, driven by loans to companies and individuals growth essentially observed in the subsidiary in Poland.

The securities portfolio reached 12,615 million euros as at 31 December 2015, compared to 12,248 million euros at the end of 2014, representing 16.8% of total assets as at 31 December 2015 (16.0% as at 31 December 2014). In the same period, the amount of financial assets held to maturity fell by 78.6%, standing at 495 million euros, reflecting the transfer of sovereign debt securities, from the financial assets held to maturity portfolio to the financial assets available for sale portfolio, pursuant to the revision of IAS 39, of October 2008. On the other hand, the financial assets held for trading and available for sale portfolio increased as a whole to 12,120 million euros as at 31 December 2015 (+22.0% compared to the end of 2014), largely as a result of the above-referred transfer.

BALANCE SHEET AT 31 DECEMBER

million euros

	2015	2014	2013	Chan. % 15/14
Assets				
Cash and deposits at central banks and loans and advances to credit institutions	3,538	3,959	5,234	-10.6%
Loans and advances to customers	51,970	53,686	56,802	-3.2%
Financial assets held for trading	1,189	1,674	1,290	-29.0%
Other financial assets held for trading at fair value through profit or loss	152	–	–	-
Financial assets available for sale	10,779	8,263	9,327	30.4%
Financial assets held to maturity	495	2,311	3,110	-78.6%
Investments in associated companies	316	323	579	-2.4%
Non current assets held for sale	1,765	1,622	1,506	8.8%
Other tangible assets, goodwill and intangible assets	882	1,008	984	-12.5%
Current and deferred tax assets	2,605	2,440	2,222	6.7%
Other (1)	1,194	1,074	953	11.2%
Total Assets	**74,885**	**76,361**	**82,007**	**-1.9%**
Liabilities				
Deposits from Central Banks and from other credit institutions	8,591	10,966	13,493	-21.7%
Deposits from customers	51,539	49,817	48,960	3.5%
Debt securities issued	4,768	5,710	9,411	-16.5%
Financial liabilities held for trading	723	953	870	-24.1%
Other financial liabilities at fair value through profit or loss				
Non current liabilities held for sale				
Subordinated debt	1,645	2,026	4,361	-18.8%
Other (2)	1,938	1,902	1,636	1.8%
Total Liabilities	**69,204**	**71,374**	**78,731**	**-3.0%**
Equity				
Share capital	4,094	3,707	3,500	
Treasury stock	-1	-14	-23	91.2%
Share premium	16	–	0	
Preference shares	60	171	171	
Other capital instruments	3	10	10	
Fair value reserves	23	107	22	
Reserves and retained earnings	192	458	-357	-58.0%
Profit for the year attributable to shareholders	235	-227	-740	203.8%
Total equity attributable to Shareholders of the bank	**4,623**	**4,213**	**2,583**	**9.7%**
Non-controlling interests	1,057	774	693	36.5%
Total Equity	**5,681**	**4,987**	**3,276**	**13.9%**
Total Liabilities and Equity	**74,885**	**76,361**	**82,007**	**-1.9%**

(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.

Total liabilities decreased from 71,374 million euros at the end of 2014 to 69,204 million euros as at 31 December 2015 (-3.0%), showing a reduction of a large part of its headings, namely: (i) the reduction of amounts owed to Central Banks and other credit institutions by 21.7%, to a total of 8,591 million euros as at 31 December 2015 (10,966 million euros at the end of 2014), reflecting the lower exposure to ECB funding; (ii) the decrease of debt securities by 16.5%, amounting to 4,768 million euros at the end of 2015 (5,710 million euros at the end of 2014) maintaining the gradual replacement, upon maturity, of bonds mostly placed with customers by deposits and the repayment of medium and long term debt; and (iii) the 18.8% reduction of subordinated debt, as a result of the public exchange offer (OPT), confirmed in the records of the Regulated Market Special Session of 11 June 2015, of subordinated securities by shares aimed at strengthening the Bank's share capital. The above-mentioned performance was mitigated by Customer deposits growth which, excluding the effect of discontinued operations, increased by 3.5%, to stand at 51,539 million euros as at 31 December 2015 (49,817 million euros as at 31 December 2014), as a result of the reinforcement of the commercial strategy focused on the retention and increase of balance sheet customer funds.

The reinforcement of stable balance sheet funds, where customer deposits already accounted for 80% of the funding structure combined with loans to customers decrease, led to a reduction of the commercial

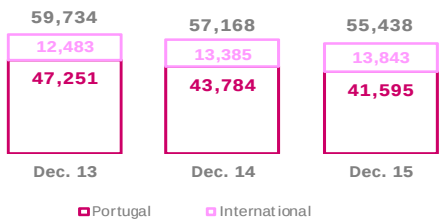
gap and the improvement of the loan-to-deposit ratio, which stood at 101.6% as at 31 December 2015 (108.3% at the end of 2014).

Equity, including non-controlling interests, increased by 694 million euros, from 4,987 million euros at the end of 2014 to 5,681 million euros as at 31 December 2015. The performance of equity in 2015 benefited above all from the profits for the year in the amount of 361 million euros, 285 million euros related to the share capital increase, following the above-mentioned Public Exchange Offer, 259 million euros derived from the sale of 15.41% of the share capital of Bank Millennium, S.A. (Poland) and 47 million euros related to treasury stock operations, which more than offset the reduction induced by foreign exchange difference derived from the consolidation of Group companies in the amount of 151 million euros, the unfavourable performance of fair value reserves of 72 million euros, the booking of actuarial losses of 24 million euros and the reduction of 10 million euros due to the payment of dividends from BIM Banco Internacional de Moçambique and SIM Seguradora Internacional de Moçambique. To summarise, in 2015, the Bank strengthened its equity underpinned by the improved profitability and specific measures, with the consequent reinforcement of its capital indicators when compared to 31 December 2014.

Loans to Customers

In 2015, the trend was maintained to reduce the assets of the banking sector in Portugal with the highest contribution coming from net loans to customers, namely loans granted to residents, although a modest improvement was observed in the compliance of loan granting criteria, mainly in loans to SMEs, long term loans and loans granted to individuals. The high level of overdue loans derives from the flow of non-performing loans, particularly heavy between the end of 2010 and mid 2013, after which there has been a slow process of resolution of this type of loan, strongly constrained by the legal framework and weak development of the market for loans in situations of late payment.

LOANS AND ADVANCES TO CUSTOMERS (*)
Million euros



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

In 2015, in spite of the constrained appointed by the banking sector in general, Millennium bcp maintained its offer of integrated and innovative solutions to meet the funding needs of individual and company customers, mainly through the development of initiatives related with consumer credit and access to agreed credit facilities to support loans to companies, with the purpose to stimulate growth and funding of the economy.

Loans to customers, before loan impairment, amounted to 55,438 million euros as at 31 December 2015, corresponding to a 3.0% decrease compared to the 57,168 million euros posted as at 31 December 2014, mainly penalised by loans to companies, which maintained the downward trend recorded over the last few years, reaching 26,251 million euros as at 31 December 2015 (27,586 million euros at the end of 2014).

The performance of the loan portfolio was driven by the 5.0% contraction in the activity in Portugal, with the international activity having recorded, considering the respective foreign exchange effect, an increase of 3.4% compared to the end of 2014, driven by the positive performance of Bank Millennium in Poland, which more than offset the decrease of all the other international loan portfolios, namely the subsidiaries in Angola (-0.9%) and Mozambique (-6.9%), which was greatly influenced by the foreign exchange effect associated to the portfolio, of, respectively, -15.3% and -20.9%.

The retraction of loans to customers in Portugal was evident both in terms of loans to individuals (-3.5%), which reached 20,887 million euros (21,644 million euros at the end of 2014), and in terms of loans to companies (-6.5%), which amounted to 20,708 million euros (22,139 million euros at the end of 2014). The performance of loans to individuals is hindered by the moderate household confidence levels while the loans granted to companies reflects the objective of reducing the exposure to some activity sectors, as well as the contraction of investment in durables and consequent reduction of the demand for credit and the pursuit of efforts towards the reduction of high debt levels.

The consolidated loan portfolio structure showed similar levels of diversification, between 31 December 2014 and 2015, with loans to companies representing 47.4% and loans to individuals representing 52.6% of the loans to customers portfolio.

LOANS AND ADVANCES TO CUSTOMERS (*)

million euros

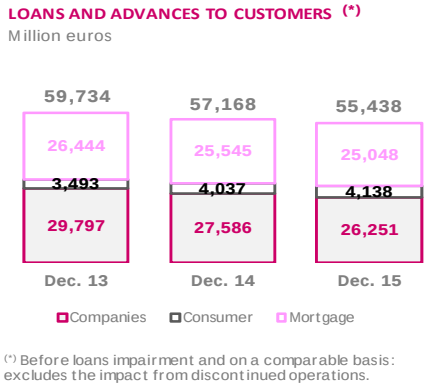
	2015	2014	2013	Chan. % 15/14
Individuals				
Mortgage loans	25,048	25,545	26,444	-1.9%
Consumer credit	4,138	4,037	3,493	2.5%
	29,187	**29,582**	**29,937**	**-1.3%**
Companies				
Services	10,053	10,714	12,402	-6.2%
Commerce	3,396	3,365	3,236	0.9%
Construction	3,562	4,097	4,469	-13.1%
Other	9,240	9,410	9,690	-1.8%
	26,251	**27,586**	**29,797**	**-4.8%**
Consolidated				
Individuals	29,187	29,582	29,937	-1.3%
Companies	26,251	27,586	29,797	-4.8%
	55,438	**57,168**	**59,734**	**-3.0%**
Discontinued operations (*)	–	–	488	
Total	**55,438**	**57,168**	**60,222**	**-3.0%**

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

Loans to individuals stood at 29,187 million euros as at 31 December 2015, having decreased by 1.3% (-395 million euros) when compared with the 29,582 million euros recorded at the end of 2014, mainly explained by the 1.9% reduction (-497 million euros) of mortgage loans, which represented 86% of loans to individuals, reaching a total of 25,048 million euros as at 31 December 2015.

The performance of mortgage loans reflected, on the one hand, the 3.5% decrease in the activity in Portugal (-677 million euros), in spite of the historically low levels of market interest rates, and the 2.8% growth recorded in the international activity (181 million euros), compared to 31 December 2014, mainly in Bank Millennium in Poland.

Consumer loans grew by 2.5% (+101 million euros), to stand at 4,138 million euros as at 31 December 2015 (4,037 million euros at the end of 2014), however, maintaining its relative weight (14.2%) in the total loans to individuals portfolio. This performance was mainly hindered by the activity in Portugal, which fell by 3.2% (80 million euros) compared to the end of 2014, and was more than offset by the 11.8% increase in international activity (181 million euros), which benefited from the operations developed in Poland and Mozambique, despite the reduction in Angola.



Loans to companies amounted to 26,251 million euros as at 31 December 2015, compared to 27,586 million euros posted as at 31 December 2014, corresponding to a 4.8% year-on-year decrease. This heading continues to be the main component of the loan portfolio with a weight of 47.4%, where the construction and real estate property sectors accounted for 10% at the end of 2015.

LOANS AND ADVANCES TO CUSTOMERS (*)

million euros

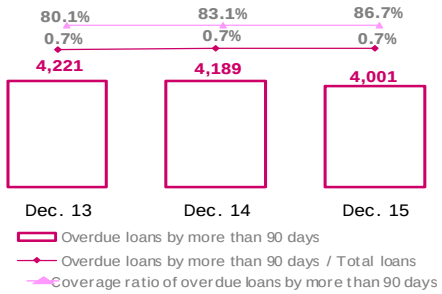
	2015	2014	2013	Chan. % 15/14
Mortgage loans				
Activity in Portugal	18,465	19,142	19,916	-3.5%
International Activity	6,584	6,403	6,528	2.8%
	25,048	**25,545**	**26,444**	**-1.9%**
Consumer credit				
Activity in Portugal	2,423	2,502	2,162	-3.2%
International Activity	1,716	1,535	1,331	11.8%
	4,138	**4,037**	**3,493**	**2.5%**
Companies				
Activity in Portugal	20,708	22,139	25,173	-6.5%
International Activity	5,543	5,447	4,624	1.8%
	26,251	**27,586**	**29,797**	**-4.8%**
Consolidated				
Activity in Portugal	41,595	43,784	47,251	-5.0%
International Activity	13,843	13,385	12,483	3.4%
	55,438	**57,168**	**59,734**	**-3.0%**
Discontinued operations (*)	–	–	488	
Total	**55,438**	**57,168**	**60,222**	**-3.0%**

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

Loans to companies portfolio in Portugal showed a decrease of 6.5% (1,431 million euros), in spite of the implementation of various important commercial initiatives in 2015, namely the granting of new financing lines, amounting to 700 million euros (BEI and FEI agreements), the launch of the SME Growth Line 2015 with funding above 120 million euros and the support given to 267 investment projects under "Portugal 2020". The performance in Portugal was mainly driven by the 9.8% reduction which occurred in the Corporate network (1,073 million euros) compared to 2014. The international activity grew by 1.8% (96 million euros), mainly supported by the 192 million euros recorded at Bank Millennium in Poland, in spite of the reduction of 84 million euros observed in the operation in Mozambique, which includes an unfavourable foreign exchange effect of 240 million euros.

The credit quality, assessed by the proportion of overdue loans by more than 90 days to total loans, improved to stand at 7.2% as at 31 December 2015, compared to 7.3% recorded at the same date of 2014, benefiting from the continued focus on selectivity and monitoring of the credit risk control processes, as well as the endeavours initiated by the commercial areas and credit recovery areas in regularising operations in situations of default.

CREDIT QUALITY (*)
Million euros



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

The coverage ratio of overdue loans by more than 90 days by impairment stood at 86.7% as at 31 December 2015, compared to 83.1% at the end of 2014, and the coverage ratio of the total overdue loans portfolio by impairments improved to stand at 84.1% as at 31 December 2015, compared with 81.3% as at 31 December 2014.

Non-performing loans, which, pursuant to Banco de Portugal Instruction No. 16/2004, in its version in force, includes loans overdue by more than 90 days and doubtful loans reclassified as overdue for the effect of provisioning, accounted for 9.4% of total loans as at 31 December 2015, compared with 9.6% as at 31 December 2014. Credit at risk reached 11.3% of total loans, as at 31 December 2015, compared with 12.0% at the end of 2014. As at 31 December 2015, restructured loans stood at 9.8% of total loans

(11.0% as at 31 December 2014) and restructured loans not included in credit at risk came to 5.8% of total loans as at 31 December 2015 (7.2% as at 31 December 2014).

CREDIT QUALITY

million euros

	2015	2014	2013	Chan. % 15/14
ON A COMPARABLE BASIS: EXCLUDES THE IMPACT FROM DISCONTINUED OPERATIONS				
Loans and advances to customers (*)	55,438	57,168	59,734	-3.0%
Overdue loans (>90 days)	4,001	4,189	4,221	-4.5%
Overdue loans	4,123	4,283	4,345	-3.7%
Impairments (balance sheet)	3,468	3,483	3,381	-0.4%
Overdue loans (>90 days) / Loans and advances to customers (*)	7.2%	7.3%	7.1%	
Overdue loans / Loans and advances to customers (*)	7.4%	7.5%	7.3%	
Coverage ratio (Overdue loans > 90 days)	86.7%	83.1%	80.1%	
Coverage ratio (Overdue loans)	84.1%	81.3%	77.8%	
INSTRUCTION NO. 16/2004 FROM THE BANK OF PORTUGAL, AS THE CURRENTLY EXISTING VERSION				
Total loans	55,512	57,246	60,304	-3.0%
Overdue loans (>90 days) + doubtful loans	5,239	5,520	5,524	-5.1%
Credit at risk	6,289	6,854	7,152	-8.2%
Impairments	3,468	3,483	3,420	-0.4%
Overdue loans (>90 days) + doubtful loans as a % of total loans	9.4%	9.6%	9.2%	
Overdue loans (>90 days) + doubtful loans, net / Total loans, net	3.4%	3.8%	3.7%	
Credit at risk / Total loans	11.3%	12.0%	11.9%	
Credit at risk, net / Total loans, net	5.4%	6.3%	6.6%	
INSTRUCTION NO. 32/2013 FROM THE BANK OF PORTUGAL, AS THE CURRENTLY EXISTING VERSION				
Restructured loans / Total loans	9.8%	11.0%	9.5%	
Restructured loans not included in the credid at risk / Total loans	5.8%	7.2%	6.4%	

(*) Before loans impairment.

Overdue loans by more than 90 days reached 4,001 million euros as at 31 December 2015, corresponding to a 4.5% increase compared to the 4,189 million euros recorded at the end of 2014, showing higher default levels mainly in the service sector. The total overdue loans volume in 2015 also fell by 3.7%, amounting to 4,123 million euros in 2015 (4,283 million euros in 2014), benefiting from the performance of overdue loans in the activity in Portugal which decreased by 5.2%, compared to 3,980 million posted in the previous year, supported by the improvement of the credit quality indices and consequent reduction of default.

Overdue loans associated with loans to companies continue to represent the largest component of the total overdue loans portfolio, representing 77.5% as at 31 December 2015, mainly concentrated in the service sector. The ratio of overdue loans related to loans to companies, measured by the ratio between overdue loans and loans granted to companies, increased to 12.2%, compared to 12.1% recorded at the end of 2014, reflecting the contraction of loans to companies held in the portfolio. As at 31 December 2015, overdue loans associated with loans to companies showed a level of coverage of 85.1% by the impairments in the balance sheet.

For loans granted to individuals, overdue consumer credit and mortgage loans represented 14.8% and 7.7%, respectively, of the total overdue loans portfolio, with the ratio of overdue consumer credit to total consumer credit improving to 14.8% (15.8% at the end of 2014), while the ratio of overdue mortgage loans evolved in the opposite direction, to stand at 1.3% as at 31 December 2015 (1.2% at the end of 2014).

OVERDUE LOANS AND IMPAIRMENTS AS AT 31 DECEMBER 2015

million euros

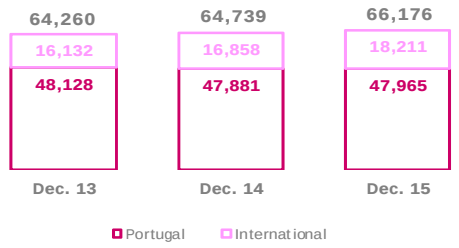
	Overdue loans	Impairment for loan losses	Overdue loans/Total loans (*)	Coverage ratio
Individuals				
Mortgage loans	316	417	1.3%	131.8%
Consumer credit	610	331	14.8%	54.2%
	926	**747**	**3.2%**	**80.7%**
Companies				
Services	1,182	1,418	11.8%	119.9%
Commerce	339	267	10.0%	79.0%
Construction	1,075	359	30.2%	33.4%
Other	601	676	6.5%	112.5%
	3,197	**2,721**	**12.2%**	**85.1%**
Consolidated				
Individuals	926	747	3.2%	80.7%
Companies	3,197	2,721	12.2%	85.1%
Total	**4,123**	**3,468**	**7.4%**	**84.1%**

(*) Before loans impairment.

Customer Funds

In 2015, the compression of risk premiums of banks and sovereign debt continued, enabling national banks to access market funding. In terms of the overall financial system, and the banking system in particular, there has been notable progress in the structural position of liquidity reflected in the resilient performance of deposits accompanied by a contraction of credit due to the greater difficulty of economic agents in observing and complying with the credit concession and risk analysis criteria.

TOTAL CUSTOMER FUNDS (*)
Million euros



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

The re-composition of financial assets of individuals observed in 2014 continued in 2015, supported by net acquisitions of saving certificates and treasury certificates and constitution of bank deposits. In this context, customer funds continued to be the main source of funding of Portuguese banks (60% in June 2015 compared to 56% in June 2014), mainly customer deposits whose weight in the funding structure increased, taking on a fundamental role in the bank system's process of adjustment of funding sources and which reflects the higher confidence of customers in Portuguese banks.

TOTAL CUSTOMER FUNDS

million euros

	2015	2014	2013	Chan. % 15/14
Balance sheet customer funds				
Deposits	51,539	49,817	48,595	3.5%
Debt securities	2,311	2,776	3,797	-16.7%
	53,850	**52,593**	**52,392**	**2.4%**
Off balance sheet customer funds				
Assets under management	3,812	3,583	3,173	6.4%
Capitalisation products (1)	8,514	8,563	8,695	-0.6%
	12,327	**12,146**	**11,868**	**1.5%**
	66,176	**64,739**	**64,260**	**2.2%**
Discontinued operations (2)	–	1,468	1,896	
Total	**66,176**	**66,207**	**66,156**	**0.0%**

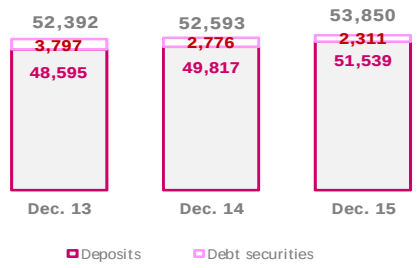
(1) Includes Unit linked and Retirement savings deposits.

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

Millennium bcp accompanies the performance observed in the sector through the implementation of a commercial strategy focused on the continued decline of the remuneration of debt products in general and term deposits in particular, while maintaining a constant commitment towards the retention and growth of customer funds portfolio, with the objective of contributing simultaneously to reduce the commercial gap and meeting the expectations of savings and investment requirements of the different Customer segments.

Total customer funds, excluding the impact related to the discontinued operations, increased by 2.2% to stand at 66,176 million euros as at 31 December 2015, compared with 64,739 million euros recorded at the end of 2014, driven by the growth of both balance sheet customer funds (+2.4%) and off-balance sheet customer funds (+1.5%).

BALANCE SHEET CUSTOMER FUNDS (*)
Million euros



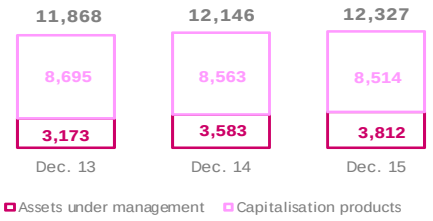
(*) On a comparable basis: excludes the impact from discontinued operations.

In the activity in Portugal, total customer funds reached 47,965 million euros as at 31 December 2015, compared to the 47,881 million euros recorded in 2014, reflecting the continued commercial effort in attracting funds, materialised in the increases of 4.8% of assets under management and 1.2% of customer deposits, in spite of the 16.2% decrease of debt securities owed by to customers.

In the international activity, total customer funds reached 18,211 million euros as at 31 December 2015, corresponding to an increase of 8.0% when compared to the 16,858 million euros recorded at the end of 2014, mainly underpinned by customer deposits growth, in particular in the subsidiary in Poland.

Balance sheet customer funds increased by 2.4%, to reach 53,850 million euros as at 31 December 2015 (52,593 million euros at the end of 2014), with a highlight on the 3.5% customer deposits increase in spite of the 16.7% debt securities reduction. This performance reflects the maintenance of the strategy implemented by Millennium bcp to attract stable balance sheet funds, notwithstanding the reduction of remuneration rates.

OFF BALANCE SHEET CUSTOMER FUNDS (*)
Million euros



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

Customer deposits increased to 51,539 million euros as at 31 December 2015 (49,817 million euros at the end of 2014), driven both by the activity in Portugal (+1.2%), supported by the good performance of the Retail network, and by the international activity (+8.5%), which continued its effort to attract deposits, to which the performance of the subsidiaries in Poland and in Angola contributed, in spite of the reduction shown in the operation in Mozambique and in the Cayman Islands.

Debt securities stood at 2,311 million euros as at 31 December 2015, compared with 2,776 million euros at the end of the previous year, confirming the continued historic contraction in the demand for structured and/or financially complex products, and consequent replacement by more conservative solutions such as deposits.

Off-balance customer funds increased by 1.5%, reaching 12,327 million euros as at 31 December 2015, compared to 12,146 million euros recorded as at the same date of 2014. This performance was influenced by the performance of the assets under management (+6.4%), in spite of the slow-down recorded in capitalisation products (-0.6%) which incorporates the effects of the contributions and devaluation/ appreciation of the assets portfolio observed over the last few years.

Assets under management increased to 3,812 million euros at the end of 2015, compared to 3,583 million euros as at 31 December 2014, having benefited from the positive performance registered in Portugal, in an alternative scenario of maintenance of low interest rates over a long period, through the increased volume of the asset portfolios mainly acquired by the Private Banking network, as well as in the international activity, especially through Bank Millennium in Poland.

The capitalisation products showed a minor decrease of 0.6%, standing at 8,514 million euros as at 31 December 2015 (8,563 million euros at the end of 2014). This performance occurred also in Portugal, with special relevance in the insurance contracts linked to investment funds (Unit Linked) and in the international activity, confirming the trend observed in the previous year of transfer upon maturity of off-balance sheet products to reinforce balance sheet funds, namely customer deposits.

TOTAL CUSTOMER FUNDS

million euros

	2015	2014	2013	Chan. % 15/14
Balance sheet customer funds				
Activity in Portugal	37,056	37,081	37,600	-0.1%
International Activity	16,794	15,512	14,792	8.3%
	53,850	**52,593**	**52,392**	**2.4%**
Off balance sheet customer funds				
Activity in Portugal	10,909	10,800	10,528	1.0%
International Activity	1,417	1,346	1,340	5.3%
	12,327	**12,146**	**11,868**	**1.5%**
Total customer funds				
Activity in Portugal	47,965	47,881	48,128	0.2%
International Activity	18,211	16,858	16,132	8.0%
	66,176	**64,739**	**64,260**	**2.2%**
Discontinued operations (*)	-	1,468	1,896	
Total	**66,176**	**66,207**	**66,156**	**0.0%**

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

Loans and Amounts Owed to Credit Institutions

The deposits owed to credit institutions and Central Banks, net of investments and deposits at credit institutions, amounted to 6,893 million euros as at 31 December 2015 (8,714 million euros on the same date of 2014). This performance reflects a decrease of 1,821 million euros in wholesale funding needs, primarily underpinned by the decrease observed in the commercial gap of the activity in Portugal and in the portfolio of Portuguese sovereign debt, and by the sale of 15.4% of the financial shareholding in Bank Millennium (Poland).

As at 31 December 2015, the net balance financed by the ECB stood at 5.3 thousand million euros, showing a reduction of 1.3 billion euros compared to the same period of 2014.

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 to long term.

Financial Assets Held for Trading, Other Financial Assets Held for Trading at Fair Value Through Profit or Loss and Financial Assets Available For Sale

The portfolios of financial assets held for trading, other financial assets held for trading at fair value through profit or loss and financial assets available for sale reached the total of 12,120 million euros as at 31 December 2015, compared to 9,937 million euros at the same date of 2014, representing 16.2% of total assets (13.0% in 2014). The performance observed in 2015 was essentially due to the increase of fixed yield securities portfolio (+2,186 million euros).

The fixed yield securities portfolio reached the value of 9,582 million euros as at 31 December 2015 (7,395 million euros at the end of 2014), representing 79.1% of the total securities portfolio (74.4% in 2014). This portfolio is mainly composed of bonds of national and foreign public issuers which, as a whole, amounted to 5,987 million euros (4,247 million euros at the end of 2014), representing 62.5% of the portfolio of fixed yield securities and 49.4% of the total of financial assets portfolios. In this portfolio structure, note should also be made of the performance of treasury bills and other public debt securities which reached 1,215 million euros, compared to 1,427 million euros as at 31 December 2014, showing a transversal reduction of exposure to local sovereign debt observed at the subsidiaries in Poland, Angola and Mozambique.

Variable yield securities increased by 10.4%, from 1,465 million euros recorded at the end of 2014 to 1,617 million euros as at 31 December 2015, showing the reinforcement of the investment funds units portfolio.

Trading derivatives amounted to 925 million euros as at 31 December 2015, having decreased by 14.4% compared to the 1,081 million euros recorded as at 31 December 2014, highlighting the decrease observed in trading volumes of interest rate swaps and currency swaps.

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

million euros

	2015		2014		2013		Chan. %
	Amount	% in total	Amount	% in total	Amount	% in total	15/14
Fixed income securities							
Treasury Bills and other Government bonds	1,215	10.0%	1,427	14.4%	2,673	25.2%	-14.9%
Bonds issued by Government and public entities (Portuguese)	2,984	24.6%	2,006	20.2%	1,864	17.6%	48.8%
Bonds issued by Government and public entities (foreign issuers)	3,003	24.8%	2,241	22.5%	1,699	16.0%	34.0%
Bonds issued by other Portuguese entities	1,160	9.6%	886	8.9%	395	3.7%	30.9%
Bonds issued by other foreign entities	1,220	10.1%	835	8.4%	1,299	12.2%	46.1%
Commercial paper	–		–		650	6.1%	
	9,582	**79.1%**	**7,395**	**74.4%**	**8,581**	**80.8%**	**29.6%**
Variable income securities							
Shares and other variable income securities	177	1.5%	125.0	1.3%	94	0.9%	41.6%
Investment fund units	1,440	11.9%	1,340	13.5%	1,109	10.4%	7.5%
	1,617	**13.3%**	**1,465**	**14.7%**	**1,203**	**11.3%**	**10.4%**
Impairment for overdue securities	**(4)**		**(4)**		**(5)**		
Trading derivatives	**925**	**7.6%**	**1,081**	**10.9%**	**838**	**7.9%**	**-14.4%**
Total	**12,120**	**100.0%**	**9,937**	**100.0%**	**10,617**	**100.0%**	**22.0%**

Other Asset Elements

Other asset elements, which include assets with repurchase agreement, hedging derivatives, investments in associates, investment property, non-current assets held for sale, other tangible assets, goodwill and intangible assets, current and deferred tax assets, and other assets, represented 9.0% of total consolidated assets (8.5% at the end of 2014), standing at 6,762 million euros as at 31 December 2015, compared to 6,468 million euros recorded as at 31 December 2014. The total of these headings, as at 31 December 2015, increased by 4.6% when compared with the same period of 2014, essentially explained by the increase of current and deferred tax assets (+165 million euros), non-current assets held for sale (+143 million euros) and other assets, which include assets with repurchase agreement, hedging derivatives, investment properties and other assets (+121 million euros), that more than offset the decrease in the balance of other tangible assets, goodwill and intangible assets of 126 million euros.

Further information and details on the composition and performance of the headings referred to above is presented in Notes 25 and 27 to 33 to the Consolidated Financial Statements as at 31 December 2015.

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 Private Banking business.

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

Business segment	Perimeter
Retail Banking	Retail Network of Millennium bcp (Portugal) ActivoBank
Companies, Corporate & Investment Banking	Companies Network of Millennium bcp (Portugal) Specialised Recovery Division Real Estate Business Division Interfundos Corporate and Large Corporates Networks of Millennium bcp (Portugal) Specialised Monitoring Division Investment Banking International Division
Private Banking	Private Banking Network of Millennium bcp (Portugal) 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, corporate activities and insurance activity.

(*) For the purposes of business segments, Millennium Banque Privée (Switzerland) and Millennium bcp Bank & Trust (Cayman Islands) are included in the Private Banking segment. In terms of geographic segments, both operations are considered Foreign Business.

(**) Loans Portfolios in Portugal to discontinue gradually under the commitments undertaken with the DG Comp.

Note: Banca Millennium in Romania and Millennium bcp Gestão de Activos are considered discontinued operations.

Business segment activity

The figures reported for each business segment resulted from aggregating the subsidiaries and business units integrated in each segment, also reflecting the impact from capital allocation and balancing process of each entity in the balance sheet and income statement, based on average figures. 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, based on the regulatory solvency criteria.

Thus, as the process of capital allocation complies with the regulatory criteria of solvency in force, the risk weighted assets and, consequently, the capital allocated to the business segments are determined in accordance with the Basel III framework, pursuant to the CRD IV/CRR. The capital allocated to each segment resulted from the application of 10% to the risks managed by each segment, reflecting the

application of the Basel III methodologies. Each operation is balanced through internal transfers of funds, hence with no impact on consolidated accounts.

The net income of each segment includes the non-controlling interests, when applicable. Therefore, the values of net income presented incorporate the individual net income of the business units, regardless of the percentage stake held by the Group, and the impacts of the movements of funds described above. The information presented below was based on the financial statements prepared in accordance with the IFRS and organisation of the Group's business areas as at 31 December 2015.

RETAIL IN PORTUGAL

The net income achieved by Retail in 2015 stood at 14.4 million euros, comparing favourably with the negative amount of 85.5 million euros recognised in 2014, influenced by the performance of net interest income, commissions, other net income and operating costs, notwithstanding the increase of impairment for loan losses.

Net interest income grew by 31.1%, having evolved from 230.4 million euros in 2014 to 302.1 million euros in 2015, showing a reduction of the cost of term deposits, in spite of the increased volume of deposits.

The performance of other net income incorporates the effect of the gains achieved by ActivoBank in the divestment of sovereign debt securities.

Operating costs fell by 9.5% reflecting the impact of the implemented measures related to the cost streamlining and containment, primarily as a result of the reduction of the number of employees, the temporary wage cuts and resizing of the branch network.

In 2015, impairment for loan losses (net of recoveries) amounted to 149.7 million euros, compared to 125.8 million euros observed in the previous year, showing the provisioning effort that has progressively been implemented to achiev adequate levels of coverage of non-performing loans by impairments.

As at 31 December 2015, loans to Customers declined by 2.1% in relation to the value as at 31 December 2014, amounting to 17,276 million euros, reflecting the evolutions in loans to individuals, influenced by the repayments of principal associated to mortgage loans, in spite of the continued focus on offering solutions to support the business structure and consumer.

Total Customer funds reached the total value of 32,941 million euros at the end of 2015, having increased on a comparable basis in relation to the value of 32,709 million euros recorded as at 31 December 2014. This performance was driven by Customer deposits, which grew by 1,231 million euros, achieving 24,097 million euros as at 31 December 2015.

Million euros

Retail Banking	31 Dec. 15	31 Dec. 14	Chg. 15/14
Profit and loss account			
Net interest income	302.1	230.4	31.1%
Other net income	362.7	322.5	12.5%
	664.8	552.9	20.2%
Operating costs	497.0	549.3	-9.5%
Impairment	149.7	125.8	19.0%
Net (loss) / income before income tax	18.1	(122.2)	114.8%
Income taxes	3.7	(36.7)	110.0%
Net income	14.4	(85.5)	116.8%
Summary of indicators			
Allocated capital	549	617	-10.9%
Return on allocated capital	2.6%	-13.9%	
Risk weighted assets	4,944	5,033	-1.8%
Cost to income ratio	74.8%	99.3%	
Loans to Customers	17,276	17,652	-2.1%
Total Customer funds (*)	32,941	32,709	0.7%

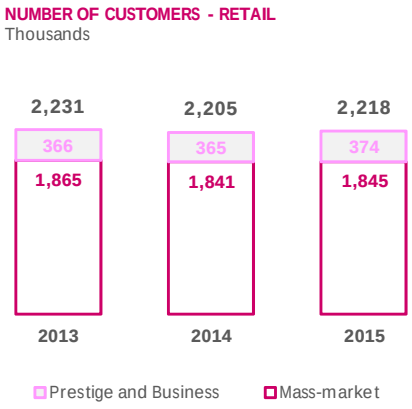
Notes:
Customer funds and Loans to customers (net of recoveries) figures are monthly averages.

(*) On comparable basis: excludes, in December 2014, the MGA sale impact

Individuals and Businesses

Mass-Market

In 2015, the Mass Market segment's activity was marked by the repositioning in current accounts. Millennium bcp reduced the standard value of the account maintenance fee and extended the range of solutions that allow this fee to be reduced or exempted.



In this context, the Integrated Solutions continued to represent a commitment to the commercial dynamics of the Bank's Retail Network, with the pricing and offer having been adjusted to the profile of Customers in order to increase the user Customer base.

The last quarter of the year was particularly noteworthy, with the launch of a multimedia advertising campaign - the Triple Salary Advantage - which allows current and future Customers to obtain three advantages by domiciling their salary or pension at the Bank. The protagonist of this campaign is João Sousa, the best Portuguese tennis player of all times. The advertising film follows the dedication in his training, the sacrifices in his personal life and the endless miles he is forced to cover in order to obtain success. The Triple Salary Advantage promotes the subscription of savings and personal loans, rewarding its salary Customers with access to savings with a special remuneration, and a personal loan with a preferential interest rate.

Digital innovation was also a constant factor, with Millennium bcp having been the first major Portuguese bank to offer its Customers the possibility of consulting their account balances and movements through the Apple Watch. New functionalities in Mobile Banking were also made available and a new website for smartphones and tablets was created. The external website of the Bank was named the "Best Homebanking website", for the 5th consecutive year, by PCGuia magazine.

Prestige

In 2015, the focus was on organic growth in the Prestige segment, with the year having begun with the launch of the "Being Prestige at Millennium bcp" campaign, in which the integrated solutions adapted to the profile of the Customer of this segment and its privileged point of contact, the Prestige Manager, are revealed.

The attraction of Customers and retention of Customer loyalty was another commitment of this segment, with the "Prestige Family Advantage" campaign, which allows the Prestige Customer to share exclusive benefits with his family. In addition, in the last quarter of the year, the focus was on the attraction of salaries with the Triple Salary Advantage campaign.

During the year, the price list of the Prestige Programme and Prestige Portugal integrated solutions was revised, in tandem with the reinforcement of the associated offer. In this process, there was a strong involvement of the Prestige Managers in communicating the advantages to Customers, having resulted in a strong positive contribution towards the Bank's net income.

In the search for greater diversification of the offer of Investment Solutions, a strong commitment was made to the offer of open architecture investment funds, with the Customer being able to access funds of third parties considered "TOP Performers".

Residents abroad

In the Residents Abroad segment, 2015 was marked by the continued significant increase in turnover and profitability. The growth of the Customer base and of the volume of transfers received from abroad and the 16% increase in the placement of the More Portugal and Portugal Prestige integrated solutions, were underpinned by the following lines of action:

- Reinforcement of the Bank's presence with the Portuguese communities and abroad, achieved through a Network of Representative Offices and Partner Banks, which guarantee local and in-person support to the Customers of the Bank, as well as the representation of Millennium bcp at key events of the Communities;
- Reinforcement of the proximity and proactivity of the Retail Network in Portugal, with emphasis on the organisation of five Millennium bcp Summer festivals;
- Renewal of the external website for Customers residing abroad and the enhancement of the More Portugal line;
- Creation of Solutions for expatriate Customers, such as the Salary Angola solution, and the promotion of specific campaigns for this segment;
- Increase in convenience and speed for Customers, with the implementation of various initiatives to simplify and optimise the operating processes that involve the network of representation offices and partnerships.

Businesses

In 2015, the Bank maintained its commitment to ensure the financing and support of the Portuguese economy, namely to Corporate Customers with a turnover of less than 2.5 million euros, promoting a series of initiatives, among which the following are noteworthy:

- Promotion of the granting of funds from agreed credit facilities, especially in the PME Crescimento 2015 lines, as well as the reinforcement of funding to companies to support commercial activity and exports, namely commercial credit and trade finance;
- Within the scope of the Portugal 2020 programme, companies were supported from the application phase to the execution of the investment projects, with the "Credit Moving Forward" solution having been relaunched with fixed instalments and speed in decision-making, which enabled meeting the treasury and investment needs of more than 1,000 micro enterprises and individual business people;
- The value proposition of the Applause Company Programme was reinforced and, in terms of treasury management, the development of new functionalities in Internet Banking and the App was consolidated, with emphasis on the launch of the innovative solution MB WAY.

As a result of these initiatives, the Bank consolidated its position as a partner of SMEs and as a leading Bank in the funding of the national economy - it maintained its leadership as "Main Bank" and the most "Innovative" in companies with up to 9 Employees, within the scope of the annual study of DATA E - BFIN

2015 - Barometer of Company Financial Services. The distinction achieved as first Bank in the "Banking service for Companies" segment, within the scope of the "Professionals' Choice" is also noteworthy.

Segmentation by Product

Savings and investment

The year of 2015 was marked by the sharp fall in the interest rates on customer funds products, with Millennium bcp having monitored that evolution with the implementation of a commercial strategy focused on reducing the cost of debt products, maintaining a constant concern with the attraction and growth of the portfolio of Customers' funds, with the aim of improving net interest income, essential for the implementation of its strategy to defend its financial solidity and return to its profitability levels.

The offer was directed towards the diversification of financial assets, which include Indexed Deposits, Certificates, Investment Funds and Financial Insurance.

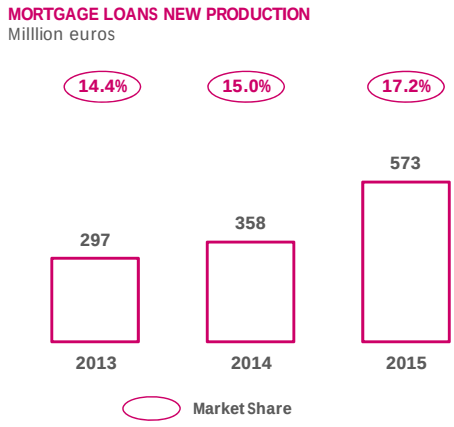
The year of 2015 was also marked by the Public Offer for the Exchange of Subordinated Securities, which took place during the 2nd quarter, an operation that required a considerable commercial effort, having mobilised the Retail network, which contributed significantly to the success of the operation.

Loans to individuals

Being one of the strategic priorities of the Bank, and due to their relevanc e in the profit and loss account, Loans to Individuals was one of the headings of most relevance over the course of 2015.

In this regard, and with a view to stimulating the growth and funding of the economy, various initiatives were developed, namely:

Personal Loans - several actions were developed within the scope of the product, namely special pricing conditions and sales support actions, largely visible at branches. These initiatives translated into an increase in profitability, namely margins and fees. At the same time, the Bank promoted greater streamlining and speed in the process, thus meeting our Customers' expectations.



Mortgage Loans – due to the evolution of market rates, which reached historically low levels, the Bank launched new fixed rate solutions, with a view to guaranteeing the stability of housing costs, and better management of the monthly budget, thus meeting Customers' expectations. In addition, adjustments to the offer were also introduced, with cross-selling being included as a relevant variable for determining the price.

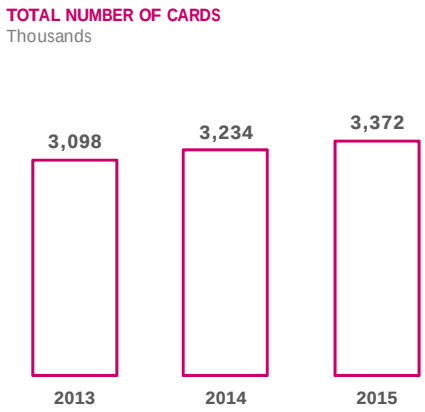
In order to mitigate the growth of overdue credit, a variable with a significant impact on the Bank's profit and loss account, the focus on the overdue credit collection and restructuring in the Retail Network was maintained throughout the entire year.

Cards and payment systems

In 2015, Millennium bcp continued to demonstrate its vitality and predominance in the card market with a growth in the portfolio of 4.6%, with a significant contribution from credit cards (+8%). This represented an increase in the number of transactions of 5.5% and an increase in the volume invoiced of 5%.

Particularly noteworthy was the launch of the Prestige Twins card, an integral part of the Prestige solution, of the GO! debit card with an exclusive and irreverent image suited to the youth segment and of AppSelects Portugal, for providing discounts and advantages to American Express Customers. Specialised Credit, a supplementary credit line in the credit card was relaunched with a new campaign "3 X without interest".

The conviction of the success of the Free Meal card was highlighted with the conclusion of the transfer of this

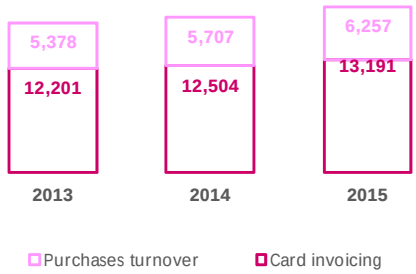


business to Sodexo Pass Portugal, one of the world's leading experts in benefits & rewards, with Millennium bcp having remained as the issuing bank and main sales channel.

The nomination for the 3rd consecutive year of the American Express brand as Superbrand in Portugal and the participation in Restaurant Week events with 2 exclusive weeks for Bank Customers deserves special mention.

Regarding means of payment, the intensity in the placement of point-of-sale terminals is noteworthy, with significant growth and an increase in market share of 1.1 p.p., as well as the strong commitment of the Bank to the roll out of MB WAY. Priority was given to investment in the renewal of the self-banking of the branches network and in the modernisation of the Automatic Teller Machines (ATMs) equipment.

EVOLUTION OF CARDS INVOICING AND TURNOVER OF PURCHASES
Million euros



The "non-financial offer" constitutes an area of value creation, which complements the marketing of financial services directed at the various Retail segments. In 2015, the promotion of the Millennium bcp Shareholder's Area and the launch of PrestigeWorld are worthy of mention.

Insurance

In line with the previous year, the risk insurance portfolio continued to grow, having increased by 6%, having been undoubtedly influenced by an improvement in processes and innovation in insurance products developed in collaboration with the insurance company Ocidental.

The achievement of the more ambitious sales objectives for 2015 also benefitted from a valuable contribution from the commercial network through its participation in the various risk insurance campaigns and actions developed by the Marketing Department.

The contribution of the insurance recovery processes associated with mortgage loans, which enabled, in addition to the issue of a high number of Life and Multi-risk insurance policies, the reinforcement of the guarantees of mortgage loan contracts in portfolio, is also noteworthy.

ACTIVOBANK

During 2015, the Bank remained focused on the strategic objectives of growth of the Customer base and their increased involvement with the Bank. Each of these two strategic objectives was developed according to the following vectors:

Attraction of Customers

- Launch of new services demonstrating the innovative characteristic of the Bank;
- 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 and services;
- Promotion of the Ontrade derivatives trading platform.

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

I. Launch of the pre-opening of the online account

II. Institutional communication campaigns and value proposition

Two institutional campaigns were carried out. The communication campaign to attract Customers on the radio, Facebook and Internet, executed during the 1st half of 2015, focused on the competitive advantages that set ActivoBank apart from the competition, allowing it to obtain enhanced brand awareness and to increase the number of friends on Facebook. The 2nd campaign, initiated at the end of November, based on the advantages of being a customer of ActivoBank, used mainly the radio and

outdoor display signs. Particularly noteworthy were the excellent results of the campaign video made available on youtube, both in terms of number of views and length of interactions, as well as accesses to the account pre-opening page.

III. Launch of new products and services, loyalty and segmentation

Launch of the Virtual Active Point on Facebook, the Apple Watch, the 'website mobile' and integration of the entire offer of products and services in the Customer Relationship Management (CRM) solution implemented in 2014.

IV. Brand activation actions

There were 21 brand activation actions undertaken, with emphasis on the presence of the brand at 5 Color Run events.

Growth and Results

The series of actions that were carried out combined with the continuous focus on innovation contributed to the achievement of about 96,000 Customers (+32%) at the end of the year and more than 130 thousand fans on Facebook, and to the recognition of the Bank by the national and international financial community, expressed in the attribution of the "Best Commercial Bank in Portugal" award by World Finance magazine (Banking Awards 2014), the "Best Ethical Practices Awards" in the Legal Conscience category by Cofina/Cap Gemini, the "Best Consumer Internet Bank" award by Global Finance magazine, the Navegantes XXI Award in the Marketing category in the Social Networks, the "Most Innovative Bank in Portugal" award by the International Finance Magazine and the distinction with the 5 Stars Award in the Banking category for its effectiveness in opening an account. Also noteworthy was the distinction awarded to the Virtual Active Point within the scope of the Sapo awards, with the attribution of two gold prizes to the comOn agency.

Microcredit

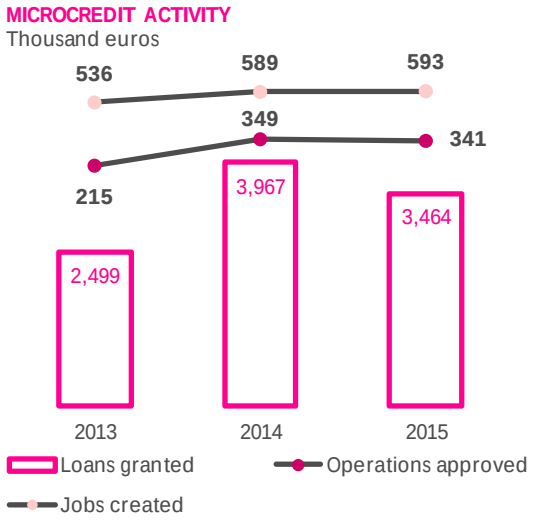
Millennnium bcp continues to reinforce its commitment to Microcredit activity, with its value proposition still being recognised in the Portuguese market as an alternative for the funding, encouragement and feasibility of entrepreneurial action, comprising an effective instrument in the combat of unemployment, poverty and social exclusion.

In 2015, institutional dissemination to entities operating locally and closest to the socially excluded segments of the population continued to be upheld as one of the strategic priorities of Millennium bcp Microcredit. Thus, meetings were held with City Halls, Parish Councils and Education Establishments, in addition to regular participation in events publicising and promoting employment and entrepreneurial action.

In pursuing this policy of proximity, 10 new cooperation agreements for entrepreneurial action and simulation of access to microcredit were also concluded, 6 of which with City Councils.

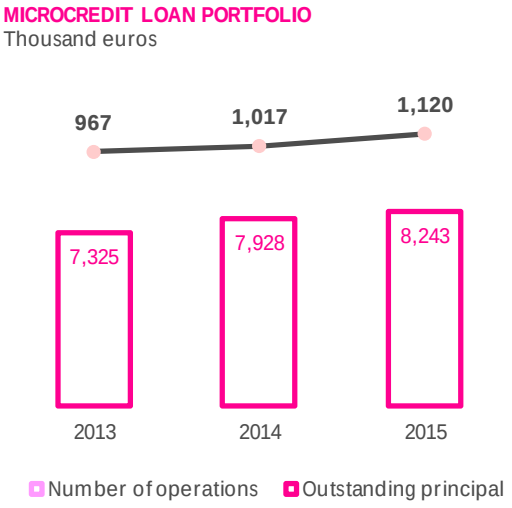
In order to recognise and distinguish the entrepreneurial spirit, creativity, innovation and energy of Millennium bcp Micro-entrepreneurs, the Bank also held the 4th edition of “Prémio Realizar” (Accomplishment Award - Microcredit and Entrepreneurship Award). Also in 2015, in a joint initiative of the European Microfinance Network (EMN) and The Microfinance Centre (MFC), the 1st European Microfinance Day was celebrated on 20 October. In this context, in Portugal, Millennium bcp and the National Association of the Right to Credit (ANDC) promoted the holding of a conference dedicated to the topic of “Microfinance: a path towards entrepreneurship”.

As a result of the work developed in 2015, the Microcredit of Millennium bcp approved funding for 341 new operations, translating into a total of 3.5 million euros of total credit granted, having helped to create 593 new jobs. The volume of active credit granted to the 1,120 operations in portfolio, up to 31 December 2015, stood at 8.2 million euros.



Number of operations approved is not comparable to 2013, due to change of criteria in 2014.

Operations approved may not have been implemented in 2015.



(*) Autonomous Micro-network includes ANDC and RAA (for the year under review).

Companies, Corporate and Investment Banking

Companies, Corporate & Investment Banking recorded a net income of 53.0 million euros in 2015, compared to the negative net income of 26.0 million euros in 2014, showing the reduction in impairment charges carried out in 2015.

Net interest income declined by 7.8%, having evolved from 345.2 million euros in 2014 to 318.2 million euros in 2015, showing both the effect of the reduction of the interest rate of loans and the impact of the lower volume. This performance also benefited from the sustained decline of term deposit rates, reflected in the lower value of interest paid.

Operating costs fell by 2.4%, having reached 96.1 million euros in 2015 compared to 98.4 million euros recorded in 2014. This reduction reflects the impact of the measures that have been implemented aimed at cost streamlining and containment, namely the temporary wage cuts.

Impairment for loan losses (net of recoveries) stood at 315.8 million euros in 2015, compared with 454.6 million euros observed in 2014, showing a lower provisioning effort.

As at 31 December 2015, loans to Customers fell by 3.8% in relation to 31 December 2014, having evolved from 11,636 million euros to 11,197 million euros, reflecting the persistently gradual recovery of the Portuguese economy, in spite of the continued focus on offering solutions to support the business structure.

Total Customer funds reached 10,815 million euros as at 31 December 2015, having fallen by 0.9%, on a comparable basis, in relation to the value recorded as at 31 December 2014, essentially due to the evolution observed in off-balance sheet funds.

Million euros

Companies, Corporate & Investment Banking			
	31 Dec. 15	31 Dec. 14	Chg. 15/14
Profit and loss account			
Net interest income	318.2	345.2	-7.8%
Other net income	168.5	170.8	-1.4%
	486.7	516.0	-5.7%
Operating costs	96.1	98.4	-2.4%
Impairment (*)	315.8	454.6	-30.5%
Net (loss) / income before income tax	74.8	(37.0)	>200%
Income taxes	21.8	(11.1)	>200%
Net income	53.0	(26.0)	>200%
Summary of indicators			
Allocated capital	868	1,327	-34.6%
Return on allocated capital	6.1%	-2.0%	
Risk weighted assets	8,000	8,467	-5.5%
Cost to income ratio	19.7%	19.1%	
Loans to Customers	11,197	11,636	-3.8%
Total Customer funds (**)	10,815	10,916	-0.9%

Notes:
Customer funds and Loans to customers (net of recoveries) figures are monthly averages.

(*) Excluding the impact of impairment reallocation between customers of the same economic group

(**) On comparable basis: excludes, in December 2014, the MGA sale impact

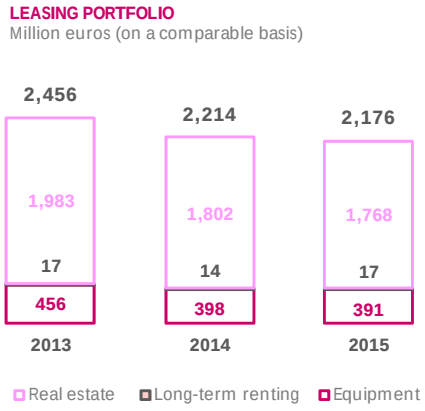
Companies Network

In 2015, the strategic priorities of the Companies Network were underpinned by the following vectors:

- Permanent support for companies, with solutions adjusted to their different needs, in particular for the management of current activity, for the implementation of new investments to improve business competitiveness or for the development of internationalisation strategies.
- Strong proximity to companies, namely SMEs, through a constant proactive approach, fomenting the development of a partnership spirit, with improved identification of the needs of companies and of the financial products better suited to their reality.
- Creation and development of financial solutions adjusted to the needs of companies.

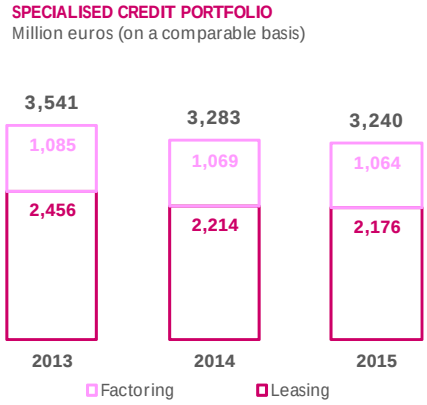
Considering the strategic priorities defined for 2015, the action of the Companies network in the year under analysis included the achievement of the following objectives:

- Focus on funding to companies with a good credit rating, especially SMEs that present sustainable development strategies, with diversification of their markets through a growing commitment to internationalisation, through support for the implementation of new investment projects within the framework of the new Community incentives programme of Portugal 2020;



- Support for the implementation of companies' internationalisation strategies, through the offer of complete trade finance solutions, taking advantage of the Bank's presence in different geographies such as Angola, Mozambique, Poland and China;

- Diversification of the offer, with the creation of solutions adjusted to the specific needs of sectors with a more buoyant performance (Tourism and Agriculture) and to support the optimised management of treasury according to the current commercial activity of companies, with emphasis on solutions for payment and collection management, via factoring and confirming.



In order to achieve the objectives set out, the following main initiatives are worth noting:

- Roadshow to present the "Portugal 2020" programme, with clarification sessions held in the main capitals of the district, in association with the most representative Business Associations of the regions, presenting the main characteristics of the incentive systems of the of the Portugal 2020 programme and the solutions offered by Millennium bcp to support Companies.
- Stimulation of credit solutions to companies, namely SMEs, through the:
  - Reinforcement of the Millennium EIB Line by an additional 500 million euros;
  - Launch of the Millennium EIF Innovation Line, with a total ceiling of 200 million euros and benefitting from the guarantee of the EIF - European Investment Fund, positioning itself as the appropriate solution for funding innovative companies in the execution of their investment projects aimed at the modernisation of production processes, development of new technologies or launch of new products and services;
  - Recourse to leasing as a principal instrument in funding companies' new investment projects, with global leasing activity having registered a production of 397 million euros in 2015. In the support to the activity of the companies segment, the production of equipment and automotive leasing came to 120 million euros, leveraged by the interconnection to the "Millennium EIB Line".
- Maintenance of the focus on factoring and confirming as strategic products in supporting companies' treasury management, with emphasis on:
  - Extension of the offer with the launch of new solutions such as direct factoring, factoring with credit insurance, factoring and confirming with mutual guarantee and credit line associated to confirming;
  - Promotion of the activity through the launch of commercial actions in the Retail and Companies networks, aimed at extending the base of Customers using the product, attract new operations and increase turnover;
  - As a result of the commercial action, the factoring and confirming activity, in 2015, excluding turnover from non core areas, registered year-on-year increases of 16% and 20% respectively, in terms of invoices for collection and the factoring credit balance.
- Continuation of the strategic participation in credit facilities agreed with the Portuguese State:
  - Contracting of about 3,000 new operations, corresponding to the concession of approximately 250 million euros of new financing.
  - Launch of new financing lines, with emphasis on:
    - Linha PME Crescimento 2015 (SME Growth Line 2015), with a total ceiling of 1,650 million euros, aimed at supporting companies with their working capital needs or new investments, with sub-lines specifically dedicated to Exporting Companies and Companies that registered strong increases in turnover in the last few years, with 1,832 operations in a total amount of 163.6 million euros having been contracted over the course of 2015;
    - Credit line for Companies internationalised in Angola, with a total ceiling of 500 million euros - directed at Portuguese companies with exports or undergoing an internationalisation process into the Angolan market, aimed at provisionally financing

the companies that await transfer to Portugal of the amounts corresponding to the exports undertaken;

- o Line of Support for Business Revitalisation, aimed at promoting access to credit for companies with an approved revitalization/restructuring process and being economically viable, need funding for their working capital and new investment associated to new cycles of expansion and growth.

- Creation of the "Millennium Order" solution, aimed at funding companies with firm orders and long operation cycles, enabling Companies to request the advance of the amount of the orders in portfolio and the subsequent option of early receipt of the invoices that are associated to them.
- Promotion of the activity to support the internationalization of companies, with emphasis on the following:
  - The trade finance business registered a year-on-year increase of more than 10% in the volume of transactions, with the strengthening of market shares in the main trade finance products, and the consolidation of the base of Customers that carried out export and/or import transactions through Millennium bcp;
  - The participation in training events and actions included in various events organised by Millennium bcp – Millennium bcp Days, EuroFinance, Sisab, 2nd CPLP Exporters Forum - as well as the celebration of protocols with Business Associations (the protocol formalized with the Textile and Clothing Association of Portugal is noteworthy) were some of the main actions to boost the international business;
  - The introduction of new developments in the Companies portal of BCP, such as the request to open documentary loan requests with digital signature, contributing to the improvement of the installed processes and to the dematerialization of the same, permitting the simplification of Customers' relationship with Millennium bcp in the trade finance business.
- Implementation of initiatives directed at supporting the Treasury Management of companies, with emphasis on:
  - Provision of SEPA Payments and Collections solutions through the various channels provided by the Bank, namely the online construction of XML files of Payments and Collections;
  - Support for companies migrating to the new file layouts which, as of February 2016, must be in xml format;
  - Promotion of pre-defined transaction management packages (such as "Applause Customer") directed at companies with more standardized transaction management profiles offering these companies access to suitable transaction management solutions;
  - Presentation to Companies of personalized solutions for treasury and transactions management for payments to suppliers and Employees and receipts from Customers;
  - Sponsorship of the 9th annual Eurofinance conference on "Financial, Treasury and Risk Management for Companies in Portugal.
- Intensification of the use of GPS as a commercial activity planning and management tool, establishing a Customer segmentation in accordance with their profile and adapting the commercial action and the financial solutions and identifying opportunities to strengthen the relationship between the Bank and companies.
- Creation of the new application "Special Price List per Account", which has streamlined the filing of special product and service price conditions, permitting total customisation of the conditions.
- Launch of the multi-channel internal tool, which is based on a comprehensive vision of the Customer (IPAC 3.0).
- Holding of events to promote the Bank's positioning and relations among Companies, with emphasis on the Millennium Day for Companies in Porto, Braga and Aveiro and Setúbal, in which about 1,000 Customers participated and the Millennium Day for Tourism Entrepreneurship - "Visit the Future", an initiative which resulted from a partnership with the Global Media Group (DN/JN/TSF), sponsored by Turismo de Portugal.

Interfundos

In 2015, the Portuguese real estate market registered strong growth, particularly in the retail and office sectors. A record volume of investment totalling 1.8 billion euros was achieved. The downward trend of the implicit risk was confirmed, translating into a sharp decrease of the prime yields. These indicators, combined with a new dynamic in urban rehabilitation, mean that we have definitively turned the page on the crisis in the sector.

At the same time, in 2015 the industry undertook a notable effort of adjustment to a new fiscal, legal and regulatory framework; with the entry into force of the both the new tax regime and the General Framework of Collective Investment Entities.

In order to pursue the strategy of reinforcement of the financial sustainability of Real Estate Investment Entities and of their liquidity, in addition to the development of promotion projects in portfolio, Interfundos promoted a series of initiatives, including:

- Five share capital increase operations (OII Imopromoção, OII Grand Urban, OII Sand Capital, OII Stone Capital and OII Fundipar) and six share capital decrease operations (OII Imosotto, OII Renda Predial, OII Fundipar, OII Imoal, OII I Marope and OII Imorenda);
- Liquidation of OII Lapa Properties and transfer of 1 OII (Imonor);
- Completion of the expropriation process and demolitions and assignment of the architecture and specialities projects, relative to the Urban Rehabilitation Contract of Quarteirão de D. João I.

Relative to the new fiscal, legal and regulatory provisions, the following was undertaken:

- Adaptation of the Management Company to the new OII tax regime, within the scope of Participants and Real Estate Investment Entities;
- Submission of request for new authorisation and registration of the Management Company to the Bank of Portugal and the CMVM;
- Consultation and selection process of new auditor for all of the OIIs under management, conclusion of contracts with the Real Estate Appraisers of OII and implementation of new governance model of the Management Company.

At the end of 2015, the volume of assets of the 40 OIIs under management by Interfundos totalled 1.499 billion Euros, granting it the market leadership position.

Real estate business

In 2015, the strategic priorities of the Real Estate Business Division consisted, in terms of credit, in the close follow-up of Customers and projects, anticipating needs and developing restructuring solutions in order to reduce risk and improve the contribution to the results of the Bank, and in terms of real estate, in sustainability and swift return of the real estate assets to the market, maintaining a good equilibrium between two vectors - increase in sales and a fair sale price. The following initiatives are also noteworthy:

- The commercial follow-up of the Customers of real estate promotion now includes all of the life stages of the Customer, which resulted in an increase in Customers at the Real Estate Business Division structure but also the need to develop specific, stronger capabilities.
- The incentive towards the M Móveis commercial programme for Customers' undertakings, creating conditions for the sale of the funded projects, continued to leverage the commercial activity;
- Continued enhancement of the diagnosis, structuring and valuation models, as well as the exploration of new channels to place assets;
- Maintenance of the policy to defend the value of the Bank's real estate properties;
- Development of new partnerships for sales in markets abroad and participation in international seminars and fairs;
- Consolidation of the sales channels in Portugal, reinforcing the commitment to partnerships with mediation companies specialised in non-housing properties, holding national and regional campaigns and focusing on segmentation and specialisation in the distribution of real estate properties, increasing the presence of our salespeople at Mediators in order to focus on promoting the Bank's assets;

- Promotion of conclusion/transformation events of real estate properties that tend to maximise the market value of those properties.

Corporate and Large Corporate

In 2015, the strategic priorities of the Corporate and Large Corporate networks centred on the following vectors of action:

- Commercial relationship of strong proximity to companies, aimed at reinforcing the knowledge of its activity and development strategy, through a proactive approach, seeking to adapt the Bank's offer to the effective needs of companies, through the offer of customised financial solutions both for the execution of new investments and for the development of the current activity, in a spirit of partnership and mutual benefit, promoting increased loyalty and closer commercial relations;
- Support to the internationalisation strategies of companies, namely by taking advantage of the potential and synergies with the Bank's operations in markets abroad - with emphasis on Poland, Angola, Mozambique and China -, in liaison with the Treasury and Markets & International Division and the specific support Desks;
- Reinforcement of the coordination with Investment Banking, in the identification of business opportunities among companies.

In order to implement the strategic priorities indicated above, note should be made of the following initiatives that were implemented:

- Promotion of liaison with investment Banking, in the creation and offer of taylor-made financial solutions, enhancing the specialised know-how made available through this area for the development of new business opportunities, namely debt placement operations and consultancy for investment projects;
- Development of global commercial relations with Customers, combining solutions for the different needs of companies, namely funding of productive activity, products associated to transactions management (namely for payments and collections) and treasury management;
- Reinforcement of commercial relations with the major economic groups with activity in Portugal, taking advantage of the experience and specialisation of the Large Corporates Division, enabling greater proximity to their activity and translating into the identification and implementation of new business opportunities;
- Reinforcement of funding for the implementation of new productive investment projects developed by companies, with a focus on those that present sustainable business projects, considering their fundamental role in the recovery of the economy, whether in national territory or in international markets, which will improve their competitiveness, namely within the framework of the Community incentive programmes of Portugal 2020;
- Maintenance of the focus on supporting companies within the scope of development of their internationalisation strategies and search for new export markets, leveraging synergies with the Bank's operations in international geographies, with the offer of consultancy services, streamlining the approach to those new markets;
- Systematic planning of commercial activity, with intensive use of the existing functionalities in the Commercial GPS (an application supporting the commercial activity), enabling the identification and pursuit of business opportunities, in the various business areas (financing, treasury, investment and internationalisation);
- Enhancement of the digital potential of the Internet portal, a crucial element in retaining loyalty and reinforcing the relationship with Customers, with the launch of new innovative solutions, such as the App Companies and the MB Way, enabling better use of these functionalities and of liaison with the companies' systems;
- Offer of new factoring and confirming solutions, such as Factoring Direct and the Credit Line associated to confirming, which will enable the Bank's offer to be reinforced and meet the different needs and expectations of Customers.

INVESTMENT BANKING

Having achieved notable growth in the business undertaken versus 2014 (+20%), Millennium bcp investment banking continued to develop its activity of supporting the growth of companies and the development of the economies in the regions where it operates.

The new business generation effort, ensured by the areas of origination, focused on the core markets of the Millennium bcp Group, with a focus on the positioning in investment flows involving Portugal, Angola, Mozambique, Brazil and Macau/China. In the current context, Millennium bcp sought to develop innovative solutions adjusted to each project and to each market and to the economic and financial context prevailing at every moment.

The effort made in the execution of mandates was developed through the product areas of corporate finance, project finance, structure finance and capital markets.

Corporate Finance Division

In 2015, Millennium bcp investment banking registered strong financial advisory activity in the area of corporate finance in study dossiers and M&A operations, company valuations, and company restructurings and reorganisation, with emphasis on the advisory services within the scope of M&A operations involving EDP, Efacec, Brisa, Ascendi, Salvador Caetano and advisory services on renewable energies provided to Trustenergy (Engie / Marubeni).

Project Finance Division

Continuing the efforts to refocus its activity and in addition to the outstanding portfolio management, the project finance area increased its projection in the markets of Angola and Mozambique, with the provision of advisory services to ENH in the Oil & Gas sector in Mozambique and the refinancing of the debt of Sociedade de Desenvolvimento da Baía de Luanda being noteworthy. In Portugal, it is also important to mention the provision of advisory services to a road infrastructure concessionaire relative to the renegotiation of a concession contract.

Structured Finance Division

The structured finance area continued with high levels of activity in 2015, with the analysis, structuring, negotiation and setting up of new financing operations in Portugal, Angola, Mozambique and Macau, as well as, of various restructuring operations of large companies and economic groups in Portugal, namely of Efacec Power Solutions and of the SGC/SAG Group. Particular note should also be made of the advisory services, analysis and structuring of syndicated funding in various sectors of the Angolan economy, namely in the agro-industrial, distribution, food and beverages sectors and, in Mozambique, of various operations in the infrastructure, services and energy sectors.

Capital Markets Division

In 2015, Millennium bcp investment banking maintained a strong presence in the bond issue segment, directed at both retail and institutional investors, namely the setting up of bond issues of the autonomous regions of the Azores and of Madeira and of hybrid debt for EDP. Regarding issues of securitised debt, the year was also marked by the increase in funding operations, with an impact on the contracting of new Commercial Paper Programmes.

Regarding shares, mention should be made of the organisation and setting up of the Public Offer of Exchange of subordinated securities in exchange for the new shares to be issued launched by Banco Comercial Português, S.A., an offer which registered a high level of acceptance.

CIMENTOS DE MOÇAMBIQUE
uma empresa InterCement

Structured Finance

€ 68 million

Sole Lead Arranger

2015

Millennium investment banking

ENH Hidrocarbonetos de Moçambique

Fund Raising

Financial Advisory

Ongoing

Millennium investment banking

trustenergy

JV Engie (ex-GDF Suez) and Marubeni for the Portuguese market

Financial Advisory

Renewable Assets

2014/15

Millennium investment banking

BAÍA DE LUANDA

Syndicated loan Restructuring

€ 250 million

Financial Advisor & Mandated Lead Arranger

2015

Millennium investment banking

Brisa Concessão

Motorway concession

Acquisition of a participation in BCR SGPS

€ 770 million

Sole Adviser

2015

Millennium investment banking

edp

EDP Energias de Portugal

Hybrid Securities

€ 750 million

Joint Lead Manager

2015

Millennium investment banking

Região Autónoma dos Açores Bond Issue due 2025

€ 50 million

2015

Millennium investment banking

efacec

Financial Advisory in the disposal of a majority stake of Efacec Power Solutions

2015

Millennium investment banking

Millennium bcp

Banco Comercial Português

Exchange Offer Debt to Equity

€ 404 million

Global Coordinator

2015

Millennium investment banking

INTERNATIONAL

The International Division implemented an action plan based on the development of 4 strategic lines that enabled it to surpass by 10% the objectives set:

- Maintenance of a proactive policy of close proximity with about 1,400 financial institutions worldwide, which are used as a basis for the Group's own business, namely by reinforcing credit lines and limits for commercial and treasury operations.
- Extension of the network of correspondents as a fundamental foundation of support to the Bank's strategy to remain an institutional leader in supporting and promoting the trade finance business of its Customers, by supporting them in all markets, both traditional and potential, through a commercial team that follows up Customers regularly and in the field, contributing towards the development of their business and to the positive impact on export growth.

- In its relationship with multilateral entities, it is important to note the obtainment of a new credit line from the European Investment Bank in the amount of 500 million euros, aimed at supporting Portuguese companies and the cooperation with the European Investment Fund, to support innovative companies as well as in supporting microfinance, with the Bank being the only one in Portugal to use the guarantee and loan instruments made available. The negotiations with other multilaterals were also concluded, having obtained credit lines to stimulate international trade and the internationalisation of Portuguese companies with Latin America. In addition, cooperation between Millennium bcp's Polish subsidiary and the European Bank for Reconstruction and Development was reinforced, opening up possibilities of cooperation in operations of the Bank's Customers with the Maghreb.
- In the Institutional Custody business, the Bank increased its market share of total assets under custody, held by non-resident institutional investors in the national market, to 56%. The Bank was distinguished once again by the magazine "Global Custodian" as a top performer in this business, standing out for its service of excellence in terms of the quality and rigour in the customer monitoring process.

PRIVATE BANKING

Private Banking, according to geographic segments, reached a net income of 17.4 million euros in 2015, compared favourably with the net income of 10.5 million euros achieved in 2014, not only due to the growth recorded in net interest income but also the increase observed in commissions and other net income.

Net interest income reached 9.7 million euros in 2015, likewise compared favourably to the value of 1.6 million euros recorded in 2014. This performance was essentially due to the reduction observed in the value of interest paid, in spite of the increased volume of deposits.

In 2015 other net income amounted to 32.6 million euros, having increased by 18.8% in relation to the value recorded in 2014. This growth is associated to the increase observed in sale of higher value added products in segments of Customers with higher financial assets.

Operating costs stood at 16.3 million euros in 2015, compared to 15.6 million euros recorded in 2014.

As at 31 December 2015, loans to Customers decreased by 14.1% in relation to the value recorded as at 31 December 2014, to stand at 214 million euros.

Total Customer funds amounted to 5,277 million euros as at 31 December 2015, having increased on a comparable basis by 8.9% in relation to the value recognised as at 31 December 2014, primarily influenced by the increase observed in assets under management and Customer deposits.

Million euros

Private Banking	31 Dec. 15	31 Dec. 14	Chg. 15/14
Profit and loss account			
Net interest income	9.7	1.6	>200%
Other net income	32.6	27.5	18.8%
	42.3	29.0	45.6%
Operating costs	16.3	15.6	4.5%
Impairment	1.2	(1.4)	188.5%
Net (loss) / income before income tax	24.7	14.8	66.7%
Income taxes	7.3	4.4	66.9%
Net income	17.4	10.5	66.7%
Summary of indicators			
Allocated capital	12	17	-27.1%
Return on allocated capital	141.0%	61.6%	
Risk weighted assets	99	142	-30.1%
Cost to income ratio	38.6%	53.8%	
Loans to Customers	214	250	-14.1%
Total Customer funds (*)	5,277	4,847	8.9%

Notes:
Customer funds and Loans to customers (net of recoveries) figures are monthly averages.

(*) On comparable basis: excludes, in December 2014, the MGA sale impact

PRIVATE BANKING

The activity of the Private Banking Network in 2015 was guided by the following strategic priorities:

- Consolidate the Advisory Model, based on the diversification of the investment portfolio and on its adaptation to the profile of each Customer;
- Strengthen the relationship with Customers, promoting the quality of the consultancy service and the partnership between Private bankers and Investment Specialists.

The objectives set out for 2015 aimed to:

- Increase the Customer base and their involvement with the Bank;
- Preserve and value the assets under management based on the investment profile of each Customer;
- Participate in the growth of the Bank's business.

The initiatives that have been developed aim to:

- Promote the diversity and scope of the Offer, seeking to meet Customers' needs, giving preference to Discretionary Management as an appropriate solution for asset management;
- Advance the segmentation model;
- Increase the involvement of Customers with the Bank;
- Reinforce the attraction of new Customers.

FOREIGN BUSINESS

At the end of 2015 the net income of Foreign Business, according to the geographic segments, stood at 283.3 million euros, compared to the value of 289.4 million euros achieved in the previous year. This performance was constrained by the net income of Bank Millennium in Poland, which was penalised by the recognition of exceptional contributions related to the bankruptcy of a bank and the endowment for the Mortgage Loan Restructuring Fund.

Net interest income increased by 0.8% in relation to 2014, to stand at 567.0 million euros. This performance was influenced by the contribution of the subsidiary in Angola which more than offset the reduction observed in the subsidiary in Poland.

Operating costs increased by 1.1% in 2015 in relation to the previous year, driven by the evolutions recorded in the operations in Angola and Mozambique. In the operation in Poland there was a reduction of operating costs, namely in other administrative costs.

Impairment for loan losses amounted to 111.8 million euros at the end of 2015, compared to 87.7 million euros in 2014, essentially due to the increases recorded in Mozambique and also in Angola.

As at 31 December 2015, loans to Customers stood at 13,366 million euros, having increased by 3.3% in relation to 31 December 2014, driven by the growth of loans to companies and individuals observed in the subsidiary in Poland.

As at 31 December 2015, total Customer funds increased by 8.0% in relation to the value recognised as at 31 December 2014, having reached 18,211 million euros driven by the growth of both balance sheet funds and off-balance sheet funds, which grew by 8.3% and 5.3%, respectively. This evolution was essentially due to the performance achieved by the subsidiary in Poland as a result of the focus on attraction of deposits.

Million euros

Foreign Business			
	31 Dec. 15	31 Dec. 14	Chg. 15/14
Profit and loss account			
Net interest income	567.0	562.7	0.8%
Other net income	363.7	347.5	4.7%
	930.7	910.2	2.3%
Operating costs	464.5	459.4	1.1%
Impairment	111.8	87.7	27.4%
Net (loss) / income before income tax	354.3	363.0	-2.4%
Income taxes	71.1	73.6	-3.4%
Net income	283.3	289.4	-2.1%
Summary of indicators			
Allocated capital	1,363	1,163	17.2%
Return on allocated capital	20.7%	24.8%	
Risk weighted assets	13,396	12,744	5.1%
Cost to income ratio	49.9%	50.5%	
Loans to Customers	13,366	12,936	3.3%
Total Customer funds	18,211	16,858	8.0%

Notes: Foreign business segment does not include Banca Millennium in Romania since it's considered a discontinued operation.

Business in Europe

Poland

During 2015, Bank Millennium began to implement its strategic plan for 2015-17, announced in February 2015. The main medium-term objectives defined for 2017 are the following:

- Number of active Retail Customers at 1.6 million;
- Increase of market share in Retail customer funds to more than 6%;
- Increase of market share in loans to companies to 4%;
- ROE in the interval of 13%-14;
- Cost-to-income in the interval of 45-47%;
- Loans to deposits ratio at less than 100%.

The main initiatives, for the purposes of implementing the Bank 's new strategic plan, aim to improve results by focusing on both the income and costs items in the Retail and Companies segments and are based on four pillars: i) Acceleration of the acquisition of Retail Customers through the traditional and digital channels, while at the time maintaining the focus on products with a higher margin (consumer credit and investment products) in order to maintain the profitability of the segment; ii) Maximise customer value and increase the efficiency in Customer retention through advanced analytical methods; iii) Maintain the momentum in the Companies segment, by maintaining profitability, reducing the cost of risk and reinforcing the Bank's positioning in specialised financing; (iv) Maintenance of an operational excellence and rigorous cost control, through a simplified digital operational model, preparing the IT platform for the future.

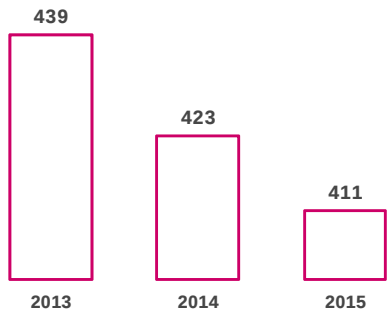
The implementation of the Group's strategy in 2015 coincided with an unfavourable external environment, with emphasis on the strong appreciation of the Swiss franc, the further cut in Polish interest rates, the regulatory limits in committees related with cards, the increase of the mandatory contribution and of the extraordinary payment towards the deposit guarantee fund and the creation of a new fund to support those borrowers with mortgage loans that are going through a difficult financial situation.

In spite of these constraints, Bank Millennium managed to achieve significant financial results. Excluding the one-off effects, net income would have increased by 2.5% in 2015. However, the net income reported achieved 130.7 million euros, 16% below the value recorded in 2014.

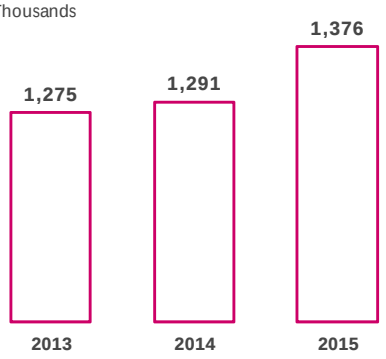
The lower interest rates and the regulatory interventions in some commissions in Poland led to a year-on-year decrease of 3% in the core result. Nonetheless, the Bank managed to reduce its operating costs and impairment charges. The fall in operating costs (by 2.2% year-on-year) was achieved in spite of the significant increase in mandatory contributions for the deposit guarantee fund (excluding these contributions, costs would have decreased by 5.1% year-on-year). Consequently, the cost-to-income ratio reported came to 53.9% but without one-off effects it would have come to 50.4%, i.e. a very similar level to that registered in 2014.

The year of 2015 also translated into significant achievements, in line with the strategic objectives set out. In Retail, the Bank remains aligned with the objective to increase the number of

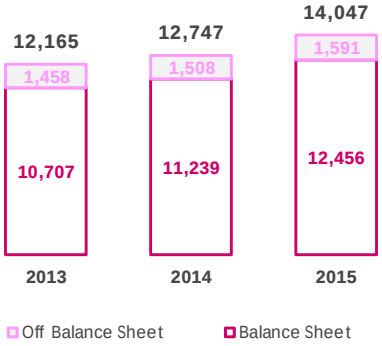
NUMBER OF BRANCHES
Units



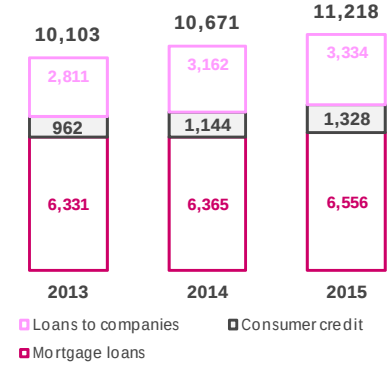
NUMBER OF CUSTOMERS
Thousands



TOTAL CUSTOMER FUNDS
Excluding FX effect
Million euros



LOANS TO CUSTOMERS (GROSS)
Excluding FX effect
Million euros



active Customers by 300 thousand, having achieved an increase of 85 thousand in 2015. The acquisition in the Retail segment was essentially pursued through the opening of a current account, marketed through the branch network but also through the digital channels. The growth of the number of accounts and of Retail Customers was underpinned by a solid growth of deposits of individuals, with Bank Millennium reaching a share of 5.6% at the end of the year, converging towards the objective of 6% at the end of 2017. The cash loans portfolio also grew by 19% in annual terms with a new production record of 2.5 billion PLN in 2015.

The bank also managed to maintain comfortable liquidity buffers and significantly reinforced its capital ratios (total Group ratio of 16.7%), being aware of the need to comply with the recent capital buffers introduced in Poland.

Bank Millennium

Million euros

	2015	2014	2013	Change % 15/14	2014 excluding FX effect	Change % 15/14
Total assets	15,534	14,214	13,725	9.3%	14,245	9.0%
Loans to customers (gross)	11,218	10,648	10,369	5.3%	10,671	5.1%
Loans to customers (net)	10,875	10,330	10,054	5.3%	10,353	5.0%
Customer funds	14,047	12,719	12,486	10.4%	12,747	10.2%
Of which: on Balance Sheet	12,456	11,215	10,989	11.1%	11,239	10.8%
off Balance Sheet	1,591	1,504	1,497	5.7%	1,508	5.5%
Shareholders' equity	1,511	1,349	1,291	12.0%	1,352	11.8%
Net interest income	326.5	346.8	289.4	-5.9%	347.7	-6.1%
Other net income	155.6	181.5	186.0	-14.3%	182.0	-14.5%
Operating costs	260.0	265.1	258.5	-1.9%	265.8	-2.2%
Impairment and provisions	57.7	63.3	55.5	-8.9%	63.5	-9.1%
Net income	130.7	155.2	127.1	-15.8%	155.7	-16.0%
Number of customers (thousands)	1,376	1,291	1,275	6.6%		
Employees (number) (*)	5,911	6,108	5,881	-3.2%		
Branches (number)	411	423	439	-2.8%		
Market capitalisation	1,582	2,356	2,103	-32.9%	2,361	-33.0%
% of share capital held	50.1%	65.5%	65.5%			

Note: the source of the information presented in this table were the financial statements reported by the subsidiary for the purpose of consolidated financial statements, whenever available.

Source: Bank Millennium	482.0	528.3		
FX rates:				
Balance Sheet 1 euro =	4.2639	4.2732	4.1543	zloties
Profit and Loss Account 1 euro =	4.1817	4.1929	4.2151	zloties

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

Romania

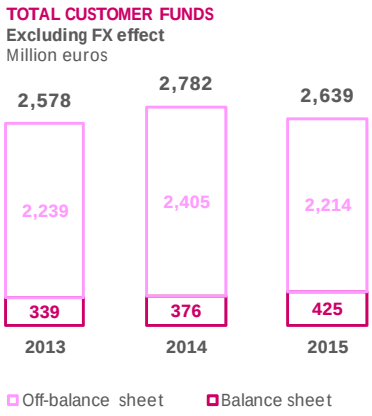
The Bank completed, on 8 January 2015, the sale of Banca Millennium ("BMR"), a greenfield operation launched in Romania in 2007, to OTP Bank. BCP received from OTP Bank on that date 39 million euros of the total price agreed for the sale. OTP Bank also ensured the full repayment to BCP of the funding it granted to BMR of approximately 150 million euros. The operation had a negligible impact on the consolidated common equity tier 1 ratio of BCP. The sale of BMR anticipated another important measure BCP had agreed to with the Directorate-General for Competition of the European Commission, within the scope of the restructuring plan.

Switzerland

Millennium Banque Privée, incorporated in Switzerland in 2003, is a private banking platform offering discretionary management services to individual Customers with a high net worth and institutional Customers, including financial advisory services and services for the execution of orders.

The decision of the National Bank of Switzerland to discontinue its exchange rate against the euro had a negative impact on assets under management and on the results of the bank in both Swiss francs (-27.2%) and euros (-16.9%), since income decreased when reported in Swiss francs and increased only slightly in euros (-11.4% and 1.1% in euros) and costs fell 3.3% in Swiss francs and increased by 10.4% in euros.

Operating results fell 28.0% in Swiss francs and 17.8% in euros, as a result of lower transaction activity and a further decrease in net interest income related to lower interest rates credit volumes.



Million euros

	2015	2014	2013	Change % 15/14	2014 excluding FX effect	Change % 15/14
Total assets	525	440	408	19.3%	489	7.5%
Loans to customers (gross)	207	213	221	-2.9%	237	-12.5%
Loans to customers (net)	206	213	219	-2.9%	236	-12.5%
Customer funds	2,639	2,506	2,275	5.3%	2,782	-5.1%
Of which: on Balance Sheet	425	339	299	25.2%	376	12.9%
off Balance Sheet	2,214	2,167	1,976	2.2%	2,405	-7.9%
Shareholders' equity	90	95	102	-4.5%	105	-13.9%
Net interest income	4.3	4.7	5.6	-10.3%	5.4	-21.4%
Other net income	25.7	24.9	20.7	3.3%	28.4	-9.5%
Operating costs	21.9	19.9	18.1	10.4%	22.7	-3.3%
Impairment and provisions	0.1	0.2	0.2	-53.2%	0.3	-59.0%
Net income	6.0	7.2	6.1	-16.9%	8.2	-27.2%
Number of customers (thousands) (*)	1.6	1.6	1.5	1.4%		
Employees (number)	71	69	67	2.9%		
Branches (number)	1	1	1	0.0%		
% of share capital held	100%	100%	100%			

Note: the source of the information presented in this table were the financial statements reported by the subsidiary for the purpose of consolidated financial statements, whenever available.

FX rates:

Balance Sheet 1 euro =	1.0835	1.2024	1.2276	swiss francs
Profit and Loss Account 1 euro =	1.0631	1.2136	1.2293	swiss francs

(*) Number of customers according to active customers criteria

OTHER INTERNATIONAL BUSINESS

Mozambique

In 2015, Millennium bim maintained its strategy focused on strengthening its value proposition, namely in the automatic channels, where new financial services were offered which meet the needs of the different Customer segments. The Bank continued the expansion of the automated distribution network, having introduced 18 new ATM and 1,259 new POS, corresponding to growth of 4% and 21%, respectively.

Innovation and investment in primarily technological initiatives were present once again this year. In addition to enabling the provision of a larger and better offer to its Customers, the strategy followed was also reflected in the improvement of operating efficiency, through a more controlled and efficient workflow. Millennium bim implemented various improvements in the mobile banking platform which has progressively offered an increasingly more complete and simple service to use for the Customers. In particular, in the last quarter Millennium IZI introduced a new transaction through which Customers can transfer money to any mobile telephone number. This transaction allows the beneficiaries of these transfers, even those not having a prior account at Millennium bim or at any other credit institution, to easily create their Electronic Currency Account, the IZI Account.

At the same time, the Bank presented the "Millennium bim Já Já" (Millennium Now Now) service, which enables providing, through the figure of the bank agent, a series of financial services to populations of the rural zones, replacing the traditional means using POS.

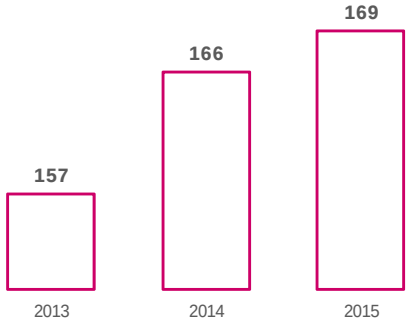
At the end of the year, the Bank established an exclusive partnership with Correios de Moçambique (national postal service) to, supplementing the distribution of postal services, provide banking products and services at its branches, aimed at boosting the increased participation of the population in the banking system and consequent financial inclusion.

Millennium bim signed two contracts to obtain funding with the European Investment Bank (EIB) with a view to the concession of loans to Small and Medium-Sized Enterprises.

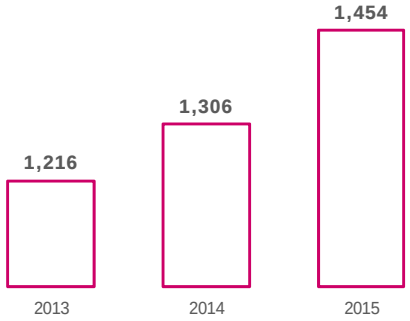
In spite of the difficult economic context, consolidated total assets reached 120,477 million meticais (2,355 million euros) as at 31 December 2015, supported by the increased loans to Customers and by the higher cash and deposits in credit institutions and at Banco de Moçambique. Total customer funds increased to 89,205 million meticais as at 31 Decemb er 2015 (1,744 million euros) as at 31 December 2015, benefiting from the good performance of customer funds, which continued to be the main source of funding of the activity.

Net interest income grew by 5% (in MZN) in relation to 2014, driven by the positive effect of the volume of interest earning assets. This growth was possible in spite of the unfavourable rate effect due to the decline of the market rate during the first three quarters of the year and the increased cost of deposits. As a result of the economic deceleration and cycle of devaluation of the Metical, an

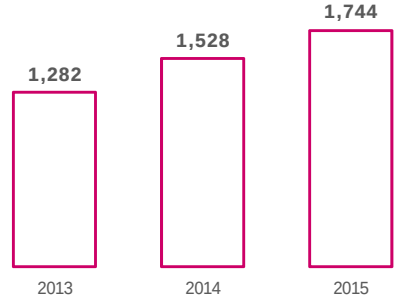
NUMBER OF BRANCHES
Units



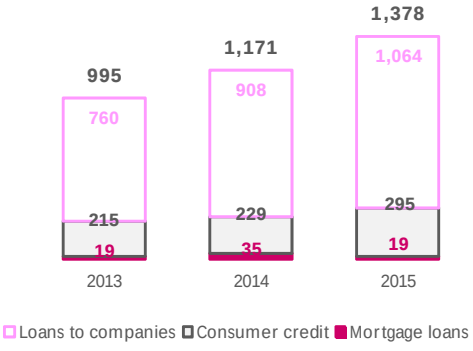
NUMBER OF CUSTOMERS
Thousands



TOTAL CUSTOMER FUNDS
Excluding FX effect
Million euros



LOANS TO CUSTOMERS (GROSS)
Excluding FX effect
Million euros



increase of overdue loans was observed in 2015. Continuing its conservative policy aimed at balance sheet solidity, Millennium bim constituted close to double the amount of impairments in relation to the previous year. Even so, the consolidated net income was positive by 3,684.9 million meticais (84.2 million euros) in 2015, remaining equivalent to the net income of 3,677.9 million meticais recorded in 2014.

The solvency ratio stood at 19.8% as at 31 December 2015, with Tier I having reached 20%, significantly above the minimum limit of 8% recommended by Banco de Moçambique.

The net income of Seguradora Internacional de Moçambique was 533 million meticais, corresponding to an increase of 15% in relation to 2104, essentially explained by the 38.7% reduction of net losses, the growth of revenue in the Real branches and improved remuneration of assets.

Millennium bim believes that its employees are an essential factor of differentiation, and that these employees, duly aligned with the corporate values and culture, perform a fundamental role in the growth and development of the organisation.

The Millennium bim social responsibility programme "More Mozambique for Me" expresses the Bank's positioning in its commitment to the community. The initiatives developed are always planned and fostered together with local entities, civil society or governmental bodies, which truly know the needs and ambitions of the beneficiaries and participants of each action. During 2015, Millennium bim once again developed various projects operating in the areas of Sports, Education, Health, Culture and Environment.

Million euros

	2015	2014	2013	Change % 15/14	2014 excluding FX effect	Change % 15/14
Total assets	2,355	2,576	2,125	-8.6%	2,038	15.6%
Loans to customers (gross)	1,378	1,481	1,231	-6.9%	1,171	17.6%
Loans to customers (net)	1,297	1,403	1,159	-7.6%	1,110	16.8%
Customer funds	1,744	1,932	1,586	-9.7%	1,528	14.1%
Of which: on Balance Sheet	1,744	1,932	1,586	-9.7%	1,528	14.1%
Shareholders' equity	396	441	371	-10.2%	349	13.6%
Net interest income	140.8	140.6	126.3	0.1%	133.6	5.3%
Other net income	100.6	82.4	83.5	22.2%	78.3	28.5%
Operating costs	106.1	98.9	93.4	7.3%	94.0	12.8%
Impairment and provisions	29.4	14.1	11.7	108.0%	13.4	118.8%
Net income	84.2	88.5	85.5	-4.8%	84.1	0.2%
Number of customers (thousands)	1,454	1,306	1,216	11.4%		
Employees (number)	2,505	2,513	2,476	-0.3%		
Branches (number)	169	166	157	1.8%		
% of share capital held	66.7%	66.7%	66.7%			

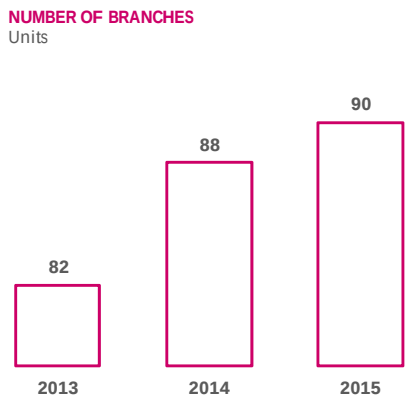
Note: the source of the information presented in this table were the financial statements reported by the subsidiary for the purpose of consolidated financial statements, whenever available.

FX rates:

Balance Sheet 1 euro =	51.1600	40.4700	41.3550	meticais
Profit and Loss Account 1 euro =	43.7413	41.5817	40.0527	meticais

Angola

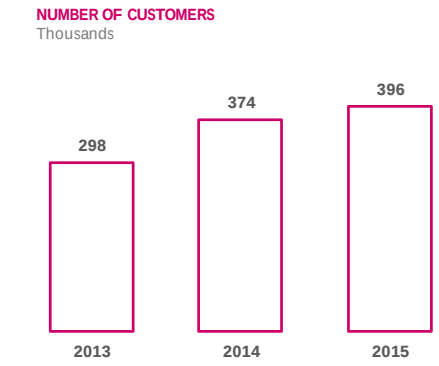
With the objective of continuing to grow, the principal strategic priorities established for 2015 were the growth and specialisation of the Commercial Network, attraction of new Customers, offer of dedicated, innovative and personalised products and services for all business segments, development of Digital Banking, and increased support to micro, small, medium-sized and large companies. Moreover, the recruitment policy and the training of Angolan staff was reinforced, as well as the risk management and monitoring processes, culminating in a significant growth of turnover and in a positive evolution of net operating income.

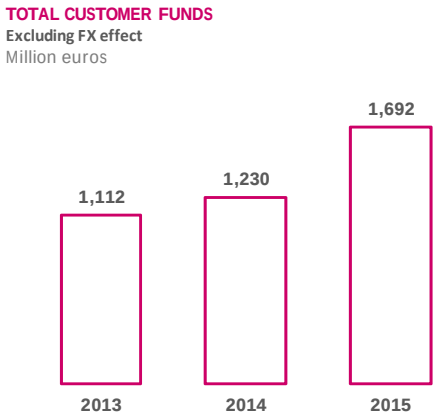


Regarding the expansion of the network in 2015, two branches and one Prestige Center were inaugurated, reaching a total of 89 retail Network Branches, of which 55 are open on Saturday morning, 13 Prestige Centers and 8 Companies & Corporate Centers, two of which dedicated to the oil industry. The number of Customers came to 395,604 in December 2015,

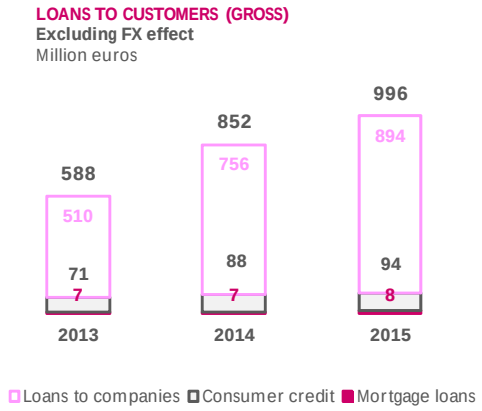
having grown by 5.8% in relation to the previous year.

In products and services, in 2015, the "Easy Pay" service was continued, thus increasing the number of Customers using the remote channels of the Bank and reducing the number of trips made to a Branch. The "Easy Pay" service includes Internet Banking, SMS Banking, APP Mobile and Contact Center. The "Sou + Millennium" campaign was also continued, a Customer loyalty programme that attributes "Millenniuns" - the points that are worth prizes - to Customers for using the Bank's products and services intensively. The "Woman Offer" was also relaunched, a series of products and services of exclusive subscription for women that includes a Current Account, a family protection-oriented Savings Plan, health and motor vehicle insurance, and access to Microcredit, thus supporting the creation and development of businesses by Angolan women. In terms of savings, two new products with attractive, rising interest rates, over 24 months, were launched: The Term Deposit "Always Increasing" for the Mass Market segment and the "Growing Rate Deposit" for the Prestige segment. The "Super Net Deposit" was also launched, a term deposit with exclusive subscription on the Bank's website, offering a promotional (weekly) differentiating rate and subject to limited stock.





In relation to companies, the Bank maintained its commitm ent to SMEs through the initiative "SME Excellence", an innovative programme for the market which aims to distinguish, among the universe of the Bank's Customers, the Companies that have excelled in terms of economic performance, professionalism, financial solidity, skilled workers and good position in the market. In 2015, 575 companies were distinguished in the "2nd SME Excellence Gala", a number that far exceeds the 230 companies that were distinguished in the previous year, confirming the Bank's recognition of this segment. As a result of this positioning, the Bank maintained its leadership of all the indicators of the "Angola Invest Programme", a programme created by the Government in partnership with the Commercial Banks and that aims to promote the concession of credit to Micro, Small and Medium-sized Enterprises (SME).



With the objective of attracting new talent, the Bank con tinues to attend Employment fairs (Luanda and Lisbon) and made presentations at Universidade Agostinho Neto.

Within the scope of the Talent Management and Retention Policy in force, two new Skills Development Programmes were held - "Millennium High Potential", carried out in collaboration with Universidade Católica de Lisboa and "People Grow" (Junior employees under 35 years of age with potential and with less than two years of seniority). In addition, a Certification Process for Managers of Individual and Company Customers was also developed in partnership with the Institute of Banking Training in Portugal. In 2015, a total of 4,017 hours of training through attendance and 6,136 hours of e-learning training were ministered.

In terms of awards received, BMA received a new software quality certification based on the ISO/IEC 25010 Standard from the prestigious technological institute ISQapave and SQS Portugal and was distinguished with the awards "Best Commercial Bank Angola 2015" by Capital Finance International (cfi.co), a prestigious British magazine specialised in economic and financial affairs, and "Best Internet Banking Angola 2015" by the Global Banking & Finance Review.

The Bank recently became one of the first members of BODIVA - Bolsa de Dívida de Valores de Angola (Angolan Debt Securities Exchange), following the signing of the agreement that enables BMA to trade

securities issued by the State. The agreement allows the Bank to participate on behalf of its Customers in Treasury Securities Registration Markets, in the Wholesale Transactions Market and in the Continuous Transactions Market.

Lastly, the Bank also focused on sponsorships and participation in events, such as the World Cup Sport Fishing in High Seas; FIB - Feira Internacional de Benguela (International Benguela Fair); the 1st Scientific Congress and the 3rd Symposium on Cardiology and Cardiac Surgery under the motto "Health 40 years - Conquests and Challenges on the path to Excellence"; the Angola Observatory - a study that raises a number of issues about how to process the phenomenon of upward mobility and what models do Angolans seek for their lives and for the future of their children; in art and music, BMA supported the painting exhibition "A Singularidade Proverbial do Imbondeiro" (The Proverbial Singularity of the Baobab), by the artist Don Sebas Cassule at the Portuguese Cultural Centre, as well as the tour to Portugal of the singer Yola Semedo (designer of the "Millennium Angola" brand).

Within the context of Social Responsibility, the Bank continued to support the Nazareth Home in Cacuaco, which accommodates disadvantaged children.

The net income of Millennium Angola came to 75.7 million euros in 2015, 50.1% more compared to the previous year.

Net operating revenues grew 39.1% relative to 2014, amounting to 202.1 million euros, driven by the performance of net interest income and net trading income.

Return on equity (ROE) stood at 22.8% (18.3% in 2014).

Total assets came to 2,344 million euros, as at 31 December 2015, which compares with 1,950 million euros as at 31 December 2014.

The Customer funds portfolio increased by 37.5%, amounting to 1,692 million euros as at 31 December 2015 and gross credit to Customers increased by 16.9%, amounting to 996 million euros on the same date.

Million euros

	2015	2014	2013	Change % 15/14	2014 excluding FX effect	Change % 15/14 excluding FX effect
Total assets	2,344	1,950	1,651	20.2%	1,652	41.8%
Loans to customers (gross)	996	1,005	644	-0.9%	852	16.9%
Loans to customers (net)	948	957	609	-0.9%	810	16.9%
Customer funds	1,692	1,452	1,219	16.5%	1,230	37.5%
Of which: on Balance Sheet	1,692	1,452	1,219	16.5%	1,230	37.5%
Shareholders' equity	336	315	248	6.6%	267	25.8%
Net interest income	111.0	88.1	67.7	26.0%	86.7	28.0%
Other net income	91.1	59.5	66.6	53.2%	58.5	55.6%
Operating costs	91.3	75.0	70.8	21.6%	73.9	23.5%
Impairment and provisions	16.4	10.4	10.0	58.4%	10.2	60.9%
Net income	75.7	51.2	40.8	47.7%	50.4	50.1%
Number of customers (thousands)	396	374	298	5.8%		
Employees (number)	1,225	1,143	1,075	7.2%		
Branches (number)	90	88	82	2.3%		
% of share capital held	50.1%	50.1%	50.1%			

Note: the source of the information presented in this table were the financial statements reported by the subsidiary for the purpose of consolidated financial statements, whenever available.

FX rates:

Balance Sheet 1 euro =	147.4100	124.9000	134.5100	kwanzas
Profit and Loss Account 1 euro =	132.4242	130.3588	128.2688	kwanzas

Macau

Millennium bcp has been present in Macau since 1993, initially through an off-shore license up to 2010 and, subsequently, through a full license.

During 2015, this branch was essentially directed at providing services to the Bank's network through support to individual and company Customers, broadening the base of local Customers and expanding the activity around the China - Macau - Portuguese speaking countries platform.

Among the initiatives adopted to accomplish the objectives, we highlight the following:

- Support to Portuguese enterprises in domiciliation of activities in Macau for business in Southern China, with the branch acting as a support base;
- Expansion of trade finance operations to support Portuguese enterprises in exports to and/or imports from China;
- Support to Chinese Customers in their application to obtain "golden visa" through the Mbcp Network;
- Launch of an Internet Banking solution aimed at expanding the services provided to its Customers, especially non-residents.

In 2015, customer funds stood at 1,024 million euros and gross loans reached 613 million euros.

Net income stood at 23.1 million euros (-2.9% in MOP and +8.4% in euros), having been influenced favourably by the release of provisions for general risks and by the recognition of deferred income relative to early repayments of loans.

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 that are not resident in Portugal. The Cayman Islands are considered a cooperating jurisdiction by the Bank of Portugal.

Millennium bcp Bank & Trust reported net income of 4.9 million euros in 2015, which represents a year-on-year decrease of 38%, influenced by the decrease in net interest income and by the increase in loan impairments.

Million euros

	2015	2014	2013	Change % 15/14
Total assets	802	886	1,458	-9.5%
Loans to customers (gross)	45	51	61	-12.0%
Loans to customers (net)	41	47	56	-14.0%
Customer funds	491	577	695	-14.9%
Of which: on Balance Sheet	478	562	685	-14.9%
off Balance Sheet	12	15	10	-16.6%
Shareholders' equity	317	314	273	1.0%
Net interest income	7.8	8.9	16.1	-13.1%
Other net income	2.5	0.8	1.3	198.5%
Operating costs	2.9	2.2	2.6	34.0%
Impairment and provisions	2.4	-0.3	3.4	> 200%
Net income	4.9	7.9	11.4	-37.7%
Number of customers (thousands)	0.3	0.4	0.4	-17.3%
Employees (number)	12	12	15	0.0%
Branches (number)	0	0	0	
% of share capital held	100%	100%	100%	

Note: the source of the information presented in this table were the financial statements reported by the subsidiary for the purpose of consolidated financial statements, whenever available.

MILLENNIUM BCP AGEAS

After a strong year marked by changes in the shareholder structure of some insurance groups with operations in Portugal, future consolidation movements continue to be expected. More specifically, at the start of 2016, Axa Portugal was acquired by the Ageas Group, and there is also a high expectation that the sale of Açoreana e GNB Seguros Vida will take place soon.

The year of 2015 was the final year of execution of the strategic agenda for the Ocidental Group, designated as Vision 2015, with a particular focus on the capture of the remaining benefits and the development of new business opportunities.

At the same time, in order to define the direction of the Ocidental Group for the next five years, a new ambition was established which gave rise to Vision 2020 with the mission of 'Being the recommended Insurance Group in Portugal, redefining the frontiers of the sector and creating more value for all the stakeholders. Vision 2020 is based on four strategic pillars: Focus on partners as a preferential means of distribution; Exceed Customers' expectations with efficiency and transparency; Challenge limits to create innovative value propositions; Be a top-level organisation, agile and socially committed.

In terms of Life insurance, with a production of 1.5 billion euros, it was possible to maintain the position of leadership in terms of mathematical provisions with a volume of 9.7 billion euros and a market share of 23.1%. The strong operating performance and technical solidity of the Life operation enabled the generation of an important contribution of 15.5 million euros of net income for Millennium bcp, associated with a strong capacity to generate dividends.

In the Non-Life business, the strong focus of the commercial networks of Millennium bcp permitted an increase in production above 8%, much higher than the market as a whole, reinforcing the position of Millennium bcp as leader in the distribution of Non-Life insurance in the bancassurance channel with a market share of 34%. This performance is all the more significant considering that the Non-Life insurance market increased by a mere 3.4% It is important to mention the srong growth of Médis, Automobile and Multirisk products, considered strategic for the networks of Millennium bcp.

The bankassurance activity was also marked by the increase in products on active sale which represented 50% of total risk insurance sales, arising from an increase in productivity of the commercial network of about 24%. This contributed to total Commissions paid to the Bank of 73.9 million euros, which represented an increase of 3.6% relative to the previous year.

The prospects for 2016 point towards a continued recovery of the Portuguese economy with expected growth of the Non-Life insurance market for the second consecutive year. In the Life business, a return to growth is expected in 2016, underpinned by some opportunities associated to the increase in credit volume and increased appetite for the acquisition of savings insurance and long-term investment through the bancassurance channel, notwithstanding the challenges presented by the environment of low interest rates and market volatility.

Within the scope of Vision 2020 some projects will be launched, with special focus on the bancassurance distribution model, supported by the continued creation of innovative value propositions and excellence in the experience provided to our Customers, so that the bancassurance operation can continue to be a reference at an international level.

Key Indicators	Dec-15	Ranking	Dec-14	Ranking	Change
Market share					
Life	17.3%	3º	13.0%	4º	+4.3 pp
Non Life	6.8%	5º	6.5%	6º	+0.3 pp
Market share in bancassurance					
Life	20.4%	3º	15.3%	4º	+5.1 pp
Non Life	34.0%	1º	33.3%	1º	+0.7 pp

PENSION FUND

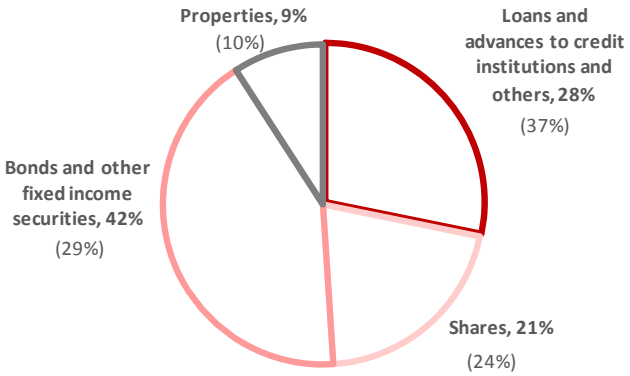
The Group's liabilities related to retirement pensions and other benefits reached 3,136 million euros as at 31 December 2015, compared with 3,133 million euros recorded on the same date of the previous year. These liabilities are related, namely, to the payment of retirement pensions due to old age and disability to the employees, and are entirely financed and at levels higher than the minimum limits defined by Banco de Portugal, presenting a coverage rate of 111%, compared to 110% at the end of 2014.

As at 31 December 2015, the assets of the Pension Fund reached 3,158 million euros, and showed a negative yield rate of 0.8%, which compares unfavourably with the rate of 2.5% considered in the actuarial assumptions.

The structure of de Pension Fund's assets portfolio for the main categories of assets, at the end of 2015 and 2014, was as follows:

- The proportion of shares reached 21% as at 31 December 2015 versus 24% at the end of 2014;
- The bond component increased to 42% at the end of 2015, compared to 29% as at 31 December 2014;
- The proportion of loans and advances to credit institutions and others reached 28% as at 31 December 2015, having decreased in relation to 37% recorded at the end of 2014;
- Properties accounted for 9% of the total assets of the Pension Fund as at 31 December 2015 and 10% as at 31 December 2014.

STRUCTURE OF THE PENSION FUND'S ASSETS AS AT 31 DECEMBER 2015



(xx%) Proportion as at 31 de December 2014

Following the assessment of the reasonableness of the Pension Fund's actuarial assumptions as at 31 December 2015, the Bank deemed that it was appropriate to maintain the actuarial assumptions already considered in the financial statements as at 31 December 2014, which are presented as follows:

i) salary increase rate of 0.75% until 2017 and 1.0% after 2017;

ii) pension increase rate of 0.0% until 2017 and 0.5% after 2017;

iii) discount rate of 2.5%, considering the Euro Zone "high quality corporate bond's" yields and the duration of responsabilities;

iv) mortality tables for men TV 73/77 minus two years and for women TV 88/90 minus three years;

v) rate of return of Pension Fund's assets of 2.5%.

The main actuarial assumptions used to determine the Pension Fund's liabilities for 2013, 2014 and 2015 are indicated in the table below:

Assumptions	2013	2014	2015
Discount rate	4.00%	2.50%	**2.50%**
Increase in future compensation levels	1% until 2016 1.75% after 2017	0.75% until 2017 1% after 2017	**0.75% until 2017** **1% after 2017**
Rate of pensions increase	0% until 2016 0.75% after 2017	0% until 2016 0.5% after 2017	**0% until 2016** **0.5% after 2017**
Projected rate of return of fund assets	4.00%	2.50%	**2.50%**
Mortality tables			
Men	TV 73/77 - 1 year	TV 73/77 - 2 years	**TV 73/77 - 2 years**
Women	TV 88/90 - 2 years	TV 88/90 - 3 years	**TV 88/90 - 3 years**

In 2015, negative actuarial differences of 111 million euros were recorded, net of tax, of which 110 million euros corresponded to financial actuarial differences, which negatively influenced the capital ratios as at 31 December 2015.

The main indicators of the Pension Fund as at the end of 2013, 2014 and 2015 are presented in the following table:

Main indicators	2013	2014	2015
Liabilities with pensions	2,533	3,133	**3,136**
Value of the Pension Fund	2,547	3,095	**3,158**
Coverage rate	112%	110%	**111%**
Return on Pension Fund	4.4%	8.1%	**-0.8%**
Actuarial (gains) and losses	212	477	**111**

BCP RATINGS

The general improvement in macroeconomic conditions, namely with respect to the progress in public deficit reduction combined with the recovery of the economy, with the latest projections for the Portuguese economy pointing towards the continuation of the gradual recovery of economic activity over the 2015-2017 period, the successful conclusion of the external assistance programme and the commitment to the structural reforms implemented in the last few years, in addition to the return to the financing markets, should be perceived as positive factors by the Rating Agencies.

The assessment of the government support following the implementation of the Banking Resolution and Recovery Directive (BRRD) was concluded by the various Rating Agencies, having resulted in the withdrawal of the uplift due to government support in the ratings of long-term senior debt and of deposits of most Portuguese banks. In some cases, that action was offset by the upgrade of the intrinsic rating, as occurred with S&P in relation to BCP on 3 December 2015.

The financial system in Portugal initiated a new consolidation phase at the end of 2015, following the resolution of Banif, although there is still many uncertainty with regards to the sale of Novo Banco, which may have rating implications for Portuguese banks.

During 2015, various rating actions were pursued by the different rating agencies:

Moody's	
Baseline Credit Assessment	caa1
Adjusted Baseline Credit Assessment	caa1
Counterparty Credit Rating LT / ST	Ba3/NP
Deposits LT / ST	B1/NP
Senior Unsecured LT / ST	B1/NP
Outlook	Stable
Subordinated Debt - MTN	(P) Caa2
Preference Shares	C (hyb)
Other short term debt	P (NP)
Covered Bonds	Ba1

Rating Actions

12 February 2015 - conclusion of the revison's process, with the confirmation of the ratings.

11 June 2015 - confirmation of LT senior unsecured and deposits rating at "B1" and upgrade of BCA to "caa1" and "Stable" outlook.

Standard & Poor's	
Stand-alone credit profile (SACP)	b+
Counterparty Credit Rating LT / ST	B+/B
Senior Secured LT / Unsecured LT / ST	B+/B
Outlook	Positive
Subordinated Debt	CCC
Preference Shares	D
Certificates of Deposits	B+/B

Rating Actions

28 May 2015 - revision of the outlook of BCP to "Stable" and affirmation of the "B+/B" LT/ST counterparty rating.

3 December 2015 -intrinsic rating (SACP) was revised to "b+" from "b" and the long- and short-term counterparty credit ratings were affirmed at "B+/B", with positive outlook.

Fitch Ratings	
Viability Rating	bb-
Support	5
Support Floor	No Floor
Deposits LT / ST	BB-/B
Senior unsecured debt issues LT / ST	BB-/B
Outlook	Stable
Subordinated Debt Lower Tier 2	B+
Preference Shares	B-
Covered Bonds	BBB-

Rating Actions

19 May 2015 - downgrade of LT IDR to "BB-", "Stable" outlook.

DBRS	
Intrinsic Assessment (IA)	BB (high)
Short-Term Debt & Deposit LT / ST	BB (high) / R-3 (stable)
Trend	Stable
Dated Subordinated Notes	BB
Covered Bonds	A (low)

Rating Actions

28 May 2015 - keeping IA at BB (high) and senior ratings under review.

29 September 2015 - IA has been maintained at "BB (high)" and the long-term senior unsecured and deposits ratings were downgraded from "BBB (low)" to "BB (high)", with "stable" trend.

Risk Management

RISK MANAGEMENT

In 2015, the Group's Risk Management System continued to be strengthened and consolidated, in terms of the mechanisms to control and monitor the different risks that affect the activities developed and also in what concerns their measurement and assessment.

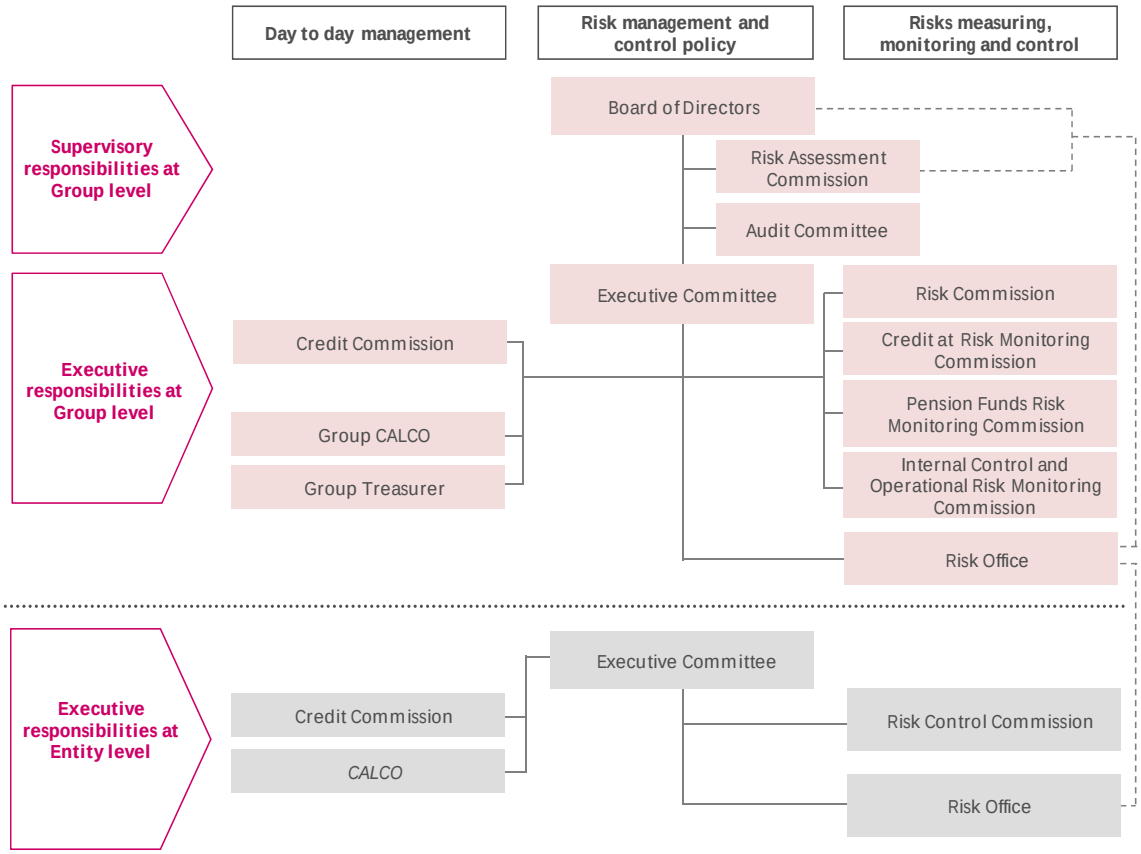
The Group's Risk Management System is part of the Group's Internal Control System - together with the Internal Audit and Compliance functions – that provides a solid control environment under which the Group develops its business. The Internal Control System is materialised through the internal instruments, metrics and internal regulations that are appropriate to the magnitude and frequency of occurrence of the identified risks.

In summary, the main Risk Management activities and interventions in 2015, as well as various relevant accomplishments towards the strengthening and fine-tuning of the Group's Risk Management System were the following:

- Strengthening of the risk management governance through the fine-tuning of its framework;
- Approval of the Group's Risk Appetite Statement (RAS) – a series of risk indicators for which limit thresholds/levels were defined - reflecting the Group's "Risk Appetite", and implementation of the corresponding measurements (in Portugal and in the subsidiaries abroad);
- Definition and implementation of a new approach to the ICAAP (*Internal Capital Adequacy Assessment Process*), involving the periodical stress tests performed and the above-mentioned RAS indicators;
- Delivery of several regulatory reports (credit concentration risk, impairment, ICAAP, ILAAP – Internal Liquidity Adequacy Assessment Process);
- Launching of a set of initiatives aimed at increasing the efficiency of financial reporting (FINREP) and strengthening of the reliability of the reported information;
- Launching of IRB (Internal Ratings Based) applications for portfolios that are not yet covered by this approach, under the established Roll Out Plan;
- Preparation and implementation of action plans relative to the Supervision recommendations on the follow-up of the BCP Group's IRB models and the treatment of market risks;
- Redefinition and implementation of the new default definition, following a supervisory recommendation to this purpose;
- Independent validation of the new credit impairment assessment model and implementation of the recommendations derived from this validation;
- Extensive revamping of the market risks management framework, leading to the formal definition of trading strategies, to the redefinition of limits controls and to the strengthening of the control mechanisms concerning the assumptions of the internal model used (VaR – Value-at-risk);
- Response to the supervision's inspection of the non-performing exposures and of forbearance definitions, as well as to the "Stocktake exercise on non-performing loans" inquiry;
- Supervisory inspection of the Group's operational risk management system and establishment of an action plan to address the resulting recommendations;
- Continuous development of the Group's operational risk management system, including the reviewing of the responsibilities of the intervenient and training of process owners.

Risk Management governance

The risk management governance involves various bodies, as illustrated in the diagram below:



The competences and attributions of the bodies intervening in risk management governance (either in management or internal supervision), at Group level - except for the Board of Directors (BoD) and the Executive Committee (EC), are presented in the next sections.

Risk Assessment Commission

The Risk Assessment Commission is composed of four non-executive members of the BoD(*)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;
- Approval of the Group's 'Risk Appetite', proposing the respective RAS to the BoD, as well as of the Group's Capital and Liquidity Contingency Plan and of the business continuity management plans (Disaster Recovery Plan and Business Recovery Plan);
- Supervision of the ICAAP and monitoring of the RAS indicators, verifying their alignment with the defined thresholds and levels, as well as monitor the action plans designed to ensure compliance with the established risk limits;
- Advising the BoD on matters related to the definition of risk strategy, capital and liquidity management and market risks management.

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

The Risk Officer has functional reporting duties to this Commission and participates in its meetings, presenting the evolution of the key risk metrics and indicators and of the credit impairment, as well as all incidences, changes and evolutions relative to the Risk Management System.

Audit Committee

The Audit Committee is composed of four non-executive members of the BoD(*).Within the risk management governance, this body stands out for its corporate global monitoring and supervising capacities (e.g. in what concerns the follow-up of the risk levels), as well as for its capacities related with the Internal Control System:

- Control of the Risk Management and the Internal Control Systems' effectiveness (and, also, of the Internal Audit System);
- Issuing of a prior opinion concerning the entity defined by the Bank to assess the adequacy and effectiveness of the Internal Control System.

The Risk Officer participates in this committee's regular meetings, reporting on the evolution of the main indicators and metrics concerning risks and credit impairment, as well as on the implementation status of the recommendations that concern the Risk Management System (within the scope of internal control or issued by the supervisory/regulatory authorities).

Risk Commission

This commission is responsible, at an executive level, for monitoring the overall levels of credit, market, liquidity and operational risk, as well as all other risks considered materially relevant for the institution, ensuring that the risk levels are compatible with the objectives, available financial resources and strategies that have been approved for the development of the Group's activity.

This commission is composed of all the members of the EC(*), the Risk Officer, the Compliance Officer and the Heads of the following Divisions: Internal Audit; International, Treasury and Markets; Research, Planning and ALM; Credit; Rating.

Credit at Risk Monitoring Commission

This commission 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 commission is composed of three EC members (responsible for the credit, financial and risk areas) and the Heads of the following Divisions: Credit; Risk Office; Rating; Specialised Recovery; Specialised Monitoring; Retail Recovery; Real Estate Business; Legal Advisory and Litigation; Management Information.

Pension Funds Risk Monitoring Commission

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

This commission is composed of three members of the EC (one of these being the responsible for the

(*) With a minimum of three Executive Directors.

insurance area), the Risk Officer, the head of the Human Resources and of the Research, Planning and AML Divisions and, through invitation, the CEO of Millenniumbcp Ageas, the CEO of Ocidental SGFP and a representative of F&C.

The commission has the following competences:

- Assess the performance and risk of the Group's Pension Fund;
- Establish the appropriate investment policies.

Internal Control and Operational Risk Monitoring Commission

This commission is composed of three EC members, the Risk Officer, the Compliance Officer and the Heads of the Internal Audit, IT and Operations Divisions. Depending on the specific subjects concerning processes to be addressed by this commission, macro-process owners will participate in the meetings.

The commission has the following competences:

- Analysing the metrics concerning the exposure to operational risk and the performance of the intervenient ('1st and 2nd lines of defence') that manage this risk;
- Analysing the materially relevant events and assessment of the proposed mitigation measures;
- Analysing the effectiveness of the risk transfer mechanisms (insurance contracting and outsourcing);
- Monitoring of the Group entities' Internal Control Reports' preparation;
- Monitoring of the evolution and resolution of the deficiencies identified within the scope of the assessment of the Internal Control System;
- Assessing proposals on processes improvement aiming at the reinforcement of the internal control environment;
- Ensuring the monitoring of the processes' risk levels, efficiency and productivity indicators;
- Promoting an operational risk management culture.

Credit Commission

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

The Credit Commission is composed of all of the EC members(*), the Risk Officer, the Compliance Officer, the Company's Secretary, the Heads of the proponent areas, the 'Level 3' managers, the subsidiary entities' Credit Commission members (whenever there are proposals originated in those entities) and the Heads of commercial areas. The Heads of the following Divisions are also members of this commission: Credit; Specialised Monitoring; Legal Advisory and Litigation; Investment Banking; Real Estate Business; Rating; Specialised Recovery; Retail Recovery.

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 Capital, Assets and Liabilities Management Commission) is responsible for the structural management of interest rate and liquidity risks, including, among others, the following aspects:

- Monitoring and management of the interest rate risk associated to the assets and liabilities structure;

(*) With a minimum of three Executive Directors and mandatory participation of the responsible for credit and the Directors from proponent areas (or the alternate Directors of credit and the proponent areas).

- Planning and proposals of capital allocation;
- Preparation of proposals for an appropriate definition of liquidity and interest rate risk management policies, at the level of the Group's consolidated balance sheet.

The Group CALCO is composed of all the members of the EC(*)and the heads of the following Divisions: Research, Planning and ALM; Risk Office; Large Corporate; Companies and Corporate; Management Information; Companies Marketing; Retail Marketing; International, Treasury and Markets; Investment Banking; Business Development (upon invitation). Other persons, according to the matters addressed, may be requested to participate in the Group CALCO.

Risk Officer

The Head of the Risk Office is responsible for the coordination of the risk control function for all Group entities. Thus, in order to assure the monitoring and alignment of concepts, practices and objectives, the Risk Officer is responsible for informing the Risk Commission on the general risk level and to propose measures to improve the control environment and to implement controls which assure compliance with the approved limits. The Risk Officer has veto power concerning any decision that is not subject to the approval of the BoD or EC and might have an impact on the Group's risk levels. These duties include:

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

The Risk Officer is appointed by the BoD and supports the work of the Risk Commission, the Credit at Risk Monitoring Commission and the Pension Funds Risk Monitoring Commission.

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 incident in adverse macroeconomic conditions.

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 default 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.

Evolution and breakdown of the loan portfolio

As illustrated in the table below, the Group's loan portfolio, measured in terms of Exposure at Default (EAD) and Euros (EUR), registered a contraction between December 2014 and December 2015 which, in the Group's main operations as a whole, attained around 1,400 million Euros (-2.0%).

(millions of Euros)

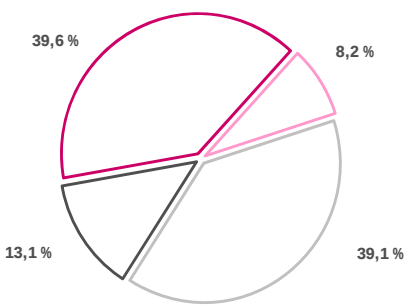
Country	Dec 15	Dec 14	Change	
			Amount	%
Portugal	**48.743**	**51.857**	**-3.114**	**-6,0%**
Poland	**15.986**	**14.642**	**1.344**	**9,2%**
Angola	**2.229**	**1.861**	**368**	**19,8%**
Mozambique	**2.519**	**2.529**	**-10**	**-0,4%**
PT+PL+AO+MZ	**69.477**	**70.888**	**-1.411**	**-2,0%**

This overall decrease was decisively driven by the reduction of the portfolio in Portugal, continuing the deleveraging trend observed over the last years, while in all the other geographic zones where the Group operates there were increases of the loans stock, reflecting the growth of business therein:

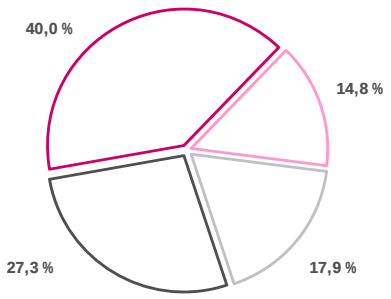
- In Portugal, the contraction of the portfolio was verified, to a large extent, on higher risk exposures and in activity sectors with higher levels of historical losses;
- In Poland, the portfolio expressed in Zlotys, representing around 64% of the total portfolio(**), grew by 11.6% and the portfolio expressed in Swiss Francs, representing around 28% of the total portfolio(*) decreased by 6.1%. In what concerns the local portfolio in EUR, representing around 6% of the total portfolio(*) increased by 22.9%.
- In Angola, the portfolio expressed in Kwanzas, representing around 67% of the total portfolio(*), grew by 45.4% and the portfolio expressed in US Dollars, representing around 31% of the total portfolio(*) grew by 23.5%. The growth in EUR was partially annulled by the 18% devaluation of the Kwanza in relation to the Euro, between December 2014 and December 2015.
- In Mozambique, the portfolio expressed in Meticais, representing around 77% of the total portfolio(*), grew by 14.1% and the portfolio expressed in US Dollars, representing around 21% of the total portfolio(*) remained practically unchanged (+0.5%). In this case, the growth in EUR was totally annulled by the 26.4% devaluation of the Metical in relation to the Euro, between December 2014 and December 2015.

The breakdown of the portfolios in these four geographic zones, as at 31 December 2015, in terms of exposure at default (EAD) by segment of exposure, is illustrated by the following graphs:

Portugal

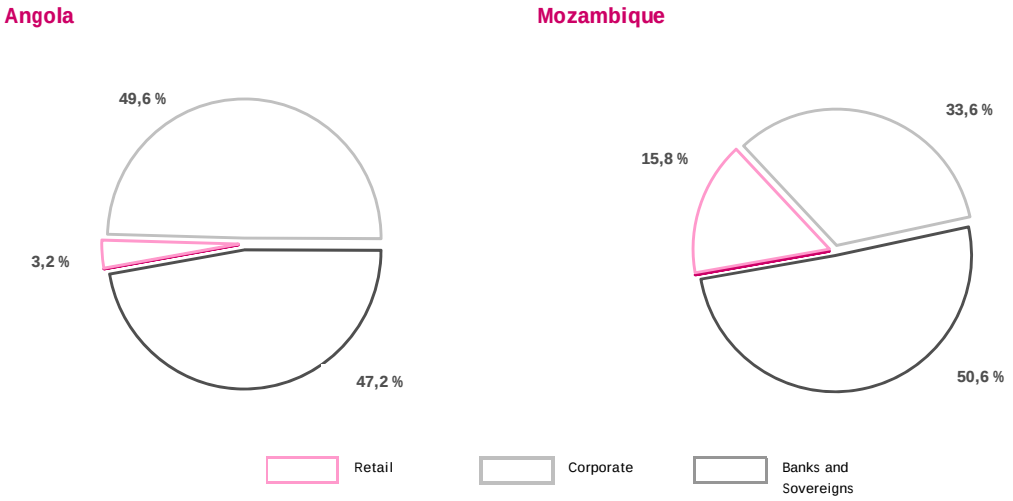


Poland



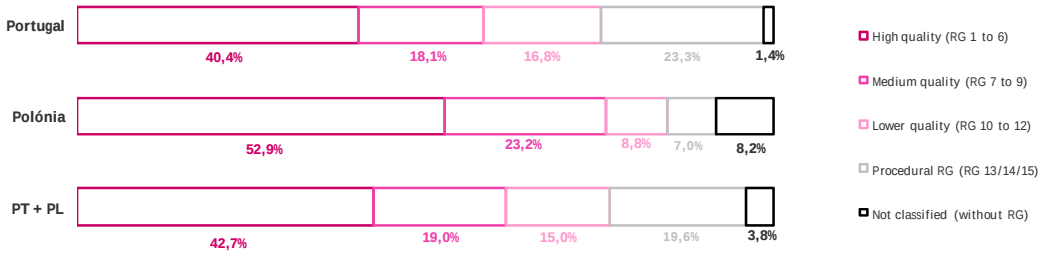
Retail secured by real estate collateral | Retail (other exposures and SME Retail) | Corporate (including SME Corporate) | Banks and Sovereigns

(**) As at December 2014, in Euros



In Portugal and Poland, the portfolio distribution at the end of 2015 does not show relevant changes in relation to the end of 2014. In contrast, in the African zones, there was a strong growth of the weight of the "Bank and Sovereign" segment (which had been of 36.4% in Angola and 39.0% in Mozambique at the end of 2014), in detriment of the "Corporate" segment (whose weights were of 59.6% and 44.3%, respectively, at the end of 2014), while the weights of the "Retails" segment showed no significant variation.

The distribution of EAD by internal risk levels (RG) as at 31 December 2015, attributed in Portugal and Poland, was as follows:



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

This distribution of EAD indicates a positive evolution of the quality of the portfolio (as measured by internal ratings), as overall weight of the high and medium ratings, reached 61.7% in the 2 countries as at 31 December 2015, against 59.6% as at 31 December 2014. There was also a reduction of the EAD weight of the procedural risk levels: 19.6% as at 31 December 2015, against 22.3% as at 31 December 2014.

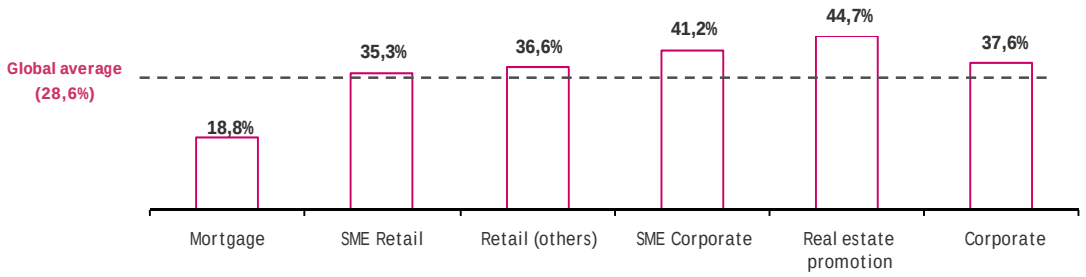
Main credit risk indicators

The table below illustrates the quarterly evolution of the main credit risk indicators along 2015, for the Group and for the portfolios of Portugal, Poland, Angola and Mozambique.

	Dec 15	Sep 15	Jun 15	Mar 15	Dec 14
Group					
Non-performing Loans / Total Loans	6,6%	6,8%	6,8%	6,6%	6,7%
Past due Loans (> 90 d) / Total Loans	10,0%	10,5%	11,0%	10,6%	10,5%
Impairment / Total Loans	5,8%	6,0%	6,0%	5,8%	6,0%
Portugal					
Non-performing Loans / Total Loans	8,1%	8,2%	8,4%	8,1%	8,1%
Past due Loans (> 90 d) / Total Loans	12,2%	12,7%	13,5%	13,2%	12,7%
Impairment / Total Loans	6,7%	6,8%	6,9%	6,7%	6,8%
Poland					
Past due Loans (> 90 d) / Total Loans	2,7%	2,9%	2,9%	2,9%	2,9%
Impairment / Total Loans	3,0%	3,0%	3,0%	3,0%	3,0%
Mozambique					
Past due Loans (> 90 d) / Total Loans	4,7%	4,7%	3,9%	3,3%	3,5%
Impairment / Total Loans	5,0%	4,9%	4,7%	4,6%	4,6%
Angola					
Past due Loans (> 90 d) / Total Loans	6,4%	10,4%	7,8%	5,9%	5,3%
Impairment / Total Loans	3,9%	4,7%	4,5%	4,1%	4,0%

The figures show an improvement in non-performing loans for the Group, due to the contribution of Portugal's and Poland's indicators. In Angola and Mozambique, the ratios of past due credit by more than 90 days showed a negative evolution, especially up until in the third quarter of the year. This was due to a restricted number of loans.

In what concerns the LGD (Loss Given Default) parameters, the average values by exposure class in Portugal, arising from the calculation of regulatory capital as at 31 December 2015 and considering the estimates based on losses that effectively occurred (i.e. loan recovery data), are presented in the following chart:



Note: the values were calculated considering the LGD of assets at default, used to calculate the Expected Loss Best Estimates (EL_{BE}).

Credit concentration risk

The values relative to credit concentration as at 31 December 2015, measured by the weight of the 20 largest Net Exposures, excluding Banks and Sovereigns, in 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:

Customer Groups	Net Exposure / Own Funds	EAD weight in total EAD
Grupo 1	7,6%	1,6%
Grupo 2	6,0%	1,8%
Grupo 3	3,0%	0,7%
Grupo 4	2,8%	0,5%
Grupo 5	2,6%	0,5%
Grupo 6	2,3%	0,6%
Grupo 7	2,3%	0,4%
Grupo 8	2,2%	0,4%
Grupo 9	2,2%	0,5%
Grupo 10	1,8%	0,4%
Grupo 11	1,7%	0,4%
Grupo 12	1,6%	0,3%
Grupo 13	1,5%	0,3%
Grupo 14	1,4%	0,2%
Grupo 15	1,4%	0,3%
Grupo 16	1,3%	0,4%
Grupo 17	1,3%	0,2%
Grupo 18	1,3%	0,5%
Grupo 19	1,0%	0,3%
Grupo 20	1,0%	0,2%
Total	**46,3%**	**10,6%**

The total weight of these exposures in the overall exposure (EAD), of 10.6%, compares with 11.1% at the end of 2014, indicating an improvement in credit concentration, measured this way.

Regarding the weight of these 20 largest Net Exposures in the value of consolidated Own Funds, the reduction of around 7 pp registered in this concentration indicator (which was of 53.5% as at 31 December 2014) stems, simultaneously, from the increase verified in the consolidated Own Funds amount (6.2 billion euros as at 31 December 2015 compared to 5.8 billion Euros as at 31 December 2014) and from the decrease in the 20 largest Net Exposures amount, by approximately 227 million Euros.

Operational risk

Operational risk consists in 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, such as: 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.

Besides the activities already mentioned in the beginning of this chapter, a highlight should also be made on the following developments that took place in 2015 in Portugal and in the Group's main subsidiaries, aimed at strengthening the operational risk management framework:

- Creation of a statistical model for operational risk, based on the technical requirements issued by the European Banking Authority (EBA);
- Implementation and significant development of the structures and mechanisms for control and management of operational risk in Angola (at a final stage of completion).

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 its 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 to characterise the operational losses captured under their processes, to monitor the respective key risk indicators, to perform the risks self-assessment exercises, as well as to identify and implement suitable actions to mitigate operational risk exposures, thus contributing to the strengthening of control mechanisms and the improvement of the internal control environment.

Operational risks self-assessment (RSA)

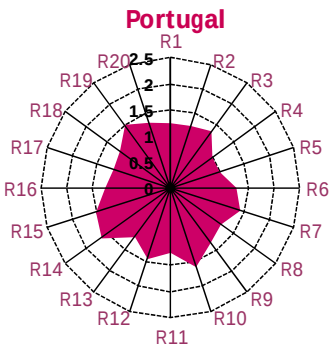
The objective of the RSA exercises is to promote the identification and mitigation (or elimination) of risks, either actual or potential, in each process, through the assessment of each of the 20 subtypes of operational risk considered. These assessments are positioned in a risk tolerance matrix, considering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

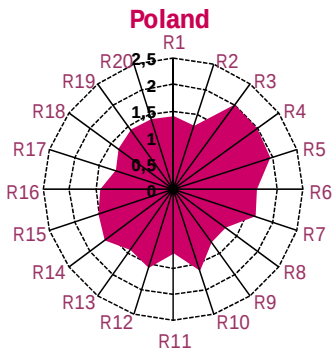
- The assessment of the risks exposure of the different processes, not considering the influence of existing controls (Inherent Risk);
- The determination of the influence of the existing control environment in reducing the level of exposure (Residual Risk);
- The identification of the impact of the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

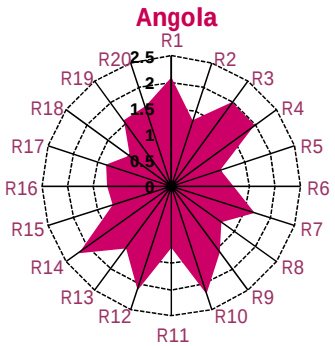
The RSA exercises are based on workshops, attended by the Risk Office and with the participation of the process owners (and process managers), or performed through answers to questionnaires sent to the process owners, for a review of previous RSA results, according to predefined updating criteria.

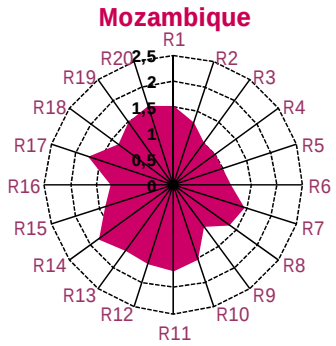
In 2015, RSA exercises were conducted in the main geographic regions in which the Group operates: in addition to Portugal, Poland and Mozambique, the first RSA exercise was carried out in Angola.

The following charts present the results of the RSA exercises that were conducted, namely, the average score for each of the 20 subtypes of operational risk considered, for the set of processes of each geography. The outer line represents a score of 2.5 on a scale of 1 (lowest exposure) to 5 (highest exposure).









R1 Internal fraud and theft
R2 Execution of unauthorised transactions
R3 Employee relations
R4 Breach of work health & safety regulations
R5 Discrimination over employees
R6 Loss of key staff
R7 Hardware and 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 risks
R16 Regulatory and tax risks
R17 Inappropriate market and business practices
R18 Project risks
R19 Outsourcing related problems
R20 Other third parties' related problems

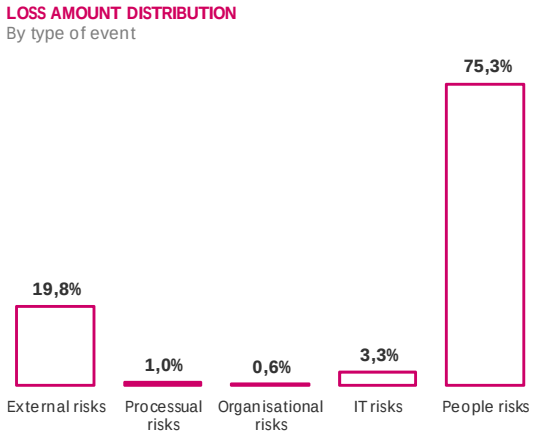
Operational losses capture

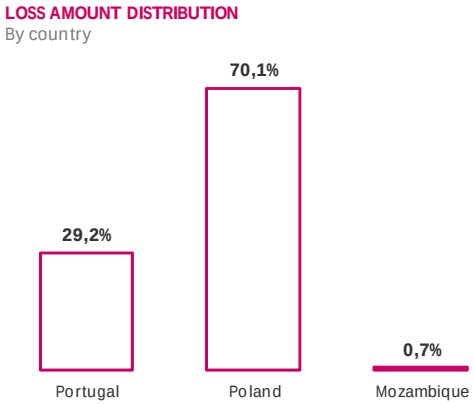
The operational losses data capture (i.e. the identification, registration and characterisation of operational losses and of the events that originated the losses), carried out by the Group for the operations covered by the operational risk management framework, aims to strengthen the awareness of this 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.

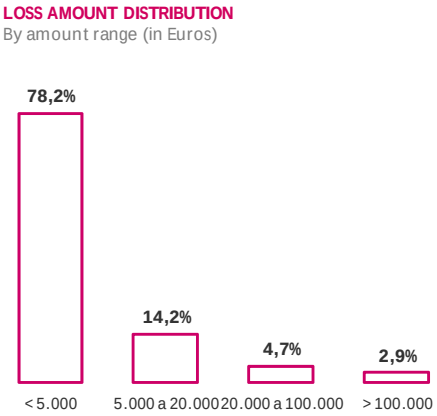
The detection and reporting of operational losses is a responsibility of all employees of the Group, the process owners playing a crucial role in the promotion of these procedures within the context of the processes for which they are responsible.

The identified events in which the losses, effective or potential, exceed the defined materiality limits (for each geographical area) are characterised by the process owners and process managers of processes to which the losses are related. Besides the description of the respective cause-effect, this characterisation 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 captured losses in 2015 (and registered in the database) is presented in the following charts:







The distribution of losses by cause/type of risk or by amounts does not show significant differences in relation to the distributions over the last few years. With regards to geographical distribution, the importance of the losses observed in Poland should be noted, stemming from a low number of events but of considerable amount, linked to flaws in the operational configuration of a specific product.

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, Angola and Mozambique).

Business continuity management

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

Both of these plans are defined and implemented for a series of critical business processes, and are promoted and coordinated by a dedicated structural unit, whose methodology is based on a principle of continuous improvement, guided by international good practices and the recommendations of the supervisory entities.

These continuity plans are regularly tested and updated, through exercises aimed at improving and deepening the coordination between emergency response, technological recovery, crisis management and business recovery. During 2105, 11 business recovery and 2 technological recovery exercises were carried out.

Insurance Contracting

The contracting of insurance for risks related to assets, persons or third party liability is another important instrument in the management of operational risk, where the objective is the transfer - total or partial - of risks. The proposals for the contracting of new insurance are submitted by the process owners under their respective duties for the management of the operational risk inherent to their processes, or are presented by the head of area or organic unit, and then analysed by the Risk Commission and authorised by the EC.

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 volatility.

For purposes of profitability analysis and market risks 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 longer period of time) or positions which are not tradable on liquid markets;
- Commercial - Management of positions arising from commercial activity with Customers;
- 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; and
- ALM - Assets and Liabilities Management.

The definition of these areas allows for an effective management separation 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 tolerance to risk, various market risks limits are established, at least yearly, being applicable to all portfolios of the risk management areas over which the risks are incident. These limits are monitored on a daily basis (or intra-daily, in the case of financial markets) by the Risk Office.

Stop Loss limits are also defined for the financial markets 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 relative to the management of the positions in question is mandatory.

In 2015, the strengthening and developing of the internal control framework for market risks was continued and included the implementation of previously issued recommendations (by internal control areas and/or supervisory entities).

Changes to control processes

The already mentioned extensive revamping of the market risks management framework led to the following changes in its control mechanisms, which are worthy of mention because of their coverage and relevance:

- Implementation of a new process (and a new software) for daily and intra-daily control of market information relevant for risk assessment and control;
- Review of the market data validation procedures, as well as of the main static data elements of the front-office systems;
- Definition and implementation of controls and mitigating measures to overcome situations where the main assumptions of the VaR model (normality, non-existence of self-correlation, optimal decay factor) might not be verified;
- Review and expansion of the tests used in the stress tests programme for market risks and definition of specific limits for the stress tests scenarios;
- Review and formalisation of the internal manuals which define the operating aspects of the market risks' control.

Market risks of the trading book•

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, 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 appropriate change of the time horizon considered.

The table below presents the VaR amounts measured by the methodologies referred to above, for the trading book, between 31 December 2014 and 31 December 15, showing that the risks of the Group's trading book have remained at controlled levels. The values of exchange rate risk contributed significantly to the maximum VaR registered in 2015.

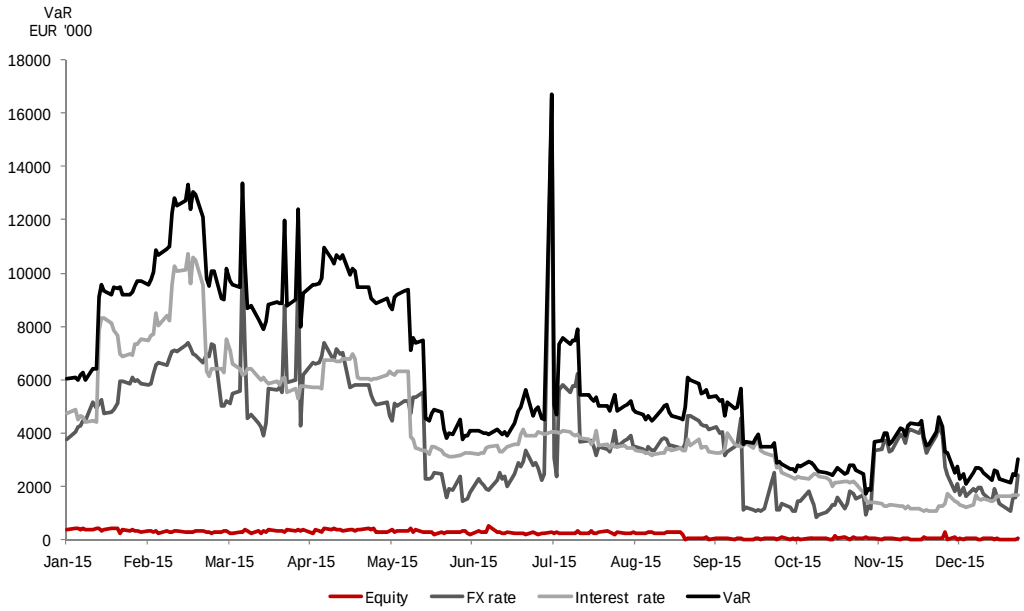
• Positions allocated to the Trading Management Area (and not specifically to the trading book in accounting terms).

(thousands of Euros)

	Dec 15	Average	Max	Min	Dec 14
Generic risk (VaR)	3.012,8	6.140,3	16.699,1	1.709,1	6.379,8
Interest rate risk	1.663,2	4.213,5	4.042,1	1.473,7	5.326,7
FX risk	2.420,8	3.934,2	16.585,6	946,4	3.716,9
Equity risk	41,5	216,6	307,5	90,0	391,6
Diversification effects	*1.112,7*	*2.224,0*	*4.236,1*	*800,9*	*3.055,4*
Specific risk	727,0	420,4	803,7	275,2	289,7
Non-linear risk	104,1	112,4	689,6	15,2	52,2
Commodities risk	12,8	15,5	211,8	11,1	15,1
Global risk	3.856,6	6.682,3	17.091,2	2.257,2	6.736,8

Notes:
- Holding term of 10 days and 99% of confidence level.
- Consolidated positions from Millennium bcp, Bank Millennium Poland), Banco Internacional de Moçambique and Banco Miillennium Angola.

The table below, that illustrates the trading book VaR evolution throughout 2015 and its breakdown into three types of risk, shows the exchange rate risk peak referred to above. The graph also shows that, apart from the low equity risk of the trading book (due to the low volume of this component), the interest and exchange rate risks showed similar levels of risk and volatility, which were higher in the first half of the year followed by greater stability and lower levels in the second semester of 2015.



VaR model monitoring and validation

In order to check the appropriateness of the internal VaR model to the assessment of the risks involved in the positions held, several validations are conducted over time, of different scopes and frequency, which include back testing, the estimation of the effects of diversification and the analysis of the comprehensiveness of the risk factors.

In this context, it should be noted that in 2015 the hypothetical back testing exercise of the VaR model for the trading book (through which the observed VaR values are compared with the hypothetical results of the model used), resulted in 5 excess values over the results predicted by the model (2 positive and 3 negative), corresponding to a frequency of 1.9% in 257 days of observations. This outcome confirms that the model is adequate, as the number of expected bilateral excesses would be 5 (2% of 257 observations).

Stress tests on the trading book

Supplementary to the calculation of VaR, 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 2015, were as follows:

(millions of Euros)

Standard scenarios tested	Negative results scenario	Result
Parallel shift of the yield curve by +/- 100 bps	+ 100 bps	-3,2
Change in the slope of the yield curve (for maturities from 2 to 10 years) by +/- 25 bps	+ 25 bps	-0,9
Combinations of the previous 2 scenarios	+ 100 bps and + 25 bps	-5,2
	+ 100 bps and - 25 bps	-2,4
Variation in the main stock market indices by +/- 30%	-30%	-0,2
Variation in foreign exchange rates (against the euro) by +/- 10% for the main currencies and by +/- 25% for other currencies	-10%, -25%	-1,8
Variation in swap spreads by +/- 20 bps	- 20 bps	-0,7
Non-standard scenarios tested	**Cenário com resultado negativo/cenário utilizado**	**Resultado**
Widening/narrowing of the bid-ask spread	Narrowing	-16,3
Customized scenario (1)		-19,2
Historical scenarios (2)	07-04-2011	-1,9
	22-09-2011	-15,6

(1) The main historical risk factors (within a 3 year horizon) are applied as a simulation over the current portfolio, sothat the potential impacts of those factors are measured.

(2) In these scenarios, past crisis market changes are applied over the current portfolio; in the cases at stake, there was great volatility of the portuguese public debt yields.

These results show that the exposure of the Group's trading book to the different risk factors considered is relatively limited, and that the main adverse scenario at stake is an increase in interest rates, especially when accompanied by an increase in the slope of the yield curve.

This sensitivity of the trading book to interest rate risk (in terms of a parallel shift of the yield curve) was, as at 31 December 2015, lower than that observed as at 31 December 2014.

However, taking into account the impact results of the historic scenarios presented above, the potential loss that could arise in the extreme market conditions observed in September 2011 would be much higher than a rise of interest rates in the scenario of +100 basis points.

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 2015 and based on the calculation of 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 level of rates with +100 basis points (for all periods) results in an impact of approximately 10 million Euros for positions denominated in Euros. The following table shows the

breakdown of this impact by each of the banking book's management areas and for the different residual terms of the positions in question.

(millions of Euros)

IMPACT OF A +100 BPS PARALLEL SHIFT OF THE YIELD CURVE Repricing gap in EUR	Repricing terms-to-maturity					
	< 1 Y	1 - 3 Y	3 - 5 Y	5 - 7 Y	> 7 Y	Total
Commercial area activity	6.754,4	86.307,5	362.631,0	-1.525,6	-37.691,0	416.476,4
Structural area activity	-13.493,2	34.052,8	12.213,9	6.041,0	-6.997,7	31.816,8
Subtotal	**-6.738,8**	**120.360,3**	**374.844,9**	**4.515,4**	**-44.688,7**	**448.293,2**
Hedging	-8.932,8	-134.494,8	-292.250,8	-5.150,9	27.119,0	-413.710,3
Commercial and Structural total	**-15.671,6**	**-14.134,5**	**82.594,2**	**-635,5**	**-17.569,7**	**34.582,9**
Funding and hedging	5.004,5	744,4	-159,3	-5.584,6	-5.382,6	-5.377,6
Investment portfolio	-15.943,4	-641,1	-1.109,4	-5.198,2	-7.369,6	-30.261,8
ALM	4.726,1	120.132,3	118.956,1	-198.802,9	-34.089,7	10.921,9
Banking Book total (Dec 2015)	**-21.884,4**	**106.101,1**	**200.281,6**	**-210.221,2**	**-64.411,5**	**9.865,4**
Banking Book total (Dec 2014)	-20.981,4	63.143,1	144.271,4	-53.613,1	-46.035,8	86.784,1
Impact of a -100 bps parallel shift of the yield curve (*)						
Banking Book total (Dec 2015)	**-4.712,3**	**-1.897,2**	**-83.214,3**	**77.807,5**	**69.883,8**	**57.867,4**

(*) Scenario is limited to non-negative interest rates (implying effective chages smaller than 100 bps, particularly in the shorter terms).

The positions at risk which are not subject to specific market hedging operations are transferred internally to two market areas (Funding and ALM), thus becoming an integral part of the respective portfolios. As such, they are assessed daily based on the market risk control model for the trading book already identified (VaR).

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 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 2015, the Group's financial holdings in USD, CHF and PLN were hedged (partially, in the 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 maintains a series of equity positions of a small size and low risk in the investment portfolio, which are not held for trading purposes. The management of these positions is carried out by a specific area of the Group, with the respective risk being controlled on a daily basis, through the indicators and limits defined for market risks.

Liquidity risk

Liquidity risk is the potential inability of the Group to meet its liabilities concerning funding repayment without incurring in significant losses, whether due to the deterioration of funding conditions (funding risk) or due to the sale of assets for amounts below market value (market liquidity risk).

In 2015, there was a reduction of 2,351 thousand million Euros in wholesale funding (WSF) needs, primarily underpinned by the decreases in the commercial gap of the activity in Portugal and in the portfolio of Portuguese public debt, as well as by the sale of 15.4% of the financial stake held in Bank Millennium (Poland).

Over the year, the Bank repaid medium and long term operations to an amount of 612 million Euros - through the early repurchase of senior debt and repayment at maturity of bank loans -, contracting new bank loans to an amount of 336 million Euros.

Consequently, there was a change in the composition of the market funding structure, with reductions of 910 million Euros in short term operations with financial institutions backed by securities, of 282 million Euros in senior debt and 1,275 million Euros in the balance of amounts borrowed from the European Central Bank (ECB), among other less material variations.

The table below illustrates the wholesale funding structure, as at 31 December 2014 and 2015, in terms of the relative weight of each of the instruments used:

Liquidity breakdown
(Wholesale funding)

	31 Dec 2015	31 Dec 2014	Weight chg.
MM	3,4%	4,1%	-0,7%
ECB	50,3%	50,5%	-0,2%
CoCo's	6,9%	5,7%	1,2%
Commercial Paper	1,7%	0,0%	1,7%
Repos	8,9%	14,0%	-5,1%
Loan agreements	9,4%	7,5%	1,8%
Schuldschein	1,0%	0,8%	0,2%
EMTN	4,1%	5,5%	-1,4%
Equity Swaps	0,0%	0,0%	0,0%
Covered bonds	11,9%	9,8%	2,1%
Subordinated debt	2,3%	1,9%	0,4%
TOTAL	**100,0%**	**100,0%**	

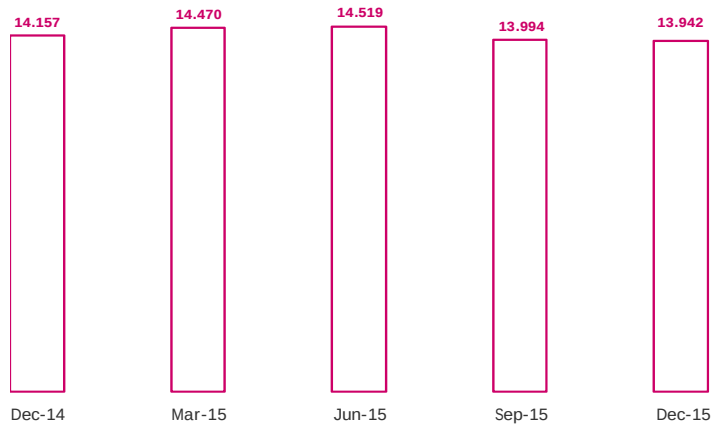
In the annual evolution of the funding structure, a highlight should be on the reduction of the weight of short term instruments – particularly, in instruments with repurchase agreements -, in contrast with the increase in the weight of medium and long term debt instruments.

The Group's WSF structure is defined for each annual period by the Liquidity Plan (which is an integral part of the budgeting process), formulated at 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.

Regarding the portfolio of assets eligible for discount at the Eurosystem, it should be noted that the reduction of the net amount financed by the ECB, combined with the decrease of 215 million Euros in the portfolio of collateral available for discount at this central bank, enabled the strengthening of the liquidity buffer by 1,051 million Euros in 2015, to an amount of 8,639 million Euros.

The recent evolution of the discountable collateral portfolio (at the ECB) is illustrated by the following chart:

ELIGIBLE ASSETS FOR DISCOUNTING AT THE ECB (*)
Aftar haircuts (millions of Euros)



(*) Total portfolio (includes used and not used assets, as well as the amounts temporarily out of the pool (until June 2014)

Control of liquidity risk

For short term time horizons (up to 3 months), the control of the Group's liquidity risk 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 2015, 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 structural liquidity profile through the regular monitoring of a set of indicators defined both internally and by the regulations, aimed at characterising liquidity risk, such as the loans-to-deposits ratio (102% as at 31 December 2015), the medium-term liquidity gaps and the coverage ratios of WSF by highly liquid assets (HLA).

Capital and Liquidity Contingency Plan

The Capital and Liquidity Contingency Plan 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.

This plan 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 action lines and triggers aimed at timely decision-making in adverse scenarios, either anticipated or observed.

The Capital and Liquidity Contingency Plan includes an early warning system, aimed at anticipating the occurrence of possible capital and liquidity crises, which combines 32 indicators concerning liquidity, capital, assets quality and other risks material to the Group. Under this warning system, this composite indicator is quantified weekly, with its evolution being monitored by the Group CALCO, the Research, Planning and ALM division, the Group Treasurer and the Risk Officer.

Pension Fund risk

This risk arises from the potential devaluation of the assets of the Defined Benefit Fund or from the reduction of their expected returns. If confronted by scenarios of this nature, the Group would have to make unplanned contributions in order to maintain the benefits defined by the Fund.

The Pension Fund Risk Monitoring Commission is responsible for the regular monitoring of this risk.

In 2015, the Pension Fund recorded a time-weighted rate of return (TWR), net of management and deposit commissions, of -0.76%. This performance was the result of the negative yield recorded in the component of European equities. In spite of the good performance recorded in other components of the portfolio – namely, in Portuguese equities and bonds (which benefited from the compression of spreads) -, this was not enough to offset the loss registered in European equities.

Internal Capital Adequacy Assessment Process (ICAAP)

The Internal Capital Adequacy Assessment Process (ICAAP) is a key component of the Group's risk management. It is an exercise aimed at identifying the capital needed by the Group to appropriately cover the risks in which it incurs by developing its business strategy – both current and projected for the medium term.

The results of the ICAAP allow the Bank's management bodies – namely, the Board of Directors and the Executive Committee - to test if the Group's capitalization is appropriate for the risks stemming from its activities and if the strategic plan and budget are sustainable in the medium term and comply with the risk limits defined in the Risk Appetite Statement (RAS) approved for the Group.

In 2014, in order to improve the fulfilment of these goals, the Group upgraded the methodology that was followed until then for ICAAP - which consisted the quantification of economic capital for a set of risks considered relevant – and adopted a methodology based on the stress testing tools (and corresponding impacts over the regulatory capital ratios), aligning with the industry trends.

The new ICAAP includes a prospective vision of the impact estimates concerning the occurrence of risks over the Bank's capital, considering their scale or dimension, complexity, frequency, probability and materiality, against a background consisting of the medium term (3 years) projection for the developments of the Group's activities, considering a base scenario and a stress scenario; the latest, with a severely negative evolution of macro-economic indicators in order to test the Group's resilience and the adequacy of the capital levels to cover the risks to which its activity may become subject.

The ICAAP benefits from an internal governance model that ensures the involvement of the Board of Directors and of its Risk Assessment Commission, the Executive Committee, the Risk Commission and of the top management, along the various stages of the process.

The ICAAP's first stage is the identification of the material risks to which the Group's activity is subject. For this purpose, the Group used a methodological approach based on an internal list of risks, covering more than 50 different risks, considering the relevancy of each one by taking into consideration its probability of occurrence and the magnitude of the impacts of its occurrence – either before or after the implementation of risk mitigation measures.

Beyond all risks considered to be material, the Group integrates in the ICAAP all of Basel's Pilar I risks, even if these do not attain levels that are considered to be material, at Group level.

The result of this stage is the list of risks to be incorporated in the ICAAP, which will also be helpful in defining the variables to be considered for the establishment of the base and the stressed scenarios, mentioned below.

In a second stage, the base and stressed scenarios that make the ICAAP's framework were defined. While the base scenario represents the Group's vision on the most probable evolution of the business constraints in the medium term, the stressed scenario incorporates extreme conditions, with low probability of occurrence but with severe impact over the Group's activity.

The modelling of the stress scenario considered severity levels that are in line with the stress scenario that was defined for the Comprehensive Assessment exercise, promoted by the European Central Bank in 2014.

In the third stage of the ICAAP, the impact of the main risks within the scope of the stress testing tools was modelled. Some risks are incorporated in this framework as a capital add-on, while other are considered in terms of their P&L impacts.

Within the ICAAP, the Group has considered the following relevant risks:

Credit Risk - Default, CCR
Credit Risk – Transfer risk
Credit Risk – Sovereign risk
Credit Risk – Securitization
Market Risk – Price risk
Financial Margin Risk
Operational Rusk
Real Estate Risk
Business Risk - Insurance
Pension Fund Risk – Actuarial risk
Market Risk - CVA risk
Market Risk – FX risk related to equity holdings
Liquidity Risk – Short term and structural
Model Risk – Regulations' changes risk
Legal Risk- Litigation risk
Liquidity Risk – Liquidity risk of assets
Regulation Risk – Credit risk-weighted assets (RWA) in CHF
Concentration Risk – Single name exposures

The various risks were modelled within the Group's stress testing framework, producing estimated impacts over the capital levels, either through the impact on the P&L or through changes in RWA.

After the estimation of impacts of the risks over P&L and the Group's balance-sheet – especially, in what concerns the Own Funds – the adequacy of the Group's Risk Taking Capacity (RTC) can be assessed, vis-à-vis its expected activity profile.

The Group adopts a RTC level that is in line with the regulatory capital ratios defined by the CRD IV (Directive 2013/36/EU), the CRR (Regulation (EU) 575/2013) and Banco de Portugal's regulation Notice no. 6/2013, ensuring adequate conservatism levels in what concerns the approach to the projections of Consolidated Own Funds.

The ICAAP's results are tested against the regulatory capital ratio limits approved by the Board of Directors, within the scope of the Group's RAS.

In conclusion: the ICAAP exercise has evidenced that the current capitalisation levels are appropriate for a 3-year horizon, either under the base scenario or the stressed scenario.

Validation of models

The Audit and Model Validation Unit is responsible for conducting the independent validation of the credit risk (rating) and market risk systems and of their respective models, and for promoting their

monitoring. This validation and monitoring also involves the model owners, the heads of the risk systems, the Validation Committee and the Risk Commission.

During 2015, as planned, actions were carried out in the areas of validation, monitoring and review/improvement of the credit and market risk models. In addition to the drawing of conclusions and the issuing of recommendations, these actions seek to monitor and enhance the knowledge about the quality of the systems and models, strengthening the capacity of timely reaction to changes in their predictive powers, so as to ensure confidence in their use and performance and to confirm their compliance with the regulatory provisions in force.

Within the scope of the annual validation processes, the most significant models refer to the probability of default (PD) for the Small, Mid and Large Corporate segments in the Corporate risk class, for the Real Estate promotion segment and for the Small Business and Mortgage Loan segments in the Retail risk class, as well as to the loss given default (LGD) model and credit conversion factors (CCF) model in the Retail and Corporate risk classes.

Preliminary validation actions were also carried out, concerning the use of advanced methods for various types of exposures that are not yet covered by IRB methodologies, in the context of the Roll Out Plan established by the Group.

In the area of market risks, a general review was made of the internal model (VaR), in terms of its various calculation components, assumptions and risk factors.

Exposure to Activities and Products Affected by Financial Crisis

The Group's portfolio does not have any material investments in complex financial products.

The Group carries out transactions with derivatives mainly to hedge structured products for Customers (guaranteed capital and other products), risks stemming from the Bank's day-to-day business, 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 2015, the Group's net exposure to Portuguese sovereign debt was 3.9 billion euros, net exposure to Italian sovereign debt was 51 million euros and net exposure to Spanish sovereign debt was 39 million euros. Of the total of 7.3 billion euros of consolidated public debt, 0.3 billion euros was recorded under the portfolio of financial assets held for trading and 7.0 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 58 to the Consolidated Financial Statements.

The Group's accounting policies are described in Note 1 to the Notes to the Financial Statements, included in the Accounts and Notes to the Accounts of 2015. 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 the 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 managerial 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 Bank of 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 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 function 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, designed 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 action; and
- 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 suitably planned, reviewed and documented and is supported by risk 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 the behaviour and prospective evolution of relevant markets.

The financial information process is supported 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 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, namely, through the identification of deficiencies in the system, either in terms of its design, implementation and/or use on a continuous basis and as an integral part of the Group's routines, 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 boards.

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 activity of the Risk Office 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 Department 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 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 16-20; Governance Model, page 21-22; 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 59-60*
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 120-139; (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 120-139; (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 120-139; (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) – Results and Balance Sheet, page 65-88; (Accounts and Notes to the Accounts) – Earnings from trading and hedge operations; Earnings from financial assets available for sale*

[††] of the Financial Stability Board (FSB) and European Banking Authority (EBA).

		Page
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 140*
10.	Description of the reasons and factors responsible for the impact incurred.	*AR (Management Report) – Economic Environment, page 51-53*
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) – Results and Balance Sheet, page 65-88*
12.	Distribution of write-downs between unrealised and realised amounts.	*AR (Management Report) – Risk Management, page 120-139; (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 44-49*
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 120-139; (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) – Results and Balance Sheet, page 65-88; (Accounts and Notes to the Accounts) – Fair Value*
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 140; (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 140*

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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 140*
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 140*
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 140*
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 140*
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 140; (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 140; (Accounts and Notes to the Accounts) – Accounting Policies*

		Page
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 120-139; (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 120-139; (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 120-139; (Accounts and Notes to the Accounts) – Accounting Policies; Fair Value; Risk Management*

Supplementary Information

FINANCIAL STATEMENTS FOR 2015

BANCO COMERCIAL PORTUGUÊS

Consolidated Income Statement for the years ended at 31 December, 2015 and 2014

(Thousands of Euros)

	2015	2014
Interest and similar income	2,316,101	2,652,638
Interest expense and similar charges	(1,014,526)	(1,536,487)
Net interest income	1,301,575	1,116,151
Dividends from equity instruments	11,941	5,888
Net fees and commission income	692,862	680,885
Net gains / (losses) arising from trading and hedging activities	173,698	154,247
Net gains / (losses) arising from available for sale financial assets	421,746	302,407
Net gains / (losses) arising from financial assets held to maturity	-	(14,492)
Other operating income	(110,519)	(53,300)
	2,491,303	2,191,786
Other net income from non banking activity	18,856	19,278
Total operating income	2,510,159	2,211,064
Staff costs	616,070	635,616
Other administrative costs	423,833	448,451
Depreciation	66,623	65,543
Operating costs	1,106,526	1,149,610
Operating net income before provisions and impairments	1,403,633	1,061,454
Loans impairment	(833,024)	(1,106,990)
Other financial assets impairment	(56,675)	(91,345)
Other assets impairment	(79,667)	(36,311)
Goodwill impairment	-	(145)
Other provisions	(24,947)	(81,473)
Operating net income	409,320	(254,810)
Share of profit of associates under the equity method	23,528	35,960
Gains / (losses) from the sale of subsidiaries and other assets	(30,138)	45,445
Net income / (loss) before income tax	402,710	(173,405)
Income tax		
Current	(99,746)	(100,995)
Deferred	43,349	198,670
Net income / (loss) after income tax from continuing operations	346,313	(75,730)
Income arising from discontinued operations	14,648	(40,830)
Net income after income tax	360,961	(116,560)
Attributable to:		
Shareholders of the Bank	235,344	(226,620)
Non-controlling interests	125,617	110,060
Net income for the year	360,961	(116,560)
Earnings per share (in euros)		
Basic	0.005	(0.005)
Diluted	0.005	(0.005)

BANCO COMERCIAL PORTUGUÊS

Consolidated Balance Sheet as at 31 December, 2015 and 2014

(Thousands of Euros)

	2015	2014
Assets		
Cash and deposits at central banks	1,840,317	1,707,447
Loans and advances to credit institutions		
Repayable on demand	776,413	795,774
Other loans and advances	921,648	1,456,026
Loans and advances to customers	51,970,159	53,685,648
Financial assets held for trading	1,188,805	1,674,240
Other financial assets held for trading at fair value through profit or loss	152,018	-
Financial assets available for sale	10,779,030	8,263,225
Assets with repurchase agreement	-	36,423
Hedging derivatives	73,127	75,325
Financial assets held to maturity	494,891	2,311,181
Investments in associated companies	315,729	323,466
Non current assets held for sale	1,765,382	1,622,016
Investment property	146,280	176,519
Property and equipment	670,871	755,451
Goodwill and intangible assets	210,916	252,789
Current tax assets	43,559	41,895
Deferred tax assets	2,561,506	2,398,562
Other assets	974,228	784,929
	74,884,879	76,360,916
Liabilities		
Amounts owed to credit institutions	8,591,045	10,966,155
Amounts owed to customers	51,538,583	49,816,736
Debt securities	4,768,269	5,709,569
Financial liabilities held for trading	723,228	952,969
Hedging derivatives	541,230	352,543
Provisions for liabilities and charges	284,810	460,293
Subordinated debt	1,645,371	2,025,672
Current income tax liabilities	22,287	31,794
Deferred income tax liabilities	14,810	6,686
Other liabilities	1,074,675	1,051,592
Total Liabilities	69,204,308	71,374,009
Equity		
Share capital	4,094,235	3,706,690
Treasury stock	(1,187)	(13,547)
Share premium	16,471	-
Preference shares	59,910	171,175
Other capital instruments	2,922	9,853
Fair value reserves	23,250	106,898
Reserves and retained earnings	192,224	458,087
Net income for the year attributable to Shareholders	235,344	(226,620)
Total Equity attributable to Shareholders of the Bank	4,623,169	4,212,536
Non-controlling interests	1,057,402	774,371
Total Equity	5,680,571	4,986,907
	74,884,879	76,360,916

Proposed Application of Results

Considering:

A. The provisions of the law and of the by-laws concerning the legal reserve;
B. That in the financial year of 2015, Banco Comercial Português, S.A registered consolidated net earnings amounting to 235,343,707.80 Euros and individual net earnings amounting to 226,057,215.10 Euros,

It is proposed

In accordance with article 66 (5) (f) and for purposes of article 376 (1) (b) of the Companies Code, the appropriation of the individual net earnings on the individual balance sheet, amounting to 226,057,215.10 Euros, as follows:

22,605,721.51 Euros for reinforcement of the legal reserve;

203,451,493.59 Euros for retained earnings.

Lisbon, 28 March 2016

The Board of Directors

Accounts and Notes to the Consolidated Accounts for 2015

BANCO COMERCIAL PORTUGUÊS

Consolidated Income Statement
for the years ended at 31 December, 2015 and 2014

	Notes	2015	2014
		(Thousands of Euros)	
Interest and similar income	3	2,316,101	2,652,638
Interest expense and similar charges	3	(1,014,526)	(1,536,487)
Net interest income		1,301,575	1,116,151
Dividends from equity instruments	4	11,941	5,888
Net fees and commissions income	5	692,862	680,885
Net gains / (losses) arising from trading and hedging activities	6	173,698	154,247
Net gains / (losses) arising from financial assets available for sale	7	421,746	302,407
Net gains / (losses) arising from financial assets held to maturity	8	-	(14,492)
Other operating income / (costs)	9	(110,519)	(53,300)
		2,491,303	2,191,786
Other net income from non banking activities		18,856	19,278
Total operating income		2,510,159	2,211,064
Staff costs	10	616,070	635,616
Other administrative costs	11	423,833	448,451
Depreciation	12	66,623	65,543
Operating expenses		1,106,526	1,149,610
Operating net income before provisions and impairment		1,403,633	1,061,454
Loans impairment	13	(833,024)	(1,106,990)
Other financial assets impairment	14	(56,675)	(91,345)
Other assets impairment	28 and 33	(79,667)	(36,311)
Goodwill impairment		-	(145)
Other provisions	15	(24,947)	(81,473)
Operating net income / (loss)		409,320	(254,810)
Share of profit of associates under the equity method	16	23,528	35,960
Gains / (losses) arising from the sale of subsidiaries and other assets	17	(30,138)	45,445
Net income / (loss) before income taxes		402,710	(173,405)
Income taxes			
Current	32	(99,746)	(100,995)
Deferred	32	43,349	198,670
Income / (loss) after income taxes from continuing operations		346,313	(75,730)
Income / (loss) arising from discontinued operations	18	14,648	(40,830)
Net income / (loss) after income taxes		360,961	(116,560)
Consolidated net income / (loss) for the year attributable to:			
Shareholders of the Bank		235,344	(226,620)
Non-controlling interests	45	125,617	110,060
Net income / (loss) for the year		360,961	(116,560)
Earnings per share (in Euros)	19		
Basic		0.005	(0.005)
Diluted		0.005	(0.005)

CHIEF ACCOUNTANT THE EXECUTIVE COMMITTEE

See accompanying notes to the consolidated financial statements

BANCO COMERCIAL PORTUGUÊS

Consolidated Balance Sheet as at 31 December, 2015 and 2014

	Notes	2015	2014
		(Thousands of Euros)	
Assets			
Cash and deposits at Central Banks	20	1,840,317	1,707,447
Loans and advances to credit institutions			
Repayable on demand	21	776,413	795,774
Other loans and advances	22	921,648	1,456,026
Loans and advances to customers	23	51,970,159	53,685,648
Financial assets held for trading	24	1,188,805	1,674,240
Other financial assets held for trading			
at fair value through profit or loss	24	152,018	-
Financial assets available for sale	24	10,779,030	8,263,225
Assets with repurchase agreement		-	36,423
Hedging derivatives	25	73,127	75,325
Financial assets held to maturity	26	494,891	2,311,181
Investments in associated companies	27	315,729	323,466
Non-current assets held for sale	28	1,765,382	1,622,016
Investment property	29	146,280	176,519
Property and equipment	30	670,871	755,451
Goodwill and intangible assets	31	210,916	252,789
Current income tax assets		43,559	41,895
Deferred income tax assets	32	2,561,506	2,398,562
Other assets	33	974,228	784,929
Total Assets		74,884,879	76,360,916
Liabilities			
Deposits from credit institutions	34	8,591,045	10,966,155
Deposits from customers	35	51,538,583	49,816,736
Debt securities issued	36	4,768,269	5,709,569
Financial liabilities held for trading	37	723,228	952,969
Hedging derivatives	25	541,230	352,543
Provisions	38	284,810	460,293
Subordinated debt	39	1,645,371	2,025,672
Current income tax liabilities		22,287	31,794
Deferred income tax liabilities	32	14,810	6,686
Other liabilities	40	1,074,675	1,051,592
Total Liabilities		69,204,308	71,374,009
Equity			
Share capital	41	4,094,235	3,706,690
Share premium		16,471	-
Preference shares	41	59,910	171,175
Other equity instruments	41	2,922	9,853
Treasury stock	44	(1,187)	(13,547)
Fair value reserves	43	23,250	106,898
Reserves and retained earnings	43	192,224	458,087
Net income / (loss) for the year attributable to Shareholders		235,344	(226,620)
Total Equity attributable to Shareholders of the Bank		4,623,169	4,212,536
Non-controlling interests	45	1,057,402	774,371
Total Equity		5,680,571	4,986,907
		74,884,879	76,360,916

CHIEF ACCOUNTANT THE EXECUTIVE COMMITTEE

See accompanying notes to the consolidated financial statements

BANCO COMERCIAL PORTUGUÊS

Consolidated Cash Flows Statement
for the years ended at 31 December, 2015 and 2014

	2015	2014
	(Thousands of Euros)	
Cash flows arising from operating activities		
Interests received	2,189,498	2,354,534
Commissions received	850,019	862,022
Fees received from services rendered	79,755	90,078
Interests paid	(1,061,619)	(1,635,320)
Commissions paid	(203,186)	(271,755)
Recoveries on loans previously written off	29,726	15,631
Net earned premiums	28,622	26,742
Claims incurred of insurance activity	(10,438)	(10,641)
Payments to suppliers and employees	(1,453,636)	(1,491,419)
Income taxes (paid) / received	(98,847)	(85,513)
	349,894	(145,641)
Decrease / (increase) in operating assets:		
Receivables from / (Loans and advances to) credit institutions	518,599	(332,121)
Deposits held with purpose of monetary control	(94,538)	1,329,828
Loans and advances to customers	673,511	3,386,494
Short term trading account securities	332,709	(121,139)
Increase / (decrease) in operating liabilities:		
Deposits from credit institutions repayable on demand	(76,622)	137,806
Deposits from credit institutions with agreed maturity date	(2,247,785)	(2,536,748)
Deposits from clients repayable on demand	3,750,799	1,556,641
Deposits from clients with agreed maturity date	(1,953,456)	(1,509,976)
	1,253,111	1,765,144
Cash flows arising from investing activities		
Sale of shares in subsidiaries and associated companies	320,305	163,786
Dividends received	46,319	9,269
Interest income from available for sale financial assets and held to maturity financial assets	325,517	414,809
Sale of available for sale financial assets	12,572,774	13,340,670
Acquisition of available for sale financial assets	(65,920,453)	(81,733,441)
Maturity of available for sale financial assets	52,626,182	69,578,158
Acquisition of tangible and intangible assets	(90,824)	(119,763)
Sale of tangible and intangible assets	38,732	28,163
Decrease / (increase) in other sundry assets	72,639	(231,821)
	(8,809)	1,449,830
Cash flows arising from financing activities		
Issuance of subordinated debt	657	421
Reimbursement of subordinated debt	(16,403)	(2,265,669)
Issuance of debt securities	309,586	3,912,301
Reimbursement of debt securities	(1,416,446)	(7,739,894)
Issuance of commercial paper and other securities	120,558	99,563
Reimbursement of commercial paper and other securities	(5,240)	(19,060)
Share capital increase	-	2,241,690
Dividends paid to non-controlling interests	(10,157)	(31,055)
Increase / (decrease) in other sundry liabilities and non-controlling interests	(72,769)	240,979
	(1,090,214)	(3,560,724)
Exchange differences effect on cash and equivalents	(150,948)	10,604
Net changes in cash and equivalents	3,140	(335,146)
Cash and equivalents at the beginning of the year	1,398,584	1,733,730
Cash (note 20)	625,311	602,810
Other short term investments (note 21)	776,413	795,774
Cash and equivalents at the end of the year	1,401,724	1,398,584

See accompanying notes to the consolidated financial statements

BANCO COMERCIAL PORTUGUÊS

Consolidated Statement of Changes in Equity
for the years ended at 31 December, 2015 and 2014

(Amounts expressed in thousands of Euros)

	Share capital	Preference shares	Other equity 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	Equity attributed to the Shareholders of the Bank	Non-controlling interests (note 45)	Total equity
Balance on 1 January, 2014	3,500,000	171,175	9,853	-	223,270	22,311	(1,950,790)	630,133	(22,745)	2,583,207	692,601	3,275,808
Other comprehensive income												
Exchange differences arising on consolidation	-	-	-	-	-	-	10,919	-	-	10,919	(315)	10,604
Fair value reserves (note 43)	-	-	-	-	-	84,587	-	-	-	84,587	(407)	84,180
Actuarial losses												
Gross value	-	-	-	-	-	-	(477,859)	-	-	(477,859)	(500)	(478,359)
Taxes	-	-	-	-	-	-	34,243	-	-	34,243	41	34,284
Net income / (loss) for the year	-	-	-	-	-	-	-	(226,620)	-	(226,620)	110,060	(116,560)
Total comprehensive income for the year	-	-	-	-	-	84,587	(432,697)	(226,620)	-	(574,730)	108,879	(465,851)
Share capital decrease (note 41)	(2,035,000)	-	-	-	-	-	-	2,035,000	-	-	-	-
Share capital increase (note 41)	2,241,690	-	-	-	-	-	-	-	-	2,241,690	-	2,241,690
Costs related to the share capital increase	-	-	-	-	-	-	-	(57,718)	-	(57,718)	-	(57,718)
Tax related to costs arising from the share capital increase	-	-	-	-	-	-	-	12,121	-	12,121	-	12,121
Dividends of BIM - Banco Internacional de Moçambique, S.A. and SIM - Seguradora Internacional de Moçambique, S.A.R.L. and Bank Millennium, S.A.	-	-	-	-	-	-	-	-	-	-	(31,055)	(31,055)
Acquisition of 54.01% of the Units of the Investment Fund DP Invest	-	-	-	-	-	-	-	-	-	-	3,932	3,932
Treasury stock (note 44)	-	-	-	-	-	-	-	-	9,198	9,198	-	9,198
Other reserves arising on consolidation (note 43)	-	-	-	-	-	-	-	(1,232)	-	(1,232)	14	(1,218)
Balance on 31 December, 2014	3,706,690	171,175	9,853	-	223,270	106,898	(2,383,487)	2,391,684	(13,547)	4,212,536	774,371	4,986,907
Other comprehensive income												
Exchange differences arising on consolidation	-	-	-	-	-	-	(84,038)	-	-	(84,038)	(71,471)	(155,509)
Fair value reserves (note 43)	-	-	-	-	-	(91,139)	-	-	-	(91,139)	19,047	(72,092)
Actuarial losses												
Gross value	-	-	-	-	-	-	(110,507)	-	-	(110,507)	(185)	(110,692)
Taxes	-	-	-	-	-	-	86,459	-	-	86,459	(17)	86,442
Disposal of 15.54% of Bank Millennium S.A.	-	-	-	-	-	-	-	-	-	-	-	-
Millennium S.A. (note 48)	-	-	-	-	-	7,491	4,561	-	-	12,052	(7,491)	4,561
Net income / (loss) for the year	-	-	-	-	-	-	-	235,344	-	235,344	125,617	360,961
Total comprehensive income for the year	-	-	-	-	-	(83,648)	(103,525)	235,344	-	48,171	65,500	113,671
Share capital increase by securities exchange (note 41 and 48)	387,545	(111,265)	(6,931)	16,471	-	-	-	-	-	285,820	-	285,820
Costs related to the share capital increase	-	-	-	-	-	-	-	(1,173)	-	(1,173)	-	(1,173)
Tax related to costs arising from the share capital increase	-	-	-	-	-	-	-	247	-	247	-	247
Dividends of BIM - Banco Internacional de Moçambique, S.A., SIM - Seguradora Internacional de Moçambique, S.A.R.L.	-	-	-	-	-	-	-	-	-	-	(10,157)	(10,157)
Disposal of 15.54% of Bank Millennium S.A.	-	-	-	-	-	-	-	-	-	-	-	-
Millennium S.A. (note 48)	-	-	-	-	-	-	-	30,988	-	30,988	227,910	258,898
Treasury stock (note 44)	-	-	-	-	-	-	-	34,468	12,360	46,828	-	46,828
Other reserves arising on consolidation (note 43)	-	-	-	-	-	-	3,434	(3,682)	-	(248)	(222)	(470)
Balance on 31 December, 2015	4,094,235	59,910	2,922	16,471	223,270	23,250	(2,483,578)	2,687,876	(1,187)	4,623,169	1,057,402	5,680,571

See accompanying notes to the consolidated financial statements

BANCO COMERCIAL PORTUGUÊS

Consolidated Statement of Comprehensive income
for the years ended at 31 December, 2015 and 2014

		2015				
		(Thousands of Euros)				
					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		(107,017)	-	(107,017)	(121,344)	14,327
Taxes		34,925	-	34,925	37,696	(2,771)
		(72,092)	-	(72,092)	(83,648)	11,556
Exchange differences arising on consolidation		(150,948)	-	(150,948)	(79,477)	(71,471)
		(223,040)	-	(223,040)	(163,125)	(59,915)
Items that will not be reclassified to the income statement						
Actuarial losses for the year						
Gross amount						
Not related to changes in actuarial assumptions						
Return of the fund	50	(110,343)	(71)	(110,414)	(110,414)	-
Difference between the expected and the effective obligations	50	(363)	-	(363)	(363)	-
BCP Pensions Fund	50	(110,706)	(71)	(110,777)	(110,777)	-
Actuarial losses from associated companies		85	-	85	270	(185)
		(110,621)	(71)	(110,692)	(110,507)	(185)
Taxes		86,425	17	86,442	86,459	(17)
		(24,196)	(54)	(24,250)	(24,048)	(202)
Other comprehensive (loss) / income after taxes		(247,236)	(54)	(247,290)	(187,173)	(60,117)
Net income / (loss) for the year		346,313	14,648	360,961	235,344	125,617
Total comprehensive (loss) / income for the year		99,077	14,594	113,671	48,171	65,500

See accompanying notes to the consolidated financial statements

BANCO COMERCIAL PORTUGUÊS

Consolidated Statement of Comprehensive income
for the years ended at 31 December, 2015 and 2014

		2014				
		(Thousands of Euros)				
					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		94,556	(176)	94,380	95,721	(1,341)
Taxes		(10,228)	28	(10,200)	(11,134)	934
		84,328	(148)	84,180	84,587	(407)
Exchange differences arising on consolidation		10,680	(76)	10,604	10,919	(315)
		95,008	(224)	94,784	95,506	(722)
Items that will not be reclassified to the income statement						
Actuarial losses for the year						
Gross amount						
Not related to changes in actuarial assumptions						
Return of the fund	50	96,756	104	96,860	96,860	-
Difference between the expected and the effective obligations	50	(392)	171	(221)	(221)	-
Arising from changes in actuarial assumptions	50	(572,598)	(1,282)	(573,880)	(573,880)	-
BCP Pensions Fund	50	(476,234)	(1,007)	(477,241)	(477,241)	-
Actuarial losses from associated companies		(1,118)	-	(1,118)	(618)	(500)
		(477,352)	(1,007)	(478,359)	(477,859)	(500)
Taxes		34,166	118	34,284	34,243	41
		(443,186)	(889)	(444,075)	(443,616)	(459)
Other comprehensive (loss) / income after taxes		(348,178)	(1,113)	(349,291)	(348,110)	(1,181)
Net income / (loss) for the year		(75,730)	(40,830)	(116,560)	(226,620)	110,060
Total comprehensive (loss) / income for the year		(423,908)	(41,943)	(465,851)	(574,730)	108,879

See accompanying notes to the consolidated financial statements

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, 2015 and 2014.

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 28 March 2016 by the Bank's Board of Directors. 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 year ended 31 December 2015 were prepared in terms of recognition and measurement in accordance with the IFRS adopted by the EU and effective on that date.

The Group has adopted IFRS and interpretations mandatory for accounting periods beginning on or after 1 January 2015, 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, with the changes arising from the adoption of the following standards: IFRIC 21 – Levies.

IFRIC 21 – Levies

The IASB issued this interpretation on 20 May 2013, effective (with retrospective application) for annual periods beginning on or after 1 January 2014. This interpretation was endorsed by EU Commission Regulation no. 634/2014, 13 June (defining entry into force at the latest, as from the commencement date of first financial year starting on or after 17 June 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 recognizes a liability for a levy when – and only when – the triggering event specified in the legislation occurs.

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 financial assets available for sale, 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.

The consolidated financial statements now presented reflect the assets, liabilities, income and expenses of the Bank and its subsidiaries (the Group), and the results attributable to the Group financial investments in associates.

Investments in subsidiaries

Subsidiaries are entities controlled by the Group (including structure entities and investment funds). The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity (de facto control). The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Accumulated losses are attributed to non-controlling interests in the respective proportion, implying that the Group can recognise negative non-controlling interests.

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

Business combinations 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.

Costs directly attributable to the acquisition of a subsidiary are booked directly in the income statement.

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 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.

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

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.

Loss of control

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.

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.

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.

Regarding the investments in foreign operations that are consolidated under the full consolidation 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 costumers.

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

Financial assets are recognized on the trade date, thus, in the date that the Group commits to purchase the asset and are classified considering the intent behind them, according to the categories described below:

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, or if it is not framed in the exceptions stated by the rules, 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, an assessment is made 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% 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 to the monetary items is recognised through profit and loss, as well as changes in currency risk of the monetary items.

(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 measurement of these assets is determined based on the lower of the carrying amount and the corresponding fair value less costs to sell. 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 to 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, 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 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 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 pension's 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 proceeded 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 to 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 to 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 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 2015, the Group has two defined contribution plans. One plan covers employees who were hired before 1 July, 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) distributable profits or reserves exist 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 2015 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, whenever it is attributed.

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 activity:
- Retail Banking, also including ActivoBank;
- Companies, including the following networks: Companies, Corporate, Large Corporates and Investment Banking;
- Private Banking;
- Non-core business portfolio

Foreign activity:
- Poland;
- Angola;
- Mozambique.

Considering the commitment agreed with the Directorate-General for Competition of the European Commission (DG Comp) regarding the Bank's Restructuring Plan, in particular the implementation of a new approach to the asset management business, and in accordance with IFRS 5, the activity of Millennium bcp Gestão de Activos was classified as discontinued operations during 2013. From this date onwards, the impact on results of these operations were presented on a separate line item in the profit and loss account, defined as "income arising from discontinued operations" with no change at balance sheet level from the criteria as that of the financial statements as at 31 December 2014. However, following the sale of the total shareholding in Millennium bcp Gestão de Activos in May 2015, its assets and liabilities are no longer considered from this date onwards.

Additionally, following the sale of the total shareholding in Banca Millennium in Romania in 2014, this subsidiary was classified as discontinued operation , with the impact on results of its operation presented on a separate line item in the profit and loss account, defined as "income arising from discontinued operations", as at December 2014.

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 intermediation services

The Banco Comercial Português and Banco ActivoBank are entities authorized by the 'Autoridade de Supervisão de Seguros e Fundos de Pensões' (Portuguese Insurance Regulation) to practice the activity of insurance intermediation in the category of Online Insurance Broker, in accordance with Article 8., Paragraph a), point i) of Decree-Law n. º 144/2006, of July 31, developing the activity of insurance intermediation in life and non-life.

Within the insurance intermediation services, the banks perform the sale of insurance contracts. As compensation for services rendered for insurance intermediation, 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 intermediation 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 judgments 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, 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.

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.

Entities included in the consolidation perimeter

For the purposes of determining entities to include in the consolidation perimeter, the Group assess whether it is exposed to, or has rights to, the variable returns from its involvement with the entity (de facto control).

The decision if an entity needs to be consolidated by the Group requires the use of judgment, estimates and assumptions to determine what extend the Group is exposed to the variable returns and its ability to use its power to affect those returns.

Different estimates and assumptions could lead the Group to a different scope of consolidation perimeter with a direct impact in net income.

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 and 7. A particular business activity can generate impact in each of these captions, whereby the 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:

	2015 Euros '000	2014 Euros '000
Net interest income	1,301,575	1,116,151
Net gains / (losses) from trading and hedging assets	173,698	154,247
Net gains / (losses) from financial assets available for sale	421,746	302,407
Net gains / (losses) from financial assets held to maturity	-	(14,492)
	1,897,019	1,558,313

3. Net interest income

The amount of this account is comprised of:

	2015 Euros '000	2014 Euros '000
Interest and similar income		
Interest on loans and advances	1,867,061	2,039,661
Interest on trading securities	15,241	17,300
Interest on other financial assets valued at fair value through profit and loss account	6,061	-
Interest on available for sale financial assets	245,925	289,507
Interest on held to maturity financial assets	29,929	116,246
Interest on hedging derivatives	104,161	112,426
Interest on derivatives associated to financial instruments through profit and loss account	15,286	29,925
Interest on deposits and other investments	32,437	47,573
	2,316,101	2,652,638
Interest expense and similar charges		
Interest on deposits and other resources	661,363	907,058
Interest on securities issued	197,910	353,512
Interest on subordinated debt		
Hybrid instruments eligible as core tier 1 (CoCos) underwritten by the Portuguese State	65,352	180,027
Others	60,844	66,986
Interest on hedging derivatives	11,271	14,829
Interest on derivatives associated to financial instruments through profit and loss account	17,786	14,075
	1,014,526	1,536,487
	1,301,575	1,116,151

The balance Interest on loans and advances includes the amount of Euros 55,192,000 (2014: Euros 56,290,000) related to commissions and other gains accounted for in accordance with 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 203,835,000 (2014: Euros 229,343,000) related to interest income arising from customers with signs of impairment (individual and collective analysis).

The balances Interest on securities issued and Interest on subordinated debt include the amount of Euros 92,851,000 (2014: Euros 149,984,000) 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:

	2015 Euros '000	2014 Euros '000
Dividends from financial assets available for sale	11,936	5,886
Dividends from financial assets held for trading	5	2
	11,941	5,888

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:

	2015 Euros '000	2014 Euros '000
Fees and commissions received		
From guarantees	84,942	83,290
From credit and commitments	2,939	1,910
From banking services	451,629	460,515
From insurance activity	1,648	1,413
From securities operations	100,543	106,645
From management and maintenance of accounts	84,376	76,611
From fiduciary and trust activities	980	1,279
From other services	75,403	80,518
	802,460	812,181
Fees and commissions paid		
From guarantees	5,098	26,129
From banking services	82,311	84,032
From insurance activity	1,536	1,611
From securities operations	9,290	9,637
From other services	11,363	9,887
	109,598	131,296
	692,862	680,885

The balance Fees and commissions received - From banking services includes the amount of Euros 75,340,000 (2014: Euros 72,742,000) related to insurance mediation commissions.

The caption Fees and commissions expenses - From guarantees included in 2014, the amount of Euros 22,689,000 related to commissions paid relating the issues guaranteed given by the Portuguese State.

6. Net gains / (losses) arising from trading and hedging activities

The amount of this account is comprised of:

	2015 Euros '000	2014 Euros '000
Gains arising on trading and hedging activities		
Foreign exchange activity	2,132,878	1,148,545
Transactions with financial instruments recognised at fair value through profit and loss account		
Held for trading		
Securities portfolio		
Fixed income	8,649	43,199
Variable income	5,725	4,193
Certificates and structured securities issued	53,908	71,834
Derivatives associated to financial instruments at fair value through results	50,192	56,592
Other financial instruments derivatives	691,880	608,490
Other financial instruments at fair value through results		
Securities portfolio		
Fixed income	29	-
Other financial instruments	8,351	14,142
Repurchase of own issues	42,124	40,482
Hedging accounting		
Hedging derivatives	106,873	75,809
Hedged item	21,371	29,440
Other activity	9,729	25,830
	3,131,709	2,118,556
Losses arising on trading and hedging activities		
Foreign exchange activity	1,994,393	1,050,021
Transactions with financial instruments recognised at fair value through profit and loss account		
Held for trading		
Securities portfolio		
Fixed income	13,975	7,881
Variable income	5,701	1,051
Certificates and structured securities issued	57,648	69,039
Derivatives associated to financial instruments through profit and loss account	53,476	66,557
Other financial instruments derivatives	679,054	640,778
Other financial instruments at fair value through results		
Securities portfolio		
Fixed income	734	-
Other financial instruments	4,657	14,668
Repurchase of own issues	3,828	1,783
Hedging accounting		
Hedging derivatives	119,110	47,503
Hedged item	8,173	48,506
Other activity	17,262	16,522
	2,958,011	1,964,309
	173,698	154,247

As mentioned in note 48, the approval of the exchange offer of subordinated securities for shares originated, in 2015, a gain of Euros 34,420,000 in Net gains / (losses) arising from trading and hedging activities - Repurchase of own issues.

The result of repurchase of own issues is determined in accordance with the accounting policy described in note 1 d).

The caption Net gains arising from trading and hedging activities includes, in 2015, for Deposits from customers - Deposits at fair value through profit and loss, a loss of Euros 1,302,000 (2014: loss of Euros 4,642,000) related to the fair value changes arising from changes in own credit risk (spread), as referred in note 35.

This caption also includes in 2015, for Debt securities at fair value through profit and loss, a loss of Euros 6,337,000 (2014: gain of Euros 632,000) and for derivatives liabilities associated to financial instruments a loss of Euros 8,491,000 (2014: gain Euros 11,345,000), related to the fair value changes arising from changes in own credit risk (spread), as referred in note 36.

7. Net gains / (losses) arising from financial assets available for sale

The amount of this account is comprised of:

	2015 Euros '000	2014 Euros '000
Gains arising from financial assets available for sale		
Fixed income	435,584	302,828
Variable income	11,061	7,749
Losses arising from financial assets available for sale		
Fixed income	(24,189)	(6,659)
Variable income	(710)	(1,511)
	421,746	302,407

The caption Gains arising from financial assets available for sale - Fixed income - includes, in 2015, the amount of Euros 414,603,000 (2014: Euros 291,048,000) related to gains resulting from the sale of Portuguese public debt.

As mentioned in note 24, during 2015, and following measures taken to strengthen the Group's capital ratios levels, Euros 1,742,354,000 were transferred to the portfolio of financial assets available for sale, the whole Portuguese public debt portfolio previously recorded in the portfolio financial assets held to maturity in order to arrange for its disposal.

8. Net gains / (losses) arising from financial assets held to maturity

The amount of this account is comprised of:

	2015 Euros '000	2014 Euros '000
Losses arising from financial assets held to maturity	-	(14,492)

9. Other operating income / (costs)

The amount of this account is comprised of:

	2015 Euros '000	2014 Euros '000
Operating income		
Income from services	31,229	29,291
Cheques and others	15,581	15,167
Other operating income	12,904	2,107
	59,714	46,565
Operating costs		
Indirect taxes	23,754	11,963
Donations and contributions	3,761	4,026
Contribution over the banking sector	24,937	37,195
Contribution for the resolution fund	6,393	8,016
Contribution for the single resolution fund	31,364	-
Other operating expenses	80,024	38,665
	170,233	99,865
	(110,519)	(53,300)

The caption Contribution over 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.

The item Contribution to the Resolution Fund corresponds to the periodic contributions that must be paid to the Fund by the member credit institutions, as stipulated in Decree-Law No 24/2013. The periodic contributions are determined by a base rate, established by the Bank of Portugal through regulatory instruments, to be applied in each year and which may be adjusted to the credit institution's risk profile. The period contributions focus on the liabilities of the member credit institutions, as per the article 10 of the referred Decree-Law, deducted from the liability elements that are part of the Tier 1 and Tier 2 capital and from the deposits covered by the Deposit Guarantee Fund.

The item Contribution for the Single Resolution Fund corresponds to the annual contribution collected in 2015 by the Resolution Fund, in accordance with the article 153-H (1) of the Legal Framework of Credit Institutions and Financial Companies (Regime Geral das Instituições de Crédito e Sociedades Financeiras – RGICSF), which translated the articles 100 (4) (a) and 103 (1) of the Directive 2015/59/EU of the European Parliament and of the Council of 15 May 2014, and of article (20) of the Commission Delegated Regulation (EU) 2015/63 of 21 October 2014 (Delegated Regulation). This contribution was determined by the Bank of Portugal, in its quality of National Resolution Authority, based in the methodology defined in the Delegated Regulation in accordance with its articles 4, 13 and 20. In the scope of the Single Resolution Mechanism this contribution will be transferred to the Single Resolution Fund up to 31 January 2016, as stipulated in article 3 (3) of the Agreement for the transfer of the contributions to the Single Resolution Fund signed in Brussels on 21 May 2014.

10. Staff costs

The amount of this account is comprised of:

	2015 Euros '000	2014 Euros '000
Salaries and remunerations	470,958	485,880
Mandatory social security charges		
Pension Fund and other benefits		
Service cost	(1,912)	(4,376)
Net interest cost / (income) in the liability coverage balance	5,729	3,101
Cost / (income) with early retirement programs and mutually agreed terminations	(359)	(160)
	3,458	(1,435)
Other mandatory social security charges	105,775	110,344
	109,233	108,909
Voluntary social security charges	26,277	31,969
Seniority premium	2,248	3,905
Other staff costs	7,354	4,953
	616,070	635,616

The fixed remunerations and social charges paid to members of the Board of Directors and key management elements are analysed as follows:

	Board of Directors					
	Executive Committee		Non-executive directors		Key management members	
	2015 Euros '000	2014 Euros '000	2015 Euros '000	2014 Euros '000	2015 Euros '000	2014 Euros '000
Remunerations	2,176	2,080	578	577	5,394	7,757
Supplementary retirement pension	1,205	702	-	-	-	-
Pension Fund	19	25	-	-	61	43
Other mandatory social security charges	531	468	137	152	1,479	1,918
Seniority premium	44	-	-	-	143	181
	3,975	3,275	715	729	7,077	9,899

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 2015, the amount of remuneration paid to the Executive Committee, includes Euros 103,000 (2014: Euros 101,000), which were supported by subsidiaries or companies whose governing bodies represent the Group's interests, and has been regularised at the beginning of 2016, the amount of Euros 63,000, as mentioned in paragraph 77 of the "Corporate Governance Report".

During 2015 and 2014, no variable remuneration was attributed to the members of the Executive Committee.

During 2015, were paid Euros 4,729,000 (2014: Euros 929,000) of severance pay to some key management members.

The average number of employees by professional category, at service in the Group, is analysed as follows by category:

	2015	2014
Portugal		
Top Management	1,029	1,152
Intermediary Management	1,723	1,807
Specific/Technical functions	2,942	3,185
Other functions	1,906	2,172
	7,600	8,316
Abroad	9,734	9,623
	17,334	17,939

11. Other administrative costs

The amount of this account is comprised of:

	2015 Euros '000	2014 Euros '000
Water, electricity and fuel	18,865	19,571
Consumables	5,601	5,852
Rents	108,014	114,721
Communications	26,545	28,280
Travel, hotel and representation costs	9,720	9,831
Advertising	28,985	31,763
Maintenance and related services	27,554	29,797
Credit cards and mortgage	5,488	5,159
Advisory services	12,335	12,551
Information technology services	20,492	20,822
Outsourcing	76,943	76,074
Other specialised services	30,403	30,064
Training costs	2,352	1,732
Insurance	5,504	5,146
Legal expenses	6,597	7,328
Transportation	11,263	10,958
Other supplies and services	27,172	38,802
	423,833	448,451

The caption Rents includes the amount of Euros 90,221,000 (2014: Euros 96,745,000) related to rents paid regarding buildings used by the Group as lessee.

The Group has various operating leases 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:

	2015			2014		
	Properties Euros '000	Vehicles Euros '000	Total Euros '000	Properties Euros '000	Vehicles Euros '000	Total Euros '000
Until 1 year	88,819	1,289	90,108	68,982	1,844	70,826
1 to 5 years	99,652	942	100,594	117,198	1,564	118,762
Over 5 years	18,186	21	18,207	17,816	7	17,823
	206,657	2,252	208,909	203,996	3,415	207,411

The caption Other specialised services includes the fees billed (VAT excluded) by the Bank's Statutory Auditor within its statutory functions, as well as other functions, are as follows:

	2015 Euros '000	2014 Euros '000
Legal certification	2,512	2,598
Other assurance services	1,337	1,143
Other services	1,145	919
	4,994	4,660

12. Depreciation

The amount of this account is comprised of:

	2015 Euros '000	2014 Euros '000
Intangible assets:		
Software	13,681	13,884
Other intangible assets	357	361
	14,038	14,245
Property, plant and equipment:		
Land and buildings	27,113	27,520
Equipment		
Furniture	2,064	1,971
Machinery	2,189	2,257
Computer equipment	8,941	8,441
Interior installations	2,542	2,305
Motor vehicles	4,897	4,062
Security equipment	2,412	2,464
Other equipment	2,426	2,277
Other tangible assets	1	1
	52,585	51,298
	66,623	65,543

13. Loans impairment

The amount of this account is comprised of:

	2015 Euros '000	2014 Euros '000
Loans and advances to credit institutions:		
For overdue loans and credit risks		
Impairment charge for the year	9	2
Write-back for the year	(10)	(4)
	(1)	(2)
Loans and advances to customers:		
For overdue loans and credit risks		
Impairment charge for the year	1,498,732	1,420,435
Write-back for the year	(635,981)	(297,813)
Recovery of loans and interest charged-off	(29,726)	(15,630)
	833,025	1,106,992
	833,024	1,106,990

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 referred in accounting policy described in note 1 c).

14. Other financial assets impairment

The amount of this account is comprised of:

	2015 Euros '000	2014 Euros '000
Impairment of financial assets available for sale		
Charge for the year	56,675	91,345

The caption Impairment of financial assets available for sale - Charge for the year includes the impairment losses on shares and on participation units held by the Group in the amount of Euros 40,688,000 (2014: Euros 79,907,000), related to the investments held in restructuring funds, as described in note 58.

15. Other provisions

The amount of this account is comprised of:

	2015 Euros '000	2014 Euros '000
Provision for guarantees and other commitments		
Charge for the year	10,774	52,245
Write-back for the year	(26,278)	(14,198)
	(15,504)	38,047
Other provisions for liabilities and charges		
Charge for the year	40,979	44,688
Write-back for the year	(528)	(1,262)
	40,451	43,426
	24,947	81,473

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:

	2015 Euros '000	2014 Euros '000
Millenniumbcp Ageas Grupo Segurador, S.G.P.S., S.A.	8,186	35,818
Unicre - Instituição Financeira de Crédito, S.A.	5,267	1,664
Banque BCP, S.A.S.	2,972	2,770
SIBS, S.G.P.S, S.A.	2,494	2,874
Banque BCP (Luxembourg), S.A.	54	82
VSC - Aluguer de Veículos Sem Condutor, Lda.	45	599
Other companies	4,510	(7,847)
	23,528	35,960

17. Gains / (losses) arising from the sale of subsidiaries and other assets

The amount of this account is comprised of:

	2015 Euros '000	2014 Euros '000
Disposal of the investments held in Ocidental - Companhia Portuguesa de Seguros, S.A. and in Médis - Companhia Portuguesa Seguros de Saúde, S.A.	-	69,390
Other assets	(30,138)	(23,945)
	(30,138)	45,445

The caption Gains / (losses) arising from the sale of subsidiaries and other assets corresponds to the gains and losses arising from the sale and revaluation of assets of the Group classified as non-current assets held for sale.

The caption Disposal of the investments held in Ocidental - Companhia Portuguesa de Seguros, S.A. and in Médis - Companhia Portuguesa Seguros de Saúde, S.A. corresponded in 2014 to the gain generated on the sale of 49% of the investments held in the referred insurance companies that operate exclusively in the non-life insurance business. This operation was carried out with Ageas international insurance Group.

18. Income /(Loss) arising from discontinued operations

The amount of this account is comprised of:

	2015 Euros '000	2014 Euros '000
Net income / (loss) before income tax appropriated		
Millennium bcp Gestão de Activos - Sociedade Gestora de Fundos de Investimento, S.A.	1,463	3,642
Gains arising from sale of Millennium bcp Gestão de Activos - Sociedade Gestora de Fundos de Investimento, S.A.	13,529	-
Banca Millennium S.A. (Romania)	-	(13,867)
Impairment for Banca Millennium S.A. (Romania)	-	(31,761)
Others	-	109
	14,992	(41,877)
Taxes		
Millennium bcp Gestão de Activos - Sociedade Gestora de Fundos de Investimento, S.A.	(344)	(991)
Banca Millennium S.A.	-	2,056
Others	-	(18)
	(344)	1,047
	14,648	(40,830)

The Net income / (loss) before income tax appropriated includes the gain resulting from the sale concluded in May 2015, of the entire share capital of Millennium bcp Gestão de Activos – Sociedade Gestora de Fundos de Investimento, S.A. to Corretaje e Información Monetária y de Divisas, S.A. ("Grupo CIMD"). In accordance with applicable accounting rules, the Group appropriated of the company's results during the four months ended 30 April, 2015.

In accordance with accounting policy described in note 1k), in 2014, the balance Impairment for Banca Millennium S.A. (Romania), corresponded to the impact arising from the difference between the estimated fair value less cost to sell of the subsidiary in accordance with the available information, and the respectively equity accounted in the consolidated financial statements of the BCP Group. with reference to 31 December 2014. The sale of Banca Millennium was completed on the 8 January 2015.

19. Earnings per share

The earnings per share are calculated as follows:

	2015 Euros '000	2014 Euros '000
Net income / (loss) from continuing operations	220,696	(185,790)
Gains / (losses) in equity instruments	34,469	-
Adjusted net income / (loss) from continuing operations	255,165	(185,790)
Net income / (loss) arising from discontinued operations	14,648	(40,830)
Net income / (loss)	269,813	(226,620)
Average number of shares	56,888,944,247	42,829,744,183
Basic earnings per share (Euros):		
from continuing operations	0.005	(0.004)
from discontinued operations	0,000	(0.001)
	0.005	(0.005)
Diluted earnings per share (Euros)		
from continuing operations	0.005	(0.004)
from discontinued operations	0,000	(0.001)
	0.005	(0.005)

The Bank's share capital, amounts to Euros 4,094,235,361.88 and is represented by 59,039,023,275 ordinary, book-entry and nominate shares, without nominal value, which is fully paid.

In June 2015, the Bank carried out an increase in its share capital from Euros 3,706,690,253.08 to Euros 4,094,235,361.88, by the issuance of 4,844,313,860 new ordinary, book-entry shares without nominal value, as a result of the partial and voluntary public tender offer for the acquisition of securities (preferred shares, perpetual securities and subordinated bonds) for exchange of new shares issued at the issue price of Euros 0.0834 per share (of which Euros 0.08 corresponds to the unitary issue value and Euros 0.0034 to share premium) and listing of the new ordinary shares on Euronext Lisbon.

As at 31 December 2015 and 2014 in the calculation of diluted earnings per share, the qualifying hybrid instruments as common equity tier 1 issued in June 2012 and subscribed fully by the State (CoCos), were not considered, in 2014, by presenting an antidilutive effect and in 2015 it is not defined the conversion value of the shares to be issued according to the decree 150-A / 2012 of 17 May which will be the basis for determining this effect.

20. Cash and deposits at Central Banks

This balance is analysed as follows:

	2015 Euros '000	2014 Euros '000
Cash	625,311	602,810
Central Banks		
Bank of Portugal	171,367	194,459
Central Banks abroad	1,043,639	910,178
	1,840,317	1,707,447

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. According to the European Central Bank System for Euro Zone, the cash reserve requirements 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:

	2015 Euros '000	2014 Euros '000
Credit institutions in Portugal	1,632	8,760
Credit institutions abroad	675,415	591,061
Amounts due for collection	99,366	195,953
	776,413	795,774

Following the signed agreements of derivative financial transactions with institutional counterparties, the Group has the amount of Euros 464,759,000 (31 December 2014: Euros 0) of Loans and advances to credit institutions repayable on demand, granted as collateral on the mentioned transactions.

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:

	2015 Euros '000	2014 Euros '000
Other loans and advances to Central Banks abroad	71,934	87,765
Other loans and advances to credit institutions in Portugal	4,274	18,268
Other loans and advances to credit institutions abroad	845,442	1,350,046
	921,650	1,456,079
Impairment for other loans and advances to credit institutions	(2)	(53)
	921,648	1,456,026

As at 31 December, 2015, the balance Other loans and advances to credit institutions abroad includes the amount of Euros 149,743,000 (31 December 2014: Euros 70,073,000) regarding loans and advances to companies controlled by members of the Board of Directors.

Following the signed agreements of derivative financial transactions with institutional counterparties, the Group has the amount of Euros 325,020,000 (31 December 2014: Euros 702,356,000) of Loans and advances to credit institutions granted as collateral on the mentioned transactions.

'This balance is analysed by the period to maturity, as follows:

	2015 Euros '000	2014 Euros '000
Up to 3 months	764,830	1,143,977
3 to 6 months	9,754	13,651
6 to 12 months	119,837	128,709
1 to 5 years	27,229	169,742
	921,650	1,456,079

The changes occurred in impairment for other loans and advances to credit institutions are analysed as follows:

	2015 Euros '000	2014 Euros '000
Balance on 1 January	53	202
Transfers	(50)	(143)
Impairment charge for the year	9	2
Write-back for the year	(10)	(4)
Exchange rate differences	-	(4)
Balance on 31 December	2	53

23. Loans and advances to customers

This balance is analysed as follows:

	2015 Euros '000	2014 Euros '000
Public sector	1,226,557	1,389,373
Asset-backed loans	31,482,461	30,777,956
Personal guaranteed loans	8,243,543	10,069,656
Unsecured loans	3,230,128	3,390,246
Foreign loans	2,207,638	2,543,534
Factoring	1,573,033	1,482,708
Finance leases	3,351,665	3,231,521
	51,315,025	52,884,994
Overdue loans - less than 90 days	121,846	94,547
Overdue loans - Over 90 days	4,001,372	4,188,812
	55,438,243	57,168,353
Impairment for credit risk	(3,468,084)	(3,482,705)
	51,970,159	53,685,648

As at 31 December 2015, the balance Loans and advances to customers includes the amount of Euros 12,717,796,000 (31 December 2014: Euros 12,951,710,000) regarding mortgage loans which are allocated as collateral for asset-back securities, issued by the Group.

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 at 31 December 2015 and as referred in note 58, the Group performed a set of sales of loans and advances to customers for Specialized Loan Funds in the amount of Euros 1,584,372,000 (31 December 2014: Euros: 1,442,617,000). During 2015, the loans sold amounted to Euros 141,755,000 (2014: Euros 237,950,000).

As at 31 December 2015, shareholders holding individually or together with their affiliates, 2% or more of the share capital, described in the Executive Board of Directors report and in note 41, to which the Group provides loans and/or guarantees represents in aggregate 20.55% of the share capital (31 December 2014: 32.2%).

As at 31 December 2015, the Group granted credit to qualifying shareholders and entities controlled by them, in the amount of Euros 149,324,000 (31 December 2014: Euros 154,416,000), as referred in note 51 a). The business conducted between the company and qualifying shareholders or natural or legal persons related to them, pursuant to article 20 of the Securities Code, regardless of the amount, is always subject to appraisal and deliberation by the Board of Directors, through a proposal by the Credit Committee and the Executive Committee, supported by an analysis and technical opinion issued by the Internal Audit Division, and after a prior opinion has been obtained from the Audit Committee. The amount of impairment recognised for these contracts amounts to Euros 904,000 as at 31 December 2015 (31 December 2014: Euros 783,000).

The analysis of loans and advances to customers, by type of credit, is as follows:

	2015 Euros '000	2014 Euros '000
Loans not represented by securities		
Discounted bills	295,697	353,128
Current account credits	2,214,611	2,543,984
Overdrafts	1,589,253	1,657,598
Loans	15,141,524	15,597,520
Mortgage loans	25,179,816	25,959,333
Factoring	1,573,033	1,482,708
Finance leases	3,351,665	3,231,521
	49,345,599	50,825,792
Loans represented by securities		
Commercial paper	1,655,569	1,729,210
Bonds	313,857	329,992
	1,969,426	2,059,202
	51,315,025	52,884,994
Overdue loans - less than 90 days	121,846	94,547
Overdue loans - Over 90 days	4,001,372	4,188,812
	55,438,243	57,168,353
Impairment for credit risk	(3,468,084)	(3,482,705)
	51,970,159	53,685,648

The analysis of loans and advances to customers, by sector of activity, is as follows:

	2015 Euros '000	2014 Euros '000
Agriculture	436,051	429,887
Mining	152,525	207,428
Food, beverage and tobacco	614,374	582,472
Textiles	469,481	487,611
Wood and cork	237,402	221,308
Paper, printing and publishing	214,094	202,393
Chemicals	818,068	660,935
Machinery, equipment and basic metallurgical	1,053,862	1,018,095
Electricity, water and gas	1,002,857	1,096,016
Construction	3,562,374	4,097,247
Retail business	1,249,026	1,199,603
Wholesale business	2,146,780	2,165,597
Restaurants and hotels	1,017,112	1,222,994
Transports and communications	1,972,592	1,947,866
Services	10,052,993	10,714,045
Consumer credit	4,138,491	4,037,116
Mortgage credit	25,048,344	25,545,160
Other domestic activities	7,713	7,890
Other international activities	1,244,104	1,324,690
	55,438,243	57,168,353
Impairment for credit risk	(3,468,084)	(3,482,705)
	51,970,159	53,685,648

The analysis of loans and advances to customers, by maturity and by sector of activity, as at 31 December 2015, is as follows:

	2015				
	Due within 1 year Euros '000	**1 year to 5 years Euros '000**	**Over 5 years Euros '000**	**Undetermined maturity Euros '000**	**Total Euros '000**
Agriculture	129,842	119,247	142,610	44,352	436,051
Mining	83,382	45,442	13,118	10,583	152,525
Food, beverage and tobacco	360,817	150,611	83,589	19,357	614,374
Textiles	226,286	94,864	115,499	32,832	469,481
Wood and cork	100,332	64,477	54,348	18,245	237,402
Paper, printing and publishing	67,388	81,440	53,362	11,904	214,094
Chemicals	400,657	197,594	147,137	72,680	818,068
Machinery, equipment and basic metallurgical	481,767	328,211	164,599	79,285	1,053,862
Electricity, water and gas	138,307	270,857	589,299	4,394	1,002,857
Construction	1,338,008	462,390	686,870	1,075,106	3,562,374
Retail business	496,255	308,039	289,034	155,698	1,249,026
Wholesale business	1,127,657	600,476	235,820	182,827	2,146,780
Restaurants and hotels	127,766	209,856	550,960	128,530	1,017,112
Transports and communications	564,557	664,588	592,810	150,637	1,972,592
Services	3,196,363	2,573,803	3,100,689	1,182,138	10,052,993
Consumer credit	1,005,067	1,816,806	706,169	610,449	4,138,491
Mortgage credit	367,141	1,342,183	23,023,060	315,960	25,048,344
Other domestic activities	9	10	3	7,691	7,713
Other international activities	515,798	289,835	417,921	20,550	1,244,104
	10,727,399	9,620,729	30,966,897	4,123,218	55,438,243

The analysis of loans and advances to customers, by type of credit and by maturity, as at 31 December 2015, is as follows:

	2015				
	Due within 1 year Euros '000	**1 year to 5 years Euros '000**	**Over 5 years Euros '000**	**Undetermined maturity Euros '000**	**Total Euros '000**
Public sector	1,141,647	62,081	22,829	15	1,226,572
Asset-backed loans	3,225,136	5,199,973	23,057,352	2,390,948	33,873,409
Personal guaranteed loans	1,607,641	1,930,864	4,705,038	450,426	8,693,969
Unsecured loans	2,132,824	991,027	106,277	1,009,618	4,239,746
Foreign loans	691,944	289,721	1,225,973	61,933	2,269,571
Factoring	1,531,041	40,901	1,091	25,455	1,598,488
Finance leases	397,166	1,106,162	1,848,337	184,823	3,536,488
	10,727,399	9,620,729	30,966,897	4,123,218	55,438,243

The analysis of loans and advances to customers, by maturity and by sector of activity, as at 31 December 2014, is as follows:

	2014				
	Due within 1 year Euros '000	**1 year to 5 years Euros '000**	**Over 5 years Euros '000**	**Undetermined maturity Euros '000**	**Total Euros '000**
Agriculture	181,259	86,516	140,004	22,108	429,887
Mining	107,922	74,100	16,094	9,312	207,428
Food, beverage and tobacco	307,675	147,752	107,831	19,214	582,472
Textiles	247,391	94,232	107,330	38,658	487,611
Wood and cork	88,766	65,022	31,769	35,751	221,308
Paper, printing and publishing	64,524	74,011	51,441	12,417	202,393
Chemicals	256,814	211,721	128,640	63,760	660,935
Machinery, equipment and basic metallurgical	469,044	297,141	177,450	74,460	1,018,095
Electricity, water and gas	166,293	309,990	604,125	15,608	1,096,016
Construction	1,436,953	803,450	740,232	1,116,612	4,097,247
Retail business	444,068	304,529	273,789	177,217	1,199,603
Wholesale business	1,176,774	527,057	261,238	200,528	2,165,597
Restaurants and hotels	163,034	207,254	583,223	269,483	1,222,994
Transports and communications	487,581	692,640	637,718	129,927	1,947,866
Services	4,080,470	2,627,228	2,884,694	1,121,653	10,714,045
Consumer credit	947,104	1,683,206	769,315	637,491	4,037,116
Mortgage credit	273,169	1,016,433	23,959,703	295,855	25,545,160
Other domestic activities	104	229	288	7,269	7,890
Other international activities	492,431	399,480	396,743	36,036	1,324,690
	11,391,376	9,621,991	31,871,627	4,283,359	57,168,353

The analysis of loans and advances to customers, by type of credit and by maturity, as at 31 December 2014, is as follows:

	2014				
	Due within 1 year Euros '000	**1 year to 5 years Euros '000**	**Over 5 years Euros '000**	**Undetermined maturity Euros '000**	**Total Euros '000**
Public sector	1,192,145	144,068	53,160	79	1,389,452
Asset-backed loans	1,576,517	5,070,418	24,131,021	2,201,562	32,979,518
Personal guaranteed loans	3,627,052	2,156,140	4,286,464	755,769	10,825,425
Unsecured loans	2,259,232	841,974	289,040	951,307	4,341,553
Foreign loans	1,000,393	347,721	1,195,420	93,797	2,637,331
Factoring	1,420,906	18,396	43,406	33,733	1,516,441
Finance leases	315,131	1,043,274	1,873,116	247,112	3,478,633
	11,391,376	9,621,991	31,871,627	4,283,359	57,168,353

Loans and advances to customers includes the effect of traditional securitization transactions owned by Special Purpose Entities (SPEs) consolidated following the application of IFRS 10, in accordance with accounting policy 1 b) and synthetic securitization.

Securitization transactions engaged by the Group refer to mortgage loans and are set through specifically created SPE. As at 31 December 2015, the loans and advances referred to these traditional securitization transactions amounts to Euros 586,633,000 (31 December 2014: Euros 641,456,000) 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.

As at 31 December 2015, the securitization operations are detailed as follows:

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 control of the referred assets, the SPE is consolidated in the Group's Financial Statements, as established in the accounting policy 1 b). The total assets of the SPE associated with this operation amounts to Euros 422,259,000 and the nominal value of liabilities amounts to Euros 436,402,000.

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 control of the referred assets, the SPE is consolidated in the Group's Financial Statements, as established in the accounting policy 1 b). The total assets of the SPE associated with this operation amounts to Euros 164,374,000 and the nominal value of liabilities amounts to Euros 177,235,000.

Caravela SME No. 3

The synthetic securitization "Caravela SME No.3" amounts to Euros 2,417,154,000.

Caravela SME No. 4

The synthetic securitization "Caravela SME No.4" amounts to Euros 1,060,382,000.

The Group's credit portfolio, which includes further than loans to customers, the guarantees granted and commitments to third parties, split between loans with or without signs of impairment is analysed as follows:

	2015 **Euros '000**	**2014** **Euros '000**
Total loans	60,675,358	62,651,250
Loans and advances to customers with signs of impairment		
Individually significant		
Gross amount	7,634,583	7,897,946
Impairment	(2,192,931)	(2,455,958)
	5,441,652	5,441,988
Collective analysis		
Gross amount	4,443,180	3,616,411
Impairment	(1,207,337)	(1,077,572)
	3,235,843	2,538,839
Loans and advances to customers without signs of impairment	48,597,595	51,136,893
Impairment (IBNR)	(142,526)	(199,333)
	57,132,564	58,918,387

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 5,237,115,000 (31 December 2014: Euros 5,482,897,000).

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 74,710,000 (31 December 2014: Euros 250,158,000).

The fair values of collaterals related to the loan portfolios, is analysed as follows:

	2015 **Euros '000**	**2014** **Euros '000**
Loans and advances to customers with impairment		
Individually significant		
Securities and other financial assets	550,174	1,202,159
Home mortgages	596,331	963,133
Other real estate	1,496,490	2,264,036
Other guarantees	552,548	967,525
	3,195,543	5,396,853
Collective analysis		
Securities and other financial assets	36,793	26,938
Home mortgages	2,057,815	1,661,317
Other real estate	384,543	288,090
Other guarantees	165,466	82,265
	2,644,617	2,058,610
Loans and advances to customers without impairment		
Securities and other financial assets	2,025,790	2,015,005
Home mortgages	21,901,517	22,797,031
Other real estate	3,582,927	3,266,470
Other guarantees	3,941,082	3,733,437
	31,451,316	31,811,943
	37,291,476	39,267,406

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 additional physical and financial collaterals with its customers.

The balance Loans and advances to customers includes the following amounts related to finance leases contracts:

	2015 **Euros '000**	**2014** **Euros '000**
Gross amount	3,793,994	3,718,449
Interest not yet due	(442,329)	(486,928)
Net book value	3,351,665	3,231,521

The analysis of financial lease contracts, by type of client, is presented as follows:

	2015 **Euros '000**	**2014** **Euros '000**
Individuals		
Home	75,661	82,908
Consumer	35,940	36,440
Others	133,211	149,579
	244,812	268,927
Companies		
Equipment	1,382,649	1,199,975
Mortgage	1,724,204	1,762,619
	3,106,853	2,962,594
	3,351,665	3,231,521

Regarding operational leasing, the Group does not present relevant contracts as leasor.

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:

	2015 **Euros '000**	**2014** **Euros '000**
Agriculture	33,162	18,710
Mining	156	122
Food, beverage and tobacco	1,438	5,276
Textiles	943	1,227
Wood and cork	13,706	4,317
Paper, printing and publishing	3,541	3,599
Chemicals	1,791	1,613
Machinery, equipment and basic metallurgical	34,997	32,661
Electricity, water and gas	487	988
Construction	48,429	51,475
Retail business	10,005	7,796
Wholesale business	29,696	31,760
Restaurants and hotels	1,647	1,995
Transports and communications	6,957	4,822
Services	18,874	75,317
Consumer credit	108,939	92,535
Mortgage credit	91,900	78,159
Other domestic activities	26	9
Other international activities	8,112	11,657
	414,806	424,038

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 associated to these operations amounts to Euros 182,839,000 (31 December 2014: Euros 158,221,000).

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 3,778,575,000 (31 December 2014: Euros 4,583,597,000) with an impairment of Euros 499,307,000 (31 December 2014: Euros 594,611,000).

The analysis of overdue loans, by sector of activity, is as follows:

	2015 **Euros '000**	**2014** **Euros '000**
Agriculture	44,352	22,108
Mining	10,583	9,312
Food, beverage and tobacco	19,357	19,214
Textiles	32,832	38,658
Wood and cork	18,245	35,751
Paper, printing and publishing	11,904	12,417
Chemicals	72,680	63,760
Machinery, equipment and basic metallurgical	79,285	74,460
Electricity, water and gas	4,394	15,608
Construction	1,075,106	1,116,612
Retail business	155,698	177,217
Wholesale business	182,827	200,528
Restaurants and hotels	128,530	269,483
Transports and communications	150,637	129,927
Services	1,182,138	1,121,653
Consumer credit	610,449	637,491
Mortgage credit	315,960	295,855
Other domestic activities	7,691	7,269
Other international activities	20,550	36,036
	4,123,218	4,283,359

The analysis of overdue loans, by type of credit, is as follows:

	2015 **Euros '000**	**2014** **Euros '000**
Public sector	15	79
Asset-backed loans	2,390,948	2,201,562
Personal guaranteed loans	450,426	755,769
Unsecured loans	1,009,618	951,307
Foreign loans	61,933	93,797
Factoring	25,455	33,733
Finance leases	184,823	247,112
	4,123,218	4,283,359

The changes occurred in impairment for credit risk are analysed as follows:

	2015 Euros '000	2014 Euros '000
Balance on 1 January	3,482,705	3,420,059
Transfers resulting from changes in the Group's structure	-	(28,020)
Other transfers	47,210	(63,180)
Impairment charge for the year	1,498,732	1,420,435
Write-back for the year	(635,981)	(297,813)
Loans charged-off	(907,431)	(969,006)
Exchange rate differences	(17,151)	230
Balance on 31 December	3,468,084	3,482,705

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:

	2015 Euros '000	2014 Euros '000
Agriculture	59,971	42,398
Mining	11,639	12,186
Food, beverage and tobacco	17,103	19,285
Textiles	25,712	26,145
Wood and cork	42,976	32,237
Paper, printing and publishing	21,142	14,707
Chemicals	56,619	54,057
Machinery, equipment and basic metallurgical	55,029	66,419
Electricity, water and gas	20,756	10,561
Construction	359,096	685,947
Retail business	109,730	139,861
Wholesale business	157,755	193,361
Restaurants and hotels	75,881	151,605
Transports and communications	206,169	113,661
Services	1,417,967	1,074,482
Consumer credit	330,824	414,983
Mortgage credit	416,542	328,891
Other domestic activities	6,080	33,134
Other international activities	77,093	68,785
	3,468,084	3,482,705

The impairment for credit risk, by type of credit, is analysed as follows:

	2015 Euros '000	2014 Euros '000
Public sector	1,420	2,002
Asset-backed loans	1,667,164	1,682,257
Personal guaranteed loans	490,236	549,823
Unsecured loans	1,020,381	925,467
Foreign loans	82,998	110,790
Factoring	37,485	29,512
Finance leases	168,400	182,854
	3,468,084	3,482,705

The analysis of loans charged-off, by sector of activity, is as follows:

	2015 Euros '000	2014 Euros '000
Agriculture	3,836	1,120
Mining	320	279
Food, beverage and tobacco	3,805	7,497
Textiles	10,303	10,468
Wood and cork	11,144	11,584
Paper, printing and publishing	1,909	27,259
Chemicals	6,101	14,994
Machinery, equipment and basic metallurgical	9,058	13,771
Electricity, water and gas	660	188
Construction	230,616	230,711
Retail business	30,869	50,367
Wholesale business	62,916	49,888
Restaurants and hotels	38,383	14,868
Transports and communications	183,140	16,993
Services	172,880	381,442
Consumer credit	101,270	128,325
Mortgage credit	16,973	6,359
Other domestic activities	18,465	841
Other international activities	4,783	2,052
	907,431	969,006

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:

	2015 Euros '000	2014 Euros '000
Asset-backed loans	58,860	60,222
Personal guaranteed loans	22,871	41,930
Unsecured loans	800,877	790,391
Foreign loans	19,887	61,582
Factoring	1,041	1,315
Finance leases	3,895	13,566
	907,431	969,006

The analysis of recovered loans and interest, during 2015 and 2014, by sector of activity, is as follows:

	2015 Euros '000	2014 Euros '000
Agriculture	93	93
Mining	1	80
Food, beverage and tobacco	302	151
Textiles	486	248
Wood and cork	270	236
Paper, printing and publishing	13	197
Chemicals	315	243
Machinery, equipment and basic metallurgical	474	1,267
Electricity, water and gas	7	25
Construction	17,950	1,555
Retail business	424	692
Wholesale business	891	1,078
Restaurants and hotels	67	241
Transports and communications	142	248
Services	2,529	3,287
Consumer credit	5,565	5,740
Mortgage credit	8	-
Other domestic activities	171	190
Other international activities	18	59
	29,726	15,630

The analysis of recovered loans and interest during 2015 and 2014, by type of credit, is as follows:

	2015 Euros '000	2014 Euros '000
Asset-backed loans	116	-
Personal guaranteed loans	1,595	981
Unsecured loans	27,884	14,283
Foreign loans	68	294
Factoring	1	-
Finance leases	62	72
	29,726	15,630

24. Financial assets held for trading, Other financial assets held for trading at fair value through profit or loss and Financial assets available for sale

The balance Financial assets held for trading, Other financial assets held for trading at fair value through profit or loss and Financial assets available for sale is analysed as follows:

	2015 Euros '000	2014 Euros '000
Bonds and other fixed income securities		
Issued by public entities	7,201,261	5,674,624
Issued by other entities	2,376,286	1,716,746
	9,577,547	7,391,370
Overdue securities	4,078	4,083
Impairment for overdue securities	(4,075)	(4,077)
	9,577,550	7,391,376
Shares and other variable income securities	1,617,348	1,464,597
	11,194,898	8,855,973
Trading derivatives	924,955	1,081,492
	12,119,853	9,937,465

The balance Trading derivatives included, as at 31 December 2015, the valuation of the embedded derivatives separated from the host contracts in accordance with the accounting policy 1 d) in the amount of Euros 47,000 (31 December 2014: Euros 3,000).

The portfolio of Financial assets held for trading, Other financial assets held for trading at fair value through profit or loss and Financial assets available for sale securities, net of impairment, as at 31 December 2015, is analysed as follows:

	2015			
	Trading Euros '000	Other financial assets at fair value through profit or loss Euros '000	Available for sale Euros '000	Total Euros '000
Fixed income:				
Bonds issued by public entities				
Portuguese issuers	27,573	152,018	2,804,243	2,983,834
Foreign issuers	136,339	-	2,866,542	3,002,881
Bonds issued by other entities				
Portuguese issuers	20,007	-	1,139,881	1,159,888
Foreign issuers	62,678	-	1,157,798	1,220,476
Treasury bills and other				
Government bonds	-	-	1,214,546	1,214,546
	246,597	152,018	9,183,010	9,581,625
Impairment for overdue securities	-	-	(4,075)	(4,075)
	246,597	152,018	9,178,935	9,577,550
Variable income:				
Shares in Portuguese companies	15,282	-	71,097	86,379
Shares in foreign companies	391	-	89,924	90,315
Investment fund units	1,321	-	1,439,074	1,440,395
Other securities	259	-	-	259
	17,253	-	1,600,095	1,617,348
Trading derivatives	924,955	-	-	924,955
	1,188,805	152,018	10,779,030	12,119,853
Level 1	318,315	152,018	6,949,116	7,419,449
Level 2	672,489	-	2,149,370	2,821,859
Level 3	178,854	-	1,608,837	1,787,691
Financial assets at cost	19,147	-	71,707	90,854

The portfolio of Financial assets held for trading, Other financial assets held for trading at fair value through profit or loss and Financial assets available for sale securities, net of impairment, as at 31 December 2014, is analysed as follows:

	2014			
	Trading Euros '000	**Other financial assets at fair value through profit or loss Euros '000**	**Available for sale Euros '000**	**Total Euros '000**
Fixed income:				
Bonds issued by public entities				
Portuguese issuers	193,972	-	1,812,499	2,006,471
Foreign issuers	291,829	-	1,948,834	2,240,663
Bonds issued by other entities				
Portuguese issuers	1,072	-	884,740	885,812
Foreign issuers	89,866	-	745,151	835,017
Treasury bills and other				
Government bonds	-	-	1,427,490	1,427,490
	576,739	-	6,818,714	7,395,453
Impairment for overdue securities	-	-	(4,077)	(4,077)
	576,739	-	6,814,637	7,391,376
Variable income:				
Shares in Portuguese companies	13,555	-	83,635	97,190
Shares in foreign companies	187	-	26,204	26,391
Investment fund units	1,244	-	1,338,749	1,339,993
Other securities	1,023	-	-	1,023
	16,009	-	1,448,588	1,464,597
Trading derivatives	1,081,492	-	-	1,081,492
	1,674,240	-	8,263,225	9,937,465
Level 1	668,595	-	5,009,841	5,678,436
Level 2	991,304	-	1,782,205	2,773,509
Level 3	9	-	1,375,926	1,375,935
Financial assets at cost	14,332	-	95,253	109,585

As referred in IFRS 13, financial instruments are measured according to the levels of valuation described in note 49.

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 2015, the amount of fair value reserves of Euros 43,222,000 (31 December 2014: Euros 177,879,000) is presented net of impairment losses in the amount of Euros 317,423,000 (31 December 2014: Euros 287,106,000).

As referred in the accounting policy note 1 f) the Group performed reclassifications of Financial instruments, during the first semester of 2010.

For instruments classified within level 3, in 2015 were recorded in Gains arising from financial assets available for sale the amount of Euros 4,552,000 (2014: Euros: 935,000).

During 2015, the Group reclassified Government bonds, from the portfolio of financial assets held to maturity to the portfolio of financial assets available for sale, in the amount of Euros 1,742,354,000, whose market value, at the date of the transfer, was Euros 2,024,570,000. The decision comes as part of the process of strengthening the Group's capital ratios, according to the strategy set by the Board of Directors to meet the challenges posed by the prudential determinations of the ECB and implied the reclassification on the date of decision, of all the securities portfolio of public debt recorded at the portfolio of securities held to maturity. Under the scope of IAS 39, considering its characteristics and the applicable framework (IAS 39 AG22 point e)), this situation did not imply the tainting of the remaining held to maturity portfolio. During 2015, and as mentioned in note 7, part of these securities were sold.

As mentioned in note 58, the balance Variable income - investment fund units includes the amount of Euros 1,352,163,000 (31 December 2014: Euros 1,267,071,000) related to participation units of funds specialized in recovery loans, acquired under the sale of loans and advances to customers (net of impairment). The amount of Euros 35,441,000 (31 December 2014: Euros 35,441,000) refers to junior tranches (bonds with a more subordinated nature), which are fully impaired. The instruments are valued according to the quotations published by Funds Management Companies.

The portfolio of financial assets available for sale, as at 31 December 2015, is analysed as follows:

	2015					
	Amortised cost	**Impairment**	**Amortised cost net of impairment**	**Fair value reserves**	**Fair value hedge adjustments**	**Total**
	Euros '000	**Euros '000**	**Euros '000**	**Euros '000**	**Euros '000**	**Euros '000**
Fixed income:						
Bonds issued by public entities						
Portuguese issuers	2,901,838	-	2,901,838	(116,661)	19,066	2,804,243
Foreign issuers	2,860,927	-	2,860,927	5,615	-	2,866,542
Bonds issued by other entities						
Portuguese issuers	1,178,788	(91,193)	1,087,595	48,211	-	1,135,806
Foreign issuers	1,150,464	-	1,150,464	7,334	-	1,157,798
Treasury bills and other						
Government bonds	1,214,607	(8)	1,214,599	(53)	-	1,214,546
	9,306,624	(91,201)	9,215,423	(55,554)	19,066	9,178,935
Variable income:						
Shares in Portuguese companies	151,974	(85,002)	66,972	4,125	-	71,097
Shares in foreign companies	46,645	(292)	46,353	43,571	-	89,924
Investment fund units	1,528,922	(140,928)	1,387,994	51,080	-	1,439,074
	1,727,541	(226,222)	1,501,319	98,776	-	1,600,095
	11,034,165	(317,423)	10,716,742	43,222	19,066	10,779,030

The portfolio of financial assets available for sale, as at 31 December 2014, is analysed as follows:

	2014					
	Amortised cost	**Impairment**	**Amortised cost net of impairment**	**Fair value reserves**	**Fair value hedge adjustments**	**Total**
	Euros '000	**Euros '000**	**Euros '000**	**Euros '000**	**Euros '000**	**Euros '000**
Fixed income:						
Bonds issued by public entities						
Portuguese issuers	1,729,783	-	1,729,783	67,645	15,071	1,812,499
Foreign issuers	1,936,685	-	1,936,685	12,149	-	1,948,834
Bonds issued by other entities						
Portuguese issuers	892,562	(69,566)	822,996	57,134	533	880,663
Foreign issuers	731,325	-	731,325	13,826	-	745,151
Treasury bills and other						
Government bonds	1,427,411	(5)	1,427,406	84	-	1,427,490
	6,717,766	(69,571)	6,648,195	150,838	15,604	6,814,637
Variable income:						
Shares in Portuguese companies	162,311	(82,589)	79,722	3,913	-	83,635
Shares in foreign companies	26,104	(191)	25,913	291	-	26,204
Investment fund units	1,450,667	(134,755)	1,315,912	22,837	-	1,338,749
	1,639,082	(217,535)	1,421,547	27,041	-	1,448,588
	8,356,848	(287,106)	8,069,742	177,879	15,604	8,263,225

The portfolio of Financial assets held for trading, Other financial assets held for trading at fair value through profit or loss and Financial assets available for sale, net of impairment, as at 31 December 2015, by valuation levels, is analysed as follows:

	2015				
	Level 1	**Level 2**	**Level 3**	**Financial instruments at cost**	**Total**
	Euros '000	**Euros '000**	**Euros '000**	**Euros '000**	**Euros '000**
Fixed income:					
Bonds issued by public entities					
Portuguese issuers	2,966,983	-	-	16,851	2,983,834
Foreign issuers	2,335,453	667,428	-	-	3,002,881
Bonds issued by other entities					
Portuguese issuers	976,997	103,949	71,866	7,076	1,159,888
Foreign issuers	157,521	1,062,952	-	3	1,220,476
Treasury bills and other					
Government bonds	880,830	316,537	17,179	-	1,214,546
	7,317,784	2,150,866	89,045	23,930	9,581,625
Impairment for overdue securities	-	-	-	(4,075)	(4,075)
	7,317,784	2,150,866	89,045	19,855	9,577,550
Variable income:					
Shares in Portuguese companies	24,203	1,148	13,550	47,479	86,380
Shares in foreign companies	390	335	68,249	21,342	90,316
Investment fund units	200	14	1,438,001	2,178	1,440,393
Other securities	259	-	-	-	259
	25,052	1,497	1,519,800	70,999	1,617,348
Trading derivatives	76,613	669,496	178,846	-	924,955
	7,419,449	2,821,859	1,787,691	90,854	12,119,853

The portfolio of Financial assets held for trading, Other financial assets held for trading at fair value through profit or loss and Financial assets available for sale, net of impairment, as at 31 December 2014, by valuation levels, is analysed as follows:

	2014				
	Level 1	**Level 2**	**Level 3**	**Financial instruments at cost**	**Total**
	Euros '000	**Euros '000**	**Euros '000**	**Euros '000**	**Euros '000**
Fixed income:					
Bonds issued by public entities					
Portuguese issuers	2,006,471	-	-	-	2,006,471
Foreign issuers	1,815,343	425,320	-	-	2,240,663
Bonds issued by other entities					
Portuguese issuers	679,326	196,584	5,825	4,077	885,812
Foreign issuers	257,963	577,048	-	6	835,017
Treasury bills and other					
Government bonds	814,946	590,694	21,850	-	1,427,490
	5,574,049	1,789,646	27,675	4,083	7,395,453
Impairment for overdue securities	-	-	-	(4,077)	(4,077)
	5,574,049	1,789,646	27,675	6	7,391,376
Variable income:					
Shares in Portuguese companies	4,055	983	10,623	81,529	97,190
Shares in foreign companies	63	441	-	25,887	26,391
Investment fund units	193	-	1,337,637	2,163	1,339,993
Other securities	1,023	-	-	-	1,023
	5,334	1,424	1,348,260	109,579	1,464,597
Trading derivatives	99,053	982,439	-	-	1,081,492
	5,678,436	2,773,509	1,375,935	109,585	9,937,465

As referred in IFRS 13, financial instruments are measured according to the levels of valuation described in note 49.

During 2015, reclassifications were made from level 2 to level 1 in the amount of Euros 51,247,000 (31 December 2014: Euros 79,419,000) related to securities that became complied with the requirements of this level, as described in note 49.

The assets classified as level 3, in the amount of Euros 1,438,001,000 (31 December 2014: Euros 1,337,637,000) includes 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. It 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 143,800,000 (31 December 2014: Euros 133,764,000) in Equity (Fair value reserves).

In addition, the assets classified as level 3 also include the value of the investment held by the Banco Comercial Português, S.A. and Bank Millennium,S.A. (Poland) in Visa Europe Limited in the amount of Euros 68,248,000, as a result of their valuation for the current transaction Visa International, as referred in notes 43 and 48.

The instruments classified as level 3 have associated gains and unrealized losses in the amount of Euros 96,285,000 (31 December 2014: Euros 25,088,000) recorded in fair value reserves. The amount of impairment associated to these securities amounts to Euros 230,781,000 as at 30 December 2015 (31 December 2014: Euros 152,109,000) and were not generated capital gains or losses in the year. No transfers were made to and from this level.

The reclassifications performed in prior years until 31 December 2015, are analysed as follows:

	At the reclassification date		2015		
	Book value Euros '000	Fair value Euros '000	Book value Euros '000	Fair value Euros '000	Difference Euros '000
From Financial assets held for trading to:					
Financial assets available for sale	196,800	196,800	18,879	18,879	-
Financial assets held to maturity	2,144,892	2,144,892	236,866	230,475	(6,391)
From Financial assets available for sale to:					
Loans represented by securities	2,713,524	2,713,524	87,900	92,226	4,326
Financial assets held to maturity	695,020	695,020	141,061	140,072	(989)
			484,706	481,652	(3,054)

The amounts accounted in the income statement and in fair value reserves, as at 31 December 2015 related to financial assets reclassified in prior years, are analysed as follows:

	Income statement	Changes	
	Interests Euros '000	Fair value reserves Euros '000	Equity Euros '000
From Financial assets held for trading to:			
Financial assets available for sale	487	(1,558)	(1,071)
Financial assets held to maturity	9,140	-	9,140
From Financial assets available for sale to:			
Loans represented by securities	3,945	5	3,950
Financial assets held to maturity	3,508	252	3,760
	17,080	(1,301)	15,779

If the reclassifications described previously had not occurred, the additional amounts recognised in equity as at 31 December 2015, would be as follows:

	Income statement			
	Fair value changes Euros '000	Retained earnings Euros '000	Fair value reserves Euros '000	Equity Euros '000
From Financial assets held for trading to:				
Financial assets available for sale	(1,558)	1,613	(55)	-
Financial assets held to maturity	(53,746)	47,355	-	(6,391)
From Financial assets available for sale to:				
Loans represented by securities	-	-	4,326	4,326
Financial assets held to maturity	-	-	(989)	(989)
	(55,304)	48,968	3,282	(3,054)

As at 31 December 2014, this reclassification is analysed as follows:

	At the reclassification date		2014		
	Book value Euros '000	Fair value Euros '000	Book value Euros '000	Fair value Euros '000	Difference Euros '000
From Financial assets held for trading to:					
Financial assets available for sale	196,800	196,800	18,213	18,213	-
Financial assets held to maturity	2,144,892	2,144,892	698,421	745,776	47,355
From Financial assets available for sale to:					
Loans represented by securities	2,713,524	2,713,524	123,038	127,237	4,199
Financial assets held to maturity	627,492	627,492	73,151	80,294	7,143
			912,823	971,520	58,697

The amounts accounted in the income statement and in fair value reserves, as at 31 December 2014, related to reclassified financial assets are analysed as follows:

	Income statement	Changes	
	Interest Euros '000	Fair value reserves Euros '000	Equity Euros '000
From Financial assets held for trading to:			
Financial assets available for sale	826	4,411	5,237
Financial assets held to maturity	30,443	-	30,443
From Financial assets available for sale to:			
Loans represented by securities	4,653	5	4,658
Financial assets held to maturity	10,418	(6,709)	3,709
	46,340	(2,293)	44,047

If the reclassifications described previously had not occurred, the additional amounts recognised in equity as at 31 December 2014, would be as follows:

	Income statement			
	Fair value changes Euros '000	Retained earnings Euros '000	Fair value reserves Euros '000	Equity Euros '000
From Financial assets held for trading to:				
Financial assets available for sale	4,411	(2,798)	(1,613)	-
Financial assets held to maturity	81,930	(34,575)	-	47,355
From Financial assets available for sale to:				
Loans represented by securities	-	-	4,199	4,199
Financial assets held to maturity	-	-	7,143	7,143
	86,341	(37,373)	9,729	58,697

The changes occurred in impairment for financial assets available for sale are analysed as follows:

	2015 Euros '000	2014 Euros '000
Balance on 1 January	287,106	151,535
Transfers	5,640	52,201
Impairment against profit and loss	56,676	91,345
Write-back against fair value reserves	(9,097)	60
Loans charged-off	(22,867)	(8,035)
Exchange rate differences	(35)	-
Balance on 31 December	317,423	287,106

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 judgment 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, Other financial assets held for trading at fair value through profit or loss and Financial assets available for sale by sector of activity, as at 31 December 2015 is as follows:

	2015					
	Up to 3 months Euros '000	**3 months to 1 year Euros '000**	**1 year to 5 years Euros '000**	**Over 5 years Euros '000**	**Undetermined Euros '000**	**Total Euros '000**
Fixed income:						
Bonds issued by public entities						
Portuguese issuers	2,329	1,757	521,456	2,458,292	-	2,983,834
Foreign issuers	81,206	459,954	2,231,720	230,001	-	3,002,881
Bonds issued by other entities						
Portuguese issuers	11,085	1,468	642,510	500,750	4,075	1,159,888
Foreign issuers	986,517	1,272	83,651	149,033	3	1,220,476
Treasury bills and other						
Government bonds	549,975	650,457	12,436	1,678	-	1,214,546
	1,631,112	1,114,908	3,491,773	3,339,754	4,078	9,581,625
Impairment for overdue securities	-	-	-	-	(4,075)	(4,075)
	1,631,112	1,114,908	3,491,773	3,339,754	3	9,577,550
Variable income:						
Companies' shares						
Portuguese companies					86,379	86,379
Foreign companies					90,315	90,315
Investment fund units					1,440,395	1,440,395
Other securities					259	259
					1,617,348	1,617,348
	1,631,112	1,114,908	3,491,773	3,339,754	1,617,351	11,194,898

The analysis of Financial assets held for trading, Other financial assets held for trading at fair value through profit or loss and Financial assets available for sale, by maturity, as at 31 December 2014, is as follows:

	2014					
	Up to 3 months Euros '000	**3 months to 1 year Euros '000**	**1 year to 5 years Euros '000**	**Over 5 years Euros '000**	**Undetermined Euros '000**	**Total Euros '000**
Fixed income:						
Bonds issued by public entities						
Portuguese issuers	21	82,644	1,111,230	812,576	-	2,006,471
Foreign issuers	20,453	119,109	1,949,390	151,711	-	2,240,663
Bonds issued by other entities						
Portuguese issuers	7,176	86,719	511,911	275,929	4,077	885,812
Foreign issuers	561,639	19,597	68,312	185,463	6	835,017
Treasury bills and other						
Government bonds	274,372	1,134,971	13,417	4,730	-	1,427,490
	863,661	1,443,040	3,654,260	1,430,409	4,083	7,395,453
Impairment for overdue securities	-	-	-	-	(4,077)	(4,077)
	863,661	1,443,040	3,654,260	1,430,409	6	7,391,376
Variable income:						
Companies' shares						
Portuguese companies					97,190	97,190
Foreign companies					26,391	26,391
Investment fund units					1,339,993	1,339,993
Other securities					1,023	1,023
					1,464,597	1,464,597
	863,661	1,443,040	3,654,260	1,430,409	1,464,603	8,855,973

The analysis of Financial assets held for trading, Other financial assets held for trading at fair value through profit or loss and Financial assets available for sale by sector of activity as at 31 December 2015 is as follows:

	2015				
	Bonds Euros '000	Shares Euros '000	Other Financial Assets Euros '000	Overdue Securities Euros '000	Total Euros '000
Food, beverage and tobacco	-	-	-	3	3
Textiles	-	7,447	-	361	7,808
Wood and cork	-	-	-	998	998
Paper, printing and publishing	13,240	37	-	-	13,277
Chemicals	25,000	7	-	-	25,007
Machinery, equipment and basic metallurgical	-	7	-	-	7
Construction	-	945	-	2,539	3,484
Retail business	3,000	1,346	-	-	4,346
Wholesale business	-	852	-	176	1,028
Restaurants and hotels	-	14,293	-	-	14,293
Transport and communications	480,875	35,403	-	-	516,278
Services	1,854,171	116,353	1,439,800	1	3,410,325
Other international activities	-	4	854	-	858
	2,376,286	176,694	1,440,654	4,078	3,997,712
Government and Public securities	5,986,715	-	1,214,546	-	7,201,261
Impairment for overdue securities	-	-	-	(4,075)	(4,075)
	8,363,001	176,694	2,655,200	3	11,194,898

The analysis of Financial assets held for trading, Other financial assets held for trading at fair value through profit or loss and Financial assets available for sale by sector of activity as at 31 December 2014 is as follows:

	2014				
	Bonds Euros '000	Shares Euros '000	Other Financial Assets Euros '000	Overdue Securities Euros '000	Total Euros '000
Food, beverage and tobacco	-	-	-	6	6
Textiles	-	7,403	-	361	7,764
Wood and cork	-	501	-	998	1,499
Paper, printing and publishing	13,040	37	-	-	13,077
Chemicals	-	11	-	-	11
Machinery, equipment and basic metallurgical	-	10	-	-	10
Electricity, water and gas	-	8	-	-	8
Construction	-	952	-	2,540	3,492
Retail business	-	127	-	-	127
Wholesale business	-	983	-	176	1,159
Restaurants and hotels	-	69	-	-	69
Transport and communications	365,060	47,139	-	-	412,199
Services	1,338,646	66,341	1,339,992	2	2,744,981
Other international activities	-	-	1,024	-	1,024
	1,716,746	123,581	1,341,016	4,083	3,185,426
Government and Public securities	4,247,134	-	1,427,490	-	5,674,624
Impairment for overdue securities	-	-	-	(4,077)	(4,077)
	5,963,880	123,581	2,768,506	6	8,855,973

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 derivatives, by maturity, as at 31 December 2015, is as follows:

	2015					
	Notional (remaining term)				Fair value	
	Up to 3 months Euros '000	3 months to 1 year Euros '000	Over 1 year Euros '000	Total Euros '000	Assets Euros '000	Liabilities Euros '000
Interest rate derivatives:						
OTC Market:						
Forward rate agreement	-	762,213	-	762,213	106	8
Interest rate swaps	1,678,530	1,804,361	11,818,664	15,301,555	561,728	533,477
Interest rate options (purchase)	825	20,309	156,714	177,848	1,373	-
Interest rate options (sale)	1	219,709	156,714	376,424	-	596
Other interest rate contracts	299,010	125,807	121,478	546,295	44,519	48,776
	1,978,366	2,932,399	12,253,570	17,164,335	607,726	582,857
Stock Exchange transactions:						
Interest rate futures	31,022	55,112	-	86,134	-	-
Currency derivatives:						
OTC Market:						
Forward exchange contract	484,876	183,025	29,811	697,712	4,560	5,982
Currency swaps	2,196,977	254,136	2,443	2,453,556	30,680	26,195
Currency options (purchase)	13,680	22,828	-	36,508	804	-
Currency options (sale)	11,344	24,586	-	35,930	-	841
	2,706,877	484,575	32,254	3,223,706	36,044	33,018
Shares/debt instruments derivatives:						
OTC Market:						
Shares/indexes swaps	360,291	1,794,535	1,544,975	3,699,801	3,625	15,666
Shares/indexes options (sale)	-	-	2,067	2,067	-	4,500
Others shares/indexes options (purchase)	-	-	-	-	12,194	-
	360,291	1,794,535	1,547,042	3,701,868	15,819	20,166
Stock exchange transactions:						
Shares futures	422,870	-	-	422,870	-	-
Shares/indexes options (purchase)	106,650	471,018	205,923	783,591	76,613	-
Shares/indexes options (sale)	8,999	141,332	5,334	155,665	-	63,153
	538,519	612,350	211,257	1,362,126	76,613	63,153
Commodity derivatives:						
Stock Exchange transactions:						
Commodities futures	86,888	-	-	86,888	-	-
Credit derivatives:						
OTC Market:						
Credit Default swaps	242,800	921,150	1,620,250	2,784,200	188,706	14,699
Other credit derivatives (sale)	-	-	11,738	11,738	-	-
	242,800	921,150	1,631,988	2,795,938	188,706	14,699
Total financial instruments traded in:						
OTC Market	5,288,334	6,132,659	15,464,854	26,885,847	848,295	650,740
Stock Exchange	656,429	667,462	211,257	1,535,148	76,613	63,153
Embedded derivatives					47	9,335
	5,944,763	6,800,121	15,676,111	28,420,995	924,955	723,228

The analysis of trading derivatives, by maturity, as at 31 December 2014, is as follows:

	2014					
	Notional (remaining term)				Fair value	
	Up to 3 months Euros '000	3 months to 1 year Euros '000	Over 1 year Euros '000	Total Euros '000	Assets Euros '000	Liabilities Euros '000
Interest rate Derivatives:						
OTC Market:						
Forward rate agreements	-	608,443	-	608,443	115	-
Interest rate swaps	874,722	2,335,806	13,833,535	17,044,063	721,128	744,093
Interest rate options (purchase)	129,200	171,218	62,403	362,821	759	-
Interest rate options (sale)	129,200	170,373	62,403	361,976	-	2,082
Other interest rate contracts	2,389	16,953	105,027	124,369	48,167	48,170
	1,135,511	3,302,793	14,063,368	18,501,672	770,169	794,345
Stock Exchange transactions:						
Interest rate futures	16,473	15,649	-	32,122	-	-
Currency derivatives:						
OTC Market:						
Forward exchange contract	273,708	116,515	27,565	417,788	5,035	4,784
Currency swaps	2,391,730	201,778	16,089	2,609,597	59,084	18,738
Currency options (purchase)	6,264	1,429	-	7,693	27	-
Currency options (sale)	4,846	1,429	-	6,275	-	17
	2,676,548	321,151	43,654	3,041,353	64,146	23,539
Shares/debt instruments derivatives:						
OTC Market:						
Shares/indexes swaps	123,731	680,084	1,133,972	1,937,787	4,347	11,673
Shares/indexes options (sale)	13,728	-	2,067	15,795	-	-
Other shares/indexes options (purchase	-	-	-	-	8,316	-
	137,459	680,084	1,136,039	1,953,582	12,663	11,673
Stock Exchange transactions:						
Shares futures	323,450	-	-	323,450	-	-
Shares/indexes options (purchase)	253,464	280,694	313,889	848,047	99,053	-
Shares/indexes options (sale)	10,324	20,592	98,287	129,203	-	98,880
	587,238	301,286	412,176	1,300,700	99,053	98,880
Commodity derivatives:						
Stock exchange transactions:						
Commodities futures	30,312	-	-	30,312	-	-
Credit derivatives:						
OTC Market:						
Credit Default swaps	5,000	-	2,788,640	2,793,640	135,458	24,163
Other credit derivatives (sale)	-	-	14,099	14,099	-	-
	5,000	-	2,802,739	2,807,739	135,458	24,163
Total financial instruments traded in:						
OTC Market	3,954,518	4,304,028	18,045,800	26,304,346	982,436	853,720
Stock Exchange	634,023	316,935	412,176	1,363,134	99,053	98,880
Embedded derivatives					3	369
	4,588,541	4,620,963	18,457,976	27,667,480	1,081,492	952,969

25. Hedging derivatives

This balance is analysed as follows:

	2015		2014	
	Assets Euros '000	Liabilities Euros '000	Assets Euros '000	Liabilities Euros '000
Hedging instruments				
Swaps	72,957	541,230	75,325	352,543
Others	170	-	-	-
	73,127	541,230	75,325	352,543

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.

For the hedging relationships which comply with the hedging requirements of IAS 39, the Group adopts the hedge accounting method mainly interest rate and exchange rate derivatives. The fair value hedge model is adopted for debt securities, loans granted at fixed rate and money market loans and deposits, securities and combined hedge of variable rate financial assets and fixed rate financial liabilities. 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 positive amount of Euros 961,000 (31 December 2014: positive amount of Euros 9,240,000) and the hedging relationships that follow the cash flows model recorded ineffectiveness for 2015 of a negative amount of Euros 1,038,000 (31 December 2014: negative amount of Euros 2,373,000).

During 2015, reclassifications were made from fair value reserves to results, related to cash flow hedge relationships, in a positive mount of Euros 912,000. In 2014, no reclassifications were made from fair value reserves to results, related to cash flow hedge relationships.

The accumulated adjustment on financial risks covered performed on the assets and liabilities which includes hedged items is analysed as follows:

Hedged item	2015 Euros '000	2014 Euros '000
Loans	5,647	3,279
Deposits	(32,530)	(34,277)
Debt issued	(68,565)	(97,190)
	(95,448)	(128,188)

The analysis of hedging derivatives portfolio, by maturity, as at 31 December 2015, is as follows:

	2015					
	Notional (remaining term)				Fair value	
	Up to 3 months Euros '000	3 months to 1 year Euros '000	Over 1 year Euros '000	Total Euros '000	Assets Euros '000	Liabilities Euros '000
Fair value hedging derivatives related to interest rate risk changes:						
OTC Market:						
Interest rate swaps	4,040	139,291	3,401,016	3,544,347	35,145	40,922
Other interest rate contracts	-	-	99,944	99,944	-	33,047
Others	150,000	-	-	150,000	170	-
	154,040	139,291	3,500,960	3,794,291	35,315	73,969
Cash flow hedging derivatives related to interest rate risk changes:						
OTC Market:						
Interest rate swaps	46,905	299,022	5,852,443	6,198,370	9,338	142
Cash flow hedging derivatives related to currency risk changes:						
OTC Market:						
Other currency contracts	832,032	1,289,909	1,660,321	3,782,262	14,198	466,836
Hedging derivatives related to net investment in foreign operations:						
OTC Market:						
Interest rate swaps	60,827	236,006	253,666	550,499	14,276	283
Total financial instruments						
Traded by:						
OTC Market	1,093,804	1,964,228	11,267,390	14,325,422	73,127	541,230

The analysis of hedging derivatives portfolio, by maturity, as at 31 December 2014, is as follows:

	2014					
	Notional (remaining term)				Fair value	
	Up to 3 months Euros '000	3 months to 1 year Euros '000	Over 1 year Euros '000	Total Euros '000	Assets Euros '000	Liabilities Euros '000
Fair value hedging derivatives related to interest rate risk changes:						
OTC Market:						
Interest rate swaps	53,052	674,594	1,372,693	2,100,339	51,630	27,207
Other interest rate contracts	-	-	119,243	119,243	-	19,773
	53,052	674,594	1,491,936	2,219,582	51,630	46,980
Cash flow hedging derivatives related to interest rate risk changes:						
OTC Market:						
Interest rate swaps	77,225	129,879	2,101,797	2,308,901	6,072	58
Others interest rate contracts	885,636	186,642	3,286,106	4,358,384	1,118	304,364
	962,861	316,521	5,387,903	6,667,285	7,190	304,422
Cash flow hedging derivatives related to currency risk changes:						
OTC Market:						
Forward exchange contract	7,294	3,437	-	10,731	108	1,141
Hedging derivatives related to net investment in foreign operations:						
OTC Market:						
Interest rate swaps	-	77,388	394,926	472,314	16,397	-
Total financial instruments						
Traded by:						
OTC Market	1,023,207	1,071,940	7,274,765	9,369,912	75,325	352,543

26. Financial assets held to maturity

The balance Financial assets held to maturity is analysed as follows:

	2015 Euros '000	2014 Euros '000
Bonds and other fixed income securities		
Issued by Government and public entities	118,125	1,917,366
Issued by other entities	376,766	393,815
	494,891	2,311,181

As at 31 December 2015, the balance Financial assets held to maturity also includes the amount of Euros 236,866,000 (31 December 2014: Euros 698,421,000) related to non derivatives financial assets (bonds) reclassified in previous years 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.

As at 31 December 2015, the balance Financial assets held to maturity also includes the amount of Euros 73,533,000 (31 December 2014: Euros 73,151,000) related to non derivatives financial assets (bonds) reclassified in previous years 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.

During 2015, the Group reclassified Government bonds, from the portfolio of financial assets held to maturity for the portfolio of financial assets available for sale, in the amount of Euros 1,742,354,000, whose market value, at the date of transfer, was Euros 2,024,570,000. The decision comes as part of the process of strengthening the Group's capital ratios, according to the strategy set by the Board of Directors to meet the new challenges posed by the prudential determinations of the ECB and implied the reclassification on the date of decision, of all the securities portfolio of public debt recorded in the portfolio of securities held to maturity. Under the scope of IAS 39, considering its characteristics and the applicable framework (IAS 39 AG22 point e)), this situation did not imply the tainting of the remaining held to maturity portfolio. During 2015, and as mentioned in note 7, part of these securities were sold.

As at 31 December 2015, the Financial assets held to maturity portfolio is analysed as follows:

Description	Country	Maturity date	Interest rate	Nominal value Euros '000	Book value Euros '000	Fair value Euros '000
Issued by Government and public entities						
Btps 4.5 Pct 08/01.08.2018 Eur	Italy	August, 2018	4.500%	50,000	50,597	56,591
OT Angola 7.5 PCT 12/15.03.2016	Angola	March, 2016	7.500%	3,825	3,929	3,969
OT Angola 7 PCT 15/15.06.2017	Angola	June, 2017	7.000%	6,501	6,484	5,956
OT Angola 7.75 PCT 13/09.10.2017	Angola	October, 2017	7.500%	1,696	1,749	1,606
OT Angola 8 PCT 13/23.10.2017	Angola	October, 2017	7.500%	7,803	8,057	7,385
OT Angola 7.25 PCT 15/15.06.2018	Angola	June, 2018	7.250%	6,501	6,449	5,639
OT Angola 8 PCT 13/09.10.2018	Angola	October, 2018	7.750%	1,696	1,762	1,551
OT Angola 8.25 PCT 13/23.10.2018	Angola	October, 2018	7.750%	13,568	14,115	12,412
OT Angola 7.50 PCT 15/15.06.2018	Angola	June, 2019	7.500%	6,501	6,389	5,409
OT Angola 7.7 PCT 15/15.06.2020	Angola	June, 2020	7.700%	6,501	6,294	5,207
OT Angola 8 PCT 15/15.06.2021	Angola	June, 2021	8.000%	6,501	6,206	5,094
OT Angola 8.25 PCT 15/15.06.2022	Angola	June, 2022	8.250%	6,502	6,094	4,998
					118,125	115,817
Issued by other entities						
Cp Comboios Pt 09/16.10.2019	Portugal	October, 2019	4.170%	75,000	74,190	82,100
Edia Sa 07/30.01.2027	Portugal	January, 2027	0.053%	40,000	38,968	31,773
Stcp 00/05.06.2022 - 100Mios Call Semest. a Partir 10Cpn-Min.10Mios	Portugal	June, 2022	-0.044%	100,000	98,468	90,835
Ayt Cedulas 07/21.03.2017	Spain	March, 2017	4.000%	50,000	51,337	53,780
Mbs Magellan M Series 1 Class A	Ireland	December, 2036	0.412%	69,655	69,669	68,539
Mbs Magellan M Series 1 Class B	Ireland	December, 2036	1.032%	26,300	26,313	25,794
Mbs Magellan M Series 1 Class C	Ireland	December, 2036	2.472%	17,800	17,821	14,187
					376,766	367,008
					494,891	482,825

As at 31 December 2014, the Financial assets held to maturity portfolio is analysed as follows:

Description	Country	Maturity date	Interest rate	Nominal value Euros '000	Book value Euros '000	Fair value Euros '000
Issued by Government and public entities						
OT 3.5 Pct 10/25.03.2015	Portugal	March, 2015	3.500%	82,366	83,115	83,324
OT 3.85% 05/15.04.2021	Portugal	April, 2021	3.850%	135,000	142,109	153,460
OT 4.45 Pct 08/15.06.2018	Portugal	June, 2018	4.450%	1,436,762	1,427,953	1,628,905
OT 4.75 Pct 09/14.06.2019	Portugal	June, 2019	4.750%	10,000	10,057	11,657
OT 4.8 Pct 10/15.06.2020	Portugal	June, 2020	4.800%	150,000	150,799	177,799
OT 4.95 Pct 08/25.10.2023	Portugal	October, 2023	4.950%	50,000	52,866	59,636
Btps 4.5 Pct 08/01.08.2018 Eur	Italy	August, 2018	4.500%	50,000	50,467	57,520
					1,917,366	2,172,301
Issued by other entities						
Cp Comboios Pt 09/16.10.2019	Portugal	October, 2019	4.170%	75,000	73,810	80,953
Edia Sa 07/30.01.2027	Portugal	January, 2027	0.311%	40,000	38,920	31,338
Stcp 00/05.06.2022- 100Mios Call Semest. a Partir 10Cpn-Min.10Mios	Portugal	June, 2022	0.183%	100,000	98,250	87,365
Ayt Cedulas 07/21.03.2017	Spain	March, 2017	4.000%	50,000	51,156	55,235
Mbs Magellan M Series 1 Class A	Ireland	December, 2036	0.622%	87,516	87,541	85,812
Mbs Magellan M Series 1 Class B	Ireland	December, 2036	1.242%	26,300	26,315	23,019
Mbs Magellan M Series 1 Class C	Ireland	December, 2036	2.682%	17,800	17,823	11,729
					393,815	375,451
					2,311,181	2,547,752

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 2015 is as follows:

	2015				
	Up to 3 months Euros '000	**3 months to 1 year Euros '000**	**1 year to 5 years Euros '000**	**Over 5 years Euros '000**	**Total Euros '000**
Fixed income:					
Bonds issued by public entities					
Foreign issuers	3,929	-	101,896	12,300	118,125
Bonds issued by other entities					
Portuguese issuers	-	-	74,191	137,436	211,627
Foreign issuers	-	-	51,337	113,802	165,139
	3,929	-	227,424	263,538	494,891

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 2014 is as follows:

	2014				
	Up to 3 months Euros '000	**3 months to 1 year Euros '000**	**1 year to 5 years Euros '000**	**Over 5 years Euros '000**	**Total Euros '000**
Fixed income:					
Bonds issued by public entities					
Portuguese issuers	83,115	-	1,438,010	345,773	1,866,898
Foreign issuers	-	-	50,468	-	50,468
Bonds issued by other entities					
Portuguese issuers	-	-	73,810	137,169	210,979
Foreign issuers	-	-	51,157	131,679	182,836
	83,115	-	1,613,445	614,621	2,311,181

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:

	2015 Euros '000	**2014 Euros '000**
Transports and communications	172,658	172,060
Services	204,108	221,755
	376,766	393,815
Government and Public securities	118,125	1,917,366
	494,891	2,311,181

As part of the management process of the liquidity risk, the Group holds a pool of eligible assets that can be used as collateral in funding operations with the European Central Bank and other Central Banks in countries were the Group operates, in which are included fixed income securities.

27. Investments in associated companies

This balance is analysed as follows:

	2015 Euros '000	2014 Euros '000
Portuguese credit institutions	34,465	30,143
Foreign credit institutions	31,776	29,862
Other Portuguese companies	243,943	256,213
Other foreign companies	5,545	7,248
	315,729	323,466

The balance Investments in associated companies is analysed as follows:

	2015 Euros '000	2014 Euros '000
Banque BCP, S.A.S.	29,240	27,395
Banque BCP (Luxembourg), S.A.	2,536	2,467
Millenniumbcp Ageas Grupo Segurador, S.G.P.S., S.A.	222,914	236,768
SIBS, S.G.P.S, S.A.	19,651	18,090
Unicre - Instituição Financeira de Crédito, S.A.	34,465	30,143
Other	6,923	8,603
	315,729	323,466

These investments correspond to unquoted companies. According to the accounting policy described in note 1 b), these investments are measured at 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 Group. 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:

	Total Assets Euros '000	Total Liabilities Euros '000	Total Income Euros '000	Net income / (loss) for the year Euros '000
2015				
Banque BCP, S.A.S.	2,555,870	2,408,936	123,780	14,817
Banque BCP (Luxembourg), S.A.	581,085	546,535	17,183	755
Millenniumbcp Ageas Grupo Segurador, S.G.P.S., S.A.	10,787,729	9,993,327	959,456	18,160
SIBS, S.G.P.S, S.A. (*)	144,507	57,704	158,164	10,000
Unicre - Instituição Financeira de Crédito, S.A. (*)	334,788	236,514	201,921	16,109
2014				
Banque BCP, S.A.S.	2,207,154	2,069,491	117,517	13,841
Banque BCP (Luxembourg), S.A.	677,012	649,075	17,318	860
Millenniumbcp Ageas Grupo Segurador, S.G.P.S., S.A.	10,945,537	10,107,247	962,527	61,489
SIBS, S.G.P.S, S.A.	144,507	57,704	158,164	10,762
Unicre - Instituição Financeira de Crédito, S.A.	334,788	236,514	201,921	9,900
VSC - Aluguer de Veículos Sem Condutor, Lda.	2,959	218	988	1,197

(*) - estimated values.

During December 2015, the Group sold 50% of the capital share of the company VSC - Aluguer de Veículos Sem Condutor, Lda. to GE Capital Holding Portugal, SGPS, Unipessoal Lda.

	Millenniumbcp Ageas Grupo Segurador, S.G.P.S., S.A.
Nature of the relationship with the Group	Associated
Country of the activity	Portugal
% held	49.0

According to the requirements defined in IFRS 12 and considering their relevance, we present in the following table the consolidated financial statements of Millenniumbcp Ageas Group, SGPS, S.A., prepared in accordance with IFRS, modified by the consolidation adjustments:

	2015 Euros '000	**2014** Euros '000
Income	959,456	962,527
Net profit for the year	18,160	61,489
Comprehensive income	(2,049)	86,713
Total comprehensive income	16,111	148,202
Attributable to Shareholders of Millenniumbcp Ageas Grupo Segurador, S.G.P.S., S.A.	16,111	148,202
Financial assets	10,328,469	10,470,412
Non-financial assets	459,260	475,125
Financial liabilities	9,860,240	9,957,766
Non-financial liabilities	133,087	149,481
Equity	794,402	838,290
Attributable to Shareholders of Millenniumbcp Ageas Grupo Segurador, S.G.P.S., S.A.	794,402	838,290
Value of ownership by BCP on equity of Ageas as at 1 January	236,768	497,301
Other comprehensive income attributable to BCP during the year	7,360	39,469
Dividends received	(29,400)	(169,050)
Appropriation by BCP of net income of Millenniumbcp Ageas Grupo Segurador, S.G.P.S., S.A.	8,186	35,818
Capital repayment	-	(110,250)
Disposal of Ocidental Seguros and Médis	-	(56,567)
Other adjustments	-	47
Investment held as at 31 December	222,914	236,768

28. Non-current assets held for sale

This balance is analysed as follows:

	2015 Euros '000	2014 Euros '000
Real estate and other assets arising from recovered loans	1,964,716	1,810,881
Subsidiaries acquired exclusively with the purpose of short-term sale	65,836	72,710
	2,030,552	1,883,591
Impairment	(265,170)	(261,575)
	1,765,382	1,622,016

The assets included in this balance are accounted for in accordance with the accounting policy note 1 k).

The balance Real estate 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 where advertises these properties and through partnerships with the mediation of companies having more ability for the product that every time the Bank has for sale. 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 31,121,000 (31 December 2014: Euros 14,308,000).

As at 31 December 2015, the balance Real estate and other assets arising from recovered loans includes the amount of Euros 326,451,000 (31 December 2014: Euros 325,070,000) related to properties of Closed Real Estate Investment Funds, whose units were received following foreclosure operations and in accordance with IFRS, were subject to full consolidation method.

The balance Subsidiaries acquired exclusively with the view of short-term sale corresponds to three 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:

	2015 Euros '000	2014 Euros '000
Balance on 1 January	261,575	372,695
Transfers	6,000	25,019
Impairment for the year	65,293	27,635
Loans charged-off	(67,663)	(163,850)
Exchange rate differences	(35)	76
Balance on 31 December	265,170	261,575

29. Investment property

The balance Investment property includes the amount of Euros 144,644,000 (31 December 2014: Euros 174,861,000) 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 rents received related to real estate amount to Euros 1,328,000 (31 December 2014: Euros 1,058,000), as at 31 December 2015, and the maintenance expenses related to rented or not rented real estate, amount to Euros 1,145,000 (31 December 2014: Euros 1,078,000).

The changes occurred in this caption are analysed as follows:

	2015 Euros '000	2014 Euros '000
Balance on 1 January	176,519	195,599
Transfers for tangible assets	7,704	1,140
Revaluations	(20,739)	3,296
Disposals	(17,204)	(23,516)
Balance on 31 December	146,280	176,519

30. Property and equipment

This balance is analysed as follows:

	2015 Euros '000	2014 Euros '000
Land and buildings	1,058,719	1,151,149
Equipment		
Furniture	88,230	89,254
Machinery	55,715	57,657
Computer equipment	298,890	299,446
Interior installations	147,051	146,542
Motor vehicles	27,238	26,125
Security equipment	80,307	82,467
Other equipment	31,157	32,301
Work in progress	16,661	16,704
Other tangible assets	4,711	549
	1,808,679	1,902,194
Accumulated depreciation		
Charge for the year	(52,585)	(51,298)
Accumulated charge for the previous years	(1,085,223)	(1,095,445)
	(1,137,808)	(1,146,743)
	670,871	755,451

The changes occurred in Property and equipment balance, during 2015, are analysed as follows:

	Balance on 1 January Euros '000	Acquisitions / Charge Euros '000	Disposals / Charged-off Euros '000	Transfers and changes in perimeter Euros '000	Exchange differences Euros '000	Balance on 31 December Euros '000
Cost						
Land and buildings	1,151,149	24,293	(60,853)	(4,327)	(51,543)	1,058,719
Equipment:						
Furniture	89,254	2,584	(1,893)	550	(2,265)	88,230
Machinery	57,657	1,812	(2,144)	503	(2,113)	55,715
Computer equipment	299,446	8,206	(5,405)	5,597	(8,954)	298,890
Interior installations	146,542	3,876	(1,205)	2,155	(4,317)	147,051
Motor vehicles	26,125	5,971	(2,394)	35	(2,499)	27,238
Security equipment	82,467	944	(1,247)	446	(2,303)	80,307
Other equipment	32,301	131	(3,172)	2,200	(303)	31,157
Work in progress	16,704	26,793	(1,579)	(23,766)	(1,491)	16,661
Other tangible assets	549	27	(42)	4,679	(502)	4,711
	1,902,194	74,637	(79,934)	(11,928)	(76,290)	1,808,679
Accumulated depreciation						
Land and buildings	490,543	27,113	(20,588)	(4,182)	(5,622)	487,264
Equipment:						
Furniture	80,869	2,064	(1,817)	(23)	(1,221)	79,872
Machinery	51,170	2,189	(2,128)	14	(1,411)	49,834
Computer equipment	283,043	8,941	(5,275)	(143)	(6,914)	279,652
Interior installations	132,025	2,542	(1,149)	314	(2,054)	131,678
Motor vehicles	13,344	4,897	(1,996)	3	(1,712)	14,536
Security equipment	71,233	2,412	(1,240)	(2)	(1,261)	71,142
Other equipment	24,469	2,426	(3,067)	(231)	(208)	23,389
Other tangible assets	47	1	-	441	(48)	441
	1,146,743	52,585	(37,260)	(3,809)	(20,451)	1,137,808

31. Goodwill and intangible assets

This balance is analysed as follows:

	2015 Euros '000	2014 Euros '000
Intangible assets		
Software	120,432	114,817
Other intangible assets	52,496	54,906
	172,928	169,723
Accumulated depreciation		
Charge for the year	(14,038)	(14,245)
Accumulated charge for the previous years	(123,668)	(117,083)
	(137,706)	(131,328)
	35,222	38,395
Goodwill		
Bank Millennium, S.A. (Poland)	125,447	164,040
Real estate and mortgage credit	40,859	40,859
Unicre - Instituição Financeira de Crédito, S.A.	7,436	7,436
Others	18,659	18,766
	192,401	231,101
Impairment		
Others	(16,707)	(16,707)
	175,694	214,394
	210,916	252,789

The changes occurred in impairment for goodwill is analysed as follows:

	2015 Euros '000	2014 Euros '000
Balance on 1 January	16,707	16,562
Impairment for the year	-	145
Balance on 31 December	16,707	16,707

The changes occurred in goodwill and intangible assets balances, during 2015, are analysed as follows:

	Balance on 1 January Euros '000	Acquisitions / Charge Euros '000	Disposals / Charged-off Euros '000	Transfers Euros '000	Exchange differences Euros '000	Balance on 31 December Euros '000
Intangible assets						
Software	114,817	15,714	(4,612)	(903)	(4,584)	120,432
Other intangible assets	54,906	473	(3,495)	745	(133)	52,496
	169,723	16,187	(8,107)	(158)	(4,717)	172,928
Accumulated depreciation:						
Software	80,781	13,681	(4,337)	(9)	(3,133)	86,983
Other intangible assets	50,547	357	(396)	129	86	50,723
	131,328	14,038	(4,733)	120	(3,047)	137,706
Goodwill	231,101	-	(38,594)	-	(106)	192,401
Impairment for goodwill	16,707	-	-	-	-	16,707

The item Disposals / Disposals - Goodwill, corresponds to the effect of the merger, in calculation of the value recognized in the income statement.

Following the sale of 15.41% of the share capital of the company through the accelerated placement of 186,979,631 ordinary shares at the unit value of PLN 6.65, and considering the option provided for in IFRS, the Group incorporated in the calculation of the gain/loss the amortization of the portion of the goodwill of the Bank Millennium SA (Poland), according to the proportion of the investment sold. After this sale the Group maintained the control of the Bank Millennium SA (Poland).

According to the accounting policy described in note 1 b), the recoverable amount of the Goodwill is annually assessed in the second semester of each year, 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 2015, valuations of their investments for which there is goodwill materially relevant 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 2020. After that date, a perpetuity was considered based on the average long-term expected rate of return for this activity in the Polish market. 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 2016 to 2020, considering, along this period, a compound annual growth rate of 6.3% for Total Assets and of 7.7% for Total Equity, while considering a ROE evolution from 10.1% in 2016 to 12.1% by the end of the period.

The exchange rate EUR/PLN considered was 4.2609 at the end of 2015 (December 2015 average: 4.2915).

The Cost of Equity considered was 9.00% for the period 2016-2020 and in perpetuity. The annual growth rate in perpetuity (g) was 2.5%.

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.

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 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 2016 to 2020, considering, along this period, a compound annual growth rate of -3.9% for Total Assets and of -1.2% for the Allocated Capital and an average ROE evolution from 15.9% estimated for 2015 to 16.1% by the end of the period.

The Cost of Equity considered was 8.75% for the period 2016-2020 and 9.28% in perpetuity.

An average exit multiple of 1.77x was considered in relation to Allocated Capital at the end of 2020, applied to the group of businesses associated with Real estate and mortgage business.

32. Income Tax

Deferred income tax assets and liabilities, as at 31 December 2015 and 2014, are analysed as follows:

	2015			2014		
	Assets Euros '000	**Liabilities Euros '000**	**Net Euros '000**	**Assets Euros '000**	**Liabilities Euros '000**	**Net Euros '000**
Deferred taxes not depending on the future profits (a)						
Impairment losses	940,454	-	940,454	887,902	-	887,902
Employee benefits (b)	767,077	-	767,077	685,579	-	685,579
	1,707,531	-	1,707,531	1,573,481	-	1,573,481
Deferred taxes depending on the future profits						
Intangible assets	43	-	43	43	-	43
Other tangible assets	7,370	3,825	3,545	7,353	3,906	3,447
Impairment losses	930,319	521,777	408,542	887,837	579,459	308,378
Employee benefits	2,637	-	2,637	4,200	-	4,200
Financial assets available for sale	27,498	33,694	(6,196)	8,839	40,705	(31,866)
Derivatives	-	7,663	(7,663)	-	1,697	(1,697)
Tax losses carried forward	318,494	-	318,494	434,767	-	434,767
Others	168,731	48,968	119,763	160,139	59,016	101,123
	1,455,092	615,927	839,165	1,503,178	684,783	818,395
Total deferred taxes	3,162,623	615,927	2,546,696	3,076,659	684,783	2,391,876
Offset between deferred tax assets and deferred tax liabilities	(601,117)	(601,117)	-	(678,097)	(678,097)	-
Net deferred taxes	2,561,506	14,810	2,546,696	2,398,562	6,686	2,391,876

(a) Deferred tax related to expenses and negative equity variations covered by the special arrangements for deferred tax assets (Law No. 61/2014 of 26 August). Includes the amount of Euros 91,615,000 (2014: Euros 0) associated to costs and changes in equity not deducted pursuant to the application of the special regime applicable to deferred tax assets.

(b) The balance as at 31 December 2015 includes the amount of Euros 104,413,000 related to post-employment benefits or long-term employees in excess over the limits provided for in the Income Tax Code.

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.

Following the Law 61/2014, about the special regime applicable to deferred tax assets ('Regime'), the Bank decided at the General Meeting of 15 October, 2014 to access this regime.

The special regime applies to deferred tax assets resulting from the non deduction of expenses and negative asset variations with losses due to credit impairment and former employees benefits or long term employee benefits accounted in the tax periods starting on or after 1 January 2015, as well as to deferred tax assets recorded in the company's annual report relating to the last tax period prior to that date and to the portion of expenses and negative asset variations there to related.

These deferred tax assets are converted into tax credits when the institution that holds the deferred tax assets :

i) registers net losses in its individual annual accounts;
ii) enters in a liquidation process by voluntary dissolution, insolvency ordered by court decision or, when applicable, its authorization for the exercise of the activity is revoked by the competent authorities.

According to the Regime, where it was recorded a net loss for the year, the amount of deferred tax assets to be converted into tax credit is that corresponding to the ratio of net loss for the period and the total equity. The tax credit can be used to offset tax liabilities, including those relating to state income taxes and the assets constituting his charge and the fact giving not take place later than the date of such conversion.

The amount of tax credit that is not offset with tax debts is repaid to the taxpayer. In cases where the conversion into tax credit operate the effect of registration of a net loss for the period, the taxpayer will be a special reserve, which implies the simultaneous formation of conversion rights attached to the State.

The deferred tax rate for Banco Comercial Português, S.A. is analysed as follows:

Description	2015	2014
Income tax (a)	21.0%	21.0%
Municipal surtax rate	1.5%	1.5%
State tax rate	7.0%	7.0%
Total (b)	29.5%	29.5%

(a) - Applicable to deferred taxes related to tax losses;
(b) - Applicable to deferred taxes related to temporary differences

In 2014, the reduction in the income tax rate led to a deferred tax expense in the amount of Euros 133,507,000.

The caption Employee benefits includes the amount of Euros 344,501,000 (31 December 2014: Euros 402,256,000) 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, 10 and 50. The referred caption also includes the amount of Euros 37,805,000 (31 December 2014: Euros 40,506,000) 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:

Expire date	Euros '000	Euros '000
2015	-	3,471
2016	2,072	1
2017	30,019	139,513
2018	113,145	115,893
2019	186	179
2020 and following years	173,072	175,710
	318,494	434,767

In accordance with the accounting policy and with the requirements of IAS 12, the deferred tax assets were recognized based on the Group's expectation of their recoverability. The assessment of the recoverability of deferred tax assets was performed for each entity included in the consolidation perimeter based on the respective business plans approved by the Board of Directors for the period 2016-2018.

The estimated financial statements of the Group prepared under the budget procedure for 2016 and that supports the future taxable income relating to each Group entity, took into account the macroeconomic and competitive environment while consolidate the Group's strategic priorities.

The expectation of future taxable income in Portugal is supported primarily on the positive developments:

i) net interest income, reflecting the positive impact of the reimbursement of CoCos and sustained decline in the cost of deposits from customers;
ii) the reduction in operating costs, reflecting the favourable effect of decreases in numbers of employees and branches;
iii) loans impairment charges.

The amount of unrecognized deferred taxes is as follows:

	2015 Euros '000	2014 Euros '000
Tax losses carried forward	443,985	401,771

The impact of income taxes in Net (loss) / income and in other captions of Group's equity, as at 31 December 2015, is analysed as follows:

	2015			
	Net income / (loss)	**Reserves and retained earnings**	**Exchange differences**	**Discontinued operations and other variations**
	Euros '000	**Euros '000**	**Euros '000**	**Euros '000**
Deferred taxes				
Deferred taxes not depending on the future profits (a)				
Impairment losses	52,552	-	-	-
Employee benefits	15,547	65,951	-	-
	68,099	65,951	-	-
Deferred taxes depending on the future profits				
Other tangible assets	90	-	8	-
Impairment losses	99,125	-	1,039	-
Employee benefits	(284)	(18)	(816)	(445)
Financial assets available for sale	-	25,670	-	-
Derivatives	(6,079)	-	113	-
Tax losses carried forward	(137,289)	20,050	966	-
Others	19,687	-	(1,047)	-
	(24,750)	45,702	263	(445)
	43,349	111,653	263	(445)
Current taxes	(99,746)	261	-	-
	(56,397)	111,914	263	(445)

(a) - Deferred tax related to expenses and negative equity variations covered by the special arrangements for deferred tax assets (Law No. 61/2014 of 26 August).

The impact of income taxes in Net (loss) / income and in other captions of Group's equity, as at 31 December 2014, is analysed as follows:

	2014			
	Net income / (loss)	**Reserves and retained earnings**	**Exchange differences**	**Discontinued operations**
	Euros '000	**Euros '000**	**Euros '000**	**Euros '000**
Deferred taxes				
Deferred taxes not depending on the future profits				
Impairment losses	66,101	-	-	-
Employee benefits	(55,220)	(45,016)	-	(113)
	10,881	(45,016)	-	(113)
Deferred taxes depending on the future profits				
Intangible assets	(3)	-	-	(12)
Other tangible assets	314	-	(55)	(28)
Impairment losses	44,037	-	(2,417)	1
Employee benefits	(131)	(5,054)	(274)	44
Financial assets available for sale	-	(4,350)	(562)	(97)
Derivatives	(431)	-	45	-
Tax losses carried forward	103,641	89,748	(2,002)	(12,861)
Others	40,362	-	997	108
	187,789	80,344	(4,268)	(12,845)
	198,670	35,328	(4,268)	(12,958)
Current taxes	(100,995)	877	-	(910)
	97,675	36,205	(4,268)	(13,868)

The reconciliation of the effective tax rate, arising from the permanent effects, is analysed as follows:

	2015 Euros '000	2014 Euros '000
Net income / (loss) before income taxes	402,710	(173,405)
Current tax rate	29.5%	31.5%
Expected tax	(118,799)	54,622
Accruals for the purpose of calculating the taxable income (i)	(58,546)	(42,168)
Deductions for the purpose of calculating the taxable income (ii)	49,127	72,479
Fiscal incentives not recognised in profit/loss accounts (iii)	10,851	8,808
Effect of the difference of rate tax and of deferred tax not recognised previously (iv)	62,895	7,301
Correction of previous years	(200)	(664)
(Autonomous tax) / tax credits	(1,725)	(2,703)
	(56,397)	97,675
Effective rate	14.0%	56.3%

References:

(i) Refers, essentially, to the tax associated with the additions of impairment losses not deductible for tax purposes and the contribution over the banking sector, the net income of non-resident companies and accounting losses generated by investment funds included in the perimeter consolidation.

(ii) This is mainly associated with the tax deductions of net income of associated companies consolidated under the equity method and capital gains on the sale of investments;

(iii) Regards essentially interests on public debt of Angola

(iv) Corresponds, essentially, to the recognition of deferred tax assets associated to post-employment benefits or long-term employee in excess of the limits and the effect of foreign tax rate difference.

33. Other assets

This balance is analysed as follows:

	2015 Euros '000	2014 Euros '000
Debtors	147,793	164,870
Supplementary capital contributions	208,951	113,843
Amounts due for collection	34,302	26,043
Recoverable tax	25,239	21,302
Recoverable government subsidies on interest on mortgage loans	9,117	7,367
Associated companies	1,535	228
Interest and other amounts receivable	52,708	48,241
Prepayments and deferred costs	38,870	44,246
Amounts receivable on trading activity	177,439	33,897
Amounts due from customers	223,907	244,544
Reinsurance technical provision	3,423	2,151
Sundry assets	291,887	217,156
	1,215,171	923,888
Impairment for other assets	(240,943)	(138,959)
	974,228	784,929

As referred in note 58, the balance Supplementary capital contributions includes the amount of Euros 207,611,000 (31 December 2014: Euros 109,918,000) and the balance Sundry assets includes the amount of Euros 2,939,000 (31 December 2014: Euros 2,939,000), related to the junior securities arising from the sale of loans and advances to costumers to specialized recovery funds which are fully provided.

As at 31 December 2015, the item Sundry assets includes the amount of Euros 22,182,000 related to obligations associated with post-employment benefits, as mentioned in note 50.

The changes occurred in impairment for other assets are analysed as follows:

	2015 Euros '000	2014 Euros '000
Balance on 1 January	138,959	166,667
Transfers resulting from changes in the Group's structure	339	(624)
Other transfers	91,691	(23,996)
Impairment for the year	14,374	9,027
Write back for the year	-	(351)
Amounts charged-off	(4,180)	(11,630)
Exchange rate differences	(240)	(134)
Balance on 31 December	240,943	138,959

34. Deposits from credit institutions

This balance is analysed as follows:

	2015			2014		
	Non interest bearing Euros '000	Interest bearing Euros '000	Total Euros '000	Non interest bearing Euros '000	Interest bearing Euros '000	Total Euros '000
Deposits from Central Banks						
Bank of Portugal	-	5,484,916	5,484,916	-	6,816,726	6,816,726
Central Banks abroad	-	378,485	378,485	-	947	947
Deposits from credit institutions in Portugal	59,930	95,618	155,548	29,267	190,248	219,515
Deposits from credit institutions abroad	211,214	2,360,882	2,572,096	255,390	3,673,577	3,928,967
	271,144	8,319,901	8,591,045	284,657	10,681,498	10,966,155

This balance is analysed by remaining period, as follows:

	2015 Euros '000	2014 Euros '000
Up to 3 months	5,874,300	8,276,767
3 to 6 months	193,975	385,553
6 to 12 months	193,482	215,424
1 to 5 years	1,770,072	1,751,744
Over 5 years	559,215	336,667
	8,591,045	10,966,155

Following the signed agreements of derivative financial transactions with institutional counterparties and according to the signed agreements, the Group has, as at 31 December 2015, the amount of Euros 71,669,000 (31 December 2014: 109,768,000) regarding deposits from other credit institutions received as collateral of the mentioned transactions.

35. Deposits from customers

This balance is analysed as follows:

	2015			2014		
	Non interest bearing Euros '000	**Interest bearing Euros '000**	**Total Euros '000**	**Non interest bearing Euros '000**	**Interest bearing Euros '000**	**Total Euros '000**
Deposits from customers						
Repayable on demand	20,406,432	137,036	20,543,468	15,870,182	922,495	16,792,677
Term deposits	-	24,604,426	24,604,426	-	29,511,327	29,511,327
Saving accounts	-	2,372,829	2,372,829	-	1,287,817	1,287,817
Deposits at fair value through profit and loss	-	3,593,761	3,593,761	-	1,895,440	1,895,440
Treasury bills and other assets sold under repurchase agreement	-	89,966	89,966	-	13,986	13,986
Other	213,209	120,924	334,133	199,658	115,831	315,489
	20,619,641	30,918,942	51,538,583	16,069,840	33,746,896	49,816,736

In the terms of 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 internal inputs. In accordance with the hierarchy of the valuation sources, as referred in IFRS 13, these instruments are classified in level 3. These financial liabilities are revalued against income statement, as referred in the accounting policy presented in note 1 d). As at 31 December 2015, a loss in the amount of Euros 1,302,000 was recognised (31 December 2014: loss of Euros 4,642,000) 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, as at 31 December 2015, Euros 3,605,424,000 (31 December 2014: Euros 1,902,445,000).

This balance is analysed by remaining period, is analysed as follows:

	2015 Euros '000	**2014 Euros '000**
Deposits from customers repayable on demand	20,543,468	16,792,677
Term deposits and saving accounts from customers		
Up to 3 months	13,438,527	15,887,427
3 to 6 months	5,716,509	5,784,650
6 to 12 months	6,320,167	6,469,574
1 to 5 years	1,416,933	2,440,168
Over 5 years	85,119	217,325
	26,977,255	30,799,144
Deposits at fair value through profit and loss		
Up to 3 months	302,691	143,494
3 to 6 months	529,869	142,850
6 to 12 months	1,252,055	624,166
1 to 5 years	1,509,146	984,930
	3,593,761	1,895,440
Treasury bills and other assets sold under repurchase agreement		
Up to 3 months	89,966	13,986
Other		
Up to 3 months	217,633	202,534
Over 5 years	116,500	112,955
	334,133	315,489
	51,538,583	49,816,736

36. Debt securities issued

This balance is analysed as follows:

	2015 Euros '000	2014 Euros '000
Debt securities at amortized cost		
Bonds	1,691,299	1,914,640
Covered bonds	1,331,190	1,344,538
MTNs	546,739	1,318,416
Securitizations	439,013	483,427
	4,008,241	5,061,021
Accruals	44,430	56,102
	4,052,671	5,117,123
Debt securities at fair value through profit and loss		
Bonds	43,607	36,560
MTNs	160,150	159,960
	203,757	196,520
Accruals	3,996	3,398
	207,753	199,918
Certificates	507,845	392,528
	4,768,269	5,709,569

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 2015, a loss in the amount of Euros 6,337,000 was recognised (31 December 2014: gain of Euros 632,000) 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, 2015 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. I. S. Mar 06/16	March, 2006	March, 2016	Indexed to Down Jones EuroStoxx 50	1,100	1,079
BCP Cov Bonds Jun 07/17	June, 2007	June, 2017	Fixed rate 4.750%	930,800	950,022
BCP Cov Bonds Oct 09/16	October, 2009	October, 2016	Fixed rate 3.750%	376,550	381,168
BCP Frn Rend Cres I-11 Eur-Jan 2016	January, 2011	January, 2016	1st semester 1.750%; 2nd semester 2.250%; 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	2,505
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%	10,400	10,589
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%	58,541	59,759
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%	125	128

(continuation)

Issue	Issue date	Maturity date	Interest rate	Nominal value Euros '000	Book value Euros '000
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%	31,252	31,932
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%	580	592
BCP Rend Sup M 2 S - Val Mob Sr13	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%	2,758	2,817
BCP Iln Permal Macro Hold Class D	June, 2011	June, 2021	Indexed to Permal Macro Holding Lda	240	240
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%	5,404	5,520
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%	662	676
BCP Sfe Rendim Super M 3 Sr 15	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	133
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%	310	318
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%	1,021	1,046
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%	2,614	2,678
BCP Fix Jul 2016-Val Mob Sr 38	August, 2011	July, 2016	Fixed rate 6.180%	1,750	1,750
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	1,317
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	2,624
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	2,368
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	878
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	2,598

(continuation)

Issue	Issue date	Maturity date	Interest rate	Nominal value Euros '000	Book value Euros '000
BCP Float Jan 2018-Vm Sr.46	November, 2011	January, 2018	Fixed rate 1.831% (1st interest) and Euribor 6M (2nd and following)	8,750	7,434
BCP Fix Oct 2019-Vm Sr.44	November, 2011	October, 2019	Fixed rate 6.875%	5,400	5,410
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	82,508
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	134,851
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	42,835
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	38,602
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	34,330
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	17,039
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	43,221
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	25,703
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	43,154
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	4,460
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	38,178
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	40,372
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	32,394
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	9,228
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	48,516
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	20,463
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	86,044
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	35,125
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	7,504
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	12,975
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	45,525
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	12,871
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	119,478
BCP Float Dec 2016-Vm Sr.93-Ref.26	December, 2011	December, 2016	Euribor 3M + 0.500%	19,500	18,189
BCP Float Dec 2017-Vm Sr.101 Ref.34	December, 2011	December, 2017	Euribor 3M + 0.500%	65,900	57,066
BCP Float Mar 2018-Vm Sr.103 Ref.36	December, 2011	March, 2018	Euribor 3M + 0.500%	49,300	41,963
BCP Fixa Oct 2019-Vm Sr.61	December, 2011	October, 2019	Fixed rate 6.875%	9,500	9,479
BCP Fixa Oct 19-Vm Sr 110	January, 2012	October, 2019	Fixed rate 6.875%	4,000	3,971

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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	7,912
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	1,676
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	8,373
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	3,429
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	25,065
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	17,093
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	4,843
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	1,464
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%	8,225	7,588
BCP Fixa Oct 19-Vm Sr. 177	April, 2012	October, 2019	Fixed rate 6.875%	2,000	1,945
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%	12,800	11,793
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	2,729
BCP Fixa Oct 19-Vm Sr 193	April, 2012	October, 2019	Fixed rate 6.875%	4,900	4,768
BCP FRNs 5.625 % Feb 16-Emtn 843	June, 2012	February, 2016	Fixed rate 5.625%	10,450	10,420
BCP 4.75 Por Cento Sep -Vm Sr 279	September, 2012	September, 2020	Fixed rate 4.750%	27,100	28,019
Mill Rend.Trim Dec 20-Vm Sr. 290	December, 2012	December, 2020	Fixed rate 4.500%	47,182	47,182
BCP 3.375 14/27.02.2017 Emtn 852	February, 2014	February, 2017	Fixed rate 3.375%	448,069	451,107
Bcp Cln Brisa Feb 2023 - Epvm Sr 23	February, 2015	February, 2023	Fixed rate 2.650% - underlying asset Brisa 022023	2,000	1,994
Bcp 4.03 May 2021 Epvm Sr 33	August, 2015	May, 2021	Until 27 Sep 2015: Fixed rate 6.961%; after 27 Sep 2015: Fixed rate 4.030%	2,500	2,511
Bank Millennium:					
Bank Millennium - BPW_2016/02	January, 2013	February, 2016	Indexed to Hang Seng China Enterprises	785	785
Bank Millennium - BPW_2016/02A	January, 2013	February, 2016	Indexed to Wig20 Index	407	407
Bank Millennium - BPW_2016/03	February, 2013	March, 2016	Indexed to Apple Inc.	2,260	2,260
Bank Millennium - BPW_2016/03A	March, 2013	March, 2016	Indexed to Coca-Cola Equity	1,775	1,775
Bank Millennium - BPW_2016/04	April, 2013	April, 2016	Indexed to Templeton Global	3,140	3,140
Bank Millennium - BPW_2016/04A	April, 2013	April, 2016	Indexed to Templeton Euro High	516	516
Bank Millennium - BPW_2016/05	May, 2013	May, 2016	Indexed to Wti Crude Oil	794	794
Bank Millennium - BPW_2016/05A	May, 2013	May, 2016	Indexed to Microsoft Corporation	38	38
Bank Millennium - BPW_2016/06	June, 2013	June, 2016	Indexed to Hang Seng China Enterprises	641	641
Bank Millennium - BPW_2016/06A	June, 2013	June, 2016	Indexed to Apple Inc	657	657
Bank Millennium - BPW_2016/07	July, 2013	July, 2016	Indexed to Apple Inc	1,408	1,408
Bank Millennium - BPW_2016/08	August, 2013	August, 2016	Indexed to Dow Jones Global Titans 50 Usd	810	810
Bank Millennium - BPW_2016/09	September, 2013	September, 2016	Indexed to Wig20 Index	1,925	1,925
Bank Millennium - BPW_2016/09A	September, 2013	September, 2016	Indexed to Kghm	2,263	2,263
Bank Millennium - BPW_2016/10	October, 2013	October, 2016	Indexed to Kghm	2,602	2,602
Bank Millennium - BPW_2016/10A	October, 2013	October, 2016	Indexed to Kghm	698	698
Bank Millennium - BPW_2016/12	November, 2013	December, 2016	Indexed to Kghm	609	609
Bank Millennium - BPW_2016/12A	December, 2013	December, 2016	Indexed to Hang Seng China Enterprises	574	574
Bank Millennium - BPW_2016/12B	December, 2013	December, 2016	Indexed to Wti Crude Oil	1,146	1,146
Bank Millennium - BPW_2017/01	January, 2014	January, 2017	Indexed to Wti Crude Oil	1,275	1,275
Bank Millennium - BPW_2017/01A	January, 2014	January, 2017	Indexed to Gold Fix Price	1,477	1,477

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Issue	Issue date	Maturity date	Interest rate	Nominal value Euros '000	Book value Euros '000
Bank Millennium - BPW_2017/02A	February, 2014	February, 2017	Indexed to FTSE 100 Index	682	682
Bank Millennium - BPW_2017/02	February, 2014	February, 2017	Indexed to Volkswagen	947	947
Bank Millennium - BKMO_280317C	March, 2014	March, 2017	Fixed rate 3.700%	116,975	116,975
Bank Millennium - BPW_2017/03	March, 2014	March, 2017	Indexed to Gold Fix Price	1,743	1,743
Bank Millennium - BPW_2017/03A	March, 2014	March, 2017	Indexed to Wti Crude Oil	1,253	1,253
Bank Millennium - BPW_2017/04	April, 2014	April, 2017	Indexed to BMW AG	443	443
Bank Millennium - BPW_2017/04A	April, 2014	April, 2017	Indexed to OBXP	908	908
Bank Millennium - BPW_2017/05	May, 2014	May, 2017	Indexed to Pzu PW	1,224	1,224
Bank Millennium - BPW_2017/06	June, 2014	June, 2017	Indexed to Gold Fix Price	1,052	1,052
Bank Millennium - BPW_2017/07	July, 2014	July, 2017	Indexed to General Motors Co	914	914
Bank Millennium - BPW_2016/08A	August, 2014	August, 2016	Indexed to Swiss index	3,139	3,139
Bank Millennium - BPW_2016/09B	September, 2014	September, 2016	Indexed to Facebook	1,421	1,421
Bank Millennium - BPW_2017/04C	October, 2014	April, 2017	Indexed to Swiss index	2,536	2,536
Bank Millennium - BPW_2017/11	November, 2014	November, 2017	Indexed to Nestle	1,355	1,355
Bank Millennium - BPW_2017/12	December, 2014	December, 2017	Indexed to Airbus	884	884
Bank Millennium - BPW_2017/12A	December, 2014	December, 2017	Indexed to Nestle	685	685
Bank Millennium - BPW_2018/01	January, 2015	January, 2018	Indexed to UPS	1,267	1,267
Bank Millennium - BPW_2018/02	February, 2015	February, 2018	Indexed to Volkswagen	1,338	1,338
Bank Millennium - BPW_2018/03	March, 2015	March, 2018	Indexed to Euro Stoxx 50	1,647	1,647
Bank Millennium - BPW_2018/04	April, 2015	April, 2018	Indexed to Euro Stoxx 50	2,168	2,168
Bank Millennium - BPW_2018/06	May, 2015	June, 2018	Indexed to Swiss index	2,676	2,676
Bank Millennium - BPW_2018/06A	June, 2015	June, 2018	Indexed to Ibex 35	2,050	2,050
Bank Millennium - BKMO_220618N	June, 2015	June, 2018	Fixed rate 2.970%	70,358	70,358
Bank Millennium - BPW_2018/07	July, 2015	July, 2018	Indexed to 2 indexes	2,699	2,699
Bank Millennium - BPW_2018/08	August, 2015	August, 2018	Indexed to 4 indexes	3,506	3,506
Bank Millennium - BPW_2018/09	September, 2015	September, 2018	Indexed to 4 indexes	3,662	3,662
Bank Millennium - BPW_2018/10	October, 2015	October, 2018	Indexed to American Airlines Group	1,484	1,484
Bank Millennium - BPW_2018/11	November, 2015	November, 2018	Indexed to 4 indexes	2,213	2,213
Bank Millennium - BPW_2019/01	December, 2015	January, 2019	Indexed to 4 indexes	1,023	1,023
Bank Millennium - BKMO_150916P	December, 2015	September, 2016	Fixed rate 2.050%	6,934	6,934
BCP Finance Bank:					
BCP Fin.Bank - EUR 10 M	March, 2004	March, 2024	Fixed rate 5.010%	10,000	10,550
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)	923	897
BCP Fin.Bank - EUR 100 M	January, 2007	January, 2017	Euribor 3M + 0.175%	56,300	56,297
BCP Finance Bank - EUR 15 M	July, 2009	July, 2017	Euribor 3M + 2.500% underlying asset Bonds Brisa 09/280717	15,000	14,962
Magellan Mortgages No. 2:					
SPV Magellan No 2 - Class A Notes	October, 2003	July, 2036	Euribor 3M + 0.440%	83,132	83,132
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 + 0.260%	312,671	290,211
Mbs Magellan Mortgages S.3 Cl.B	June, 2005	May, 2058	Euribor 3M + 0.380%	1,532	1,422
Mbs Magellan Mortgages S.3 Cl.C	June, 2005	May, 2058	Euribor 3M + 0.580%	2,379	2,208
					4,008,241
Accruals					44,430
					4,052,671

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Issue	Issue date	Maturity date	Interest rate	Nominal value Euros '000	Book value Euros '000
Debt securities at fair value through profit and loss					
Banco Comercial Português:					
BCP Cln Portugal - Emtn 726	June, 2010	June, 2018	Fixed rate 4.720% underlying asset OT - 2018/06	59,100	63,305
BCP Eur Cln Port 2Emis Jun 10/18	November, 2010	June, 2018	Fixed rate 4.450% underlying asset OT - 2018/06	11,550	12,599
BCP Eur Cln Portugal 10/15.06.20	November, 2010	June, 2020	Fixed rate 4.800% underlying asset OT - 2020/06	30,000	33,815
BCP Iln Seleç Merc Emerg 10 Feb 16	February, 2011	February, 2016	Indexed to MSCI Emerging Market Fund	1,005	1,142
BCP Iln Estr Global Viii/11 Eur	August, 2011	August, 2016	Fixed rate 1.600%	2,260	2,601
BCP Eur Cln Portugal 3Rd-Emtn 840	May, 2012	June, 2018	Fixed rate 4.450% underlying asset OT - 2018/06	32,700	42,448
Part. Multisetorial Europ.-Emtn 850	June, 2013	June, 2018	Indexed to DB SALSA Sectors EUR	4,150	4,240
Inv.Zona Euro I 22012017 Epvm Sr 4	January, 2014	January, 2017	Indexed to DJ EuroStoxx 50	1,150	1,202
Part Acoes Zona Euro Iii - Epvm Sr 6	March, 2014	March, 2016	Indexed to DJ EuroStoxx 50	1,680	1,785
Inv Merc. Acion Zona Euro - Epvm Sr 11	June, 2014	June, 2016	Indexed to a portfolio of 2 indexes	3,960	4,081
Cab Blue Chips Z Euro Aut Epvm Sr 15	November, 2014	November, 2016	Indexed to EuroStoxx 50	5,730	5,829
Inv Commodities Autc Epvm Sr 16	November, 2014	November, 2017	Indexed to S&P GSCI ER index	1,340	581
Bcp Reem Parc Eur Ind Xii 14 Epvm Sr 18	December, 2014	December, 2017	1st quarter=2.250%; 2nd quarter=5.400%; 2nd semester=9.000%; 2nd year=4.500%; 3rd year=4.500%	220	192
Bcp Rend Euro America Autoc I 15 Eur Jan 2017 - Epvm 19	January, 2015	January, 2017	Indexed to a portfolio of 2 indexes	2,470	2,461
Bcp Rendimento Euro America Autocal. Jan 2017-Epvm 21	January, 2015	January, 2017	Indexed to a portfolio of 2 indexes	937	936
Bcp Reemb Parciais Eur Ind I-Epvm 20	February, 2015	January, 2018	Until 15 Apr 2015: Fixed rate 3.164% ; after 15 Apr 2015 until 15 Jul 2015: Fixed rate 5.400%; after 15 Jul 2015 until 15 Jan 2016: Fixed rate 9.000%; after 15 Jan 2016 until 15 Jan 2017: Fixed rate 4.500%; after 15 Jan 2017 until 15 Jan 2018: Fixed rate 4.500%	1,790	1,493
Bcp Reemb Parciais Indic Europ Ii-Epvm 2	February, 2015	February, 2017	Until 4 May 2015: Fixed rate 1.776%; after 4 May 2015 until 4 Aug 2015: Fixed rate 3.600%; after 4 Aug 2015 until 4 Feb 2016: Fixed rate 6.000%; after 4 Feb 2016 until 6 Feb 2017: Fixed rate 2.983%	334	309
Inv Cabaz Baixa Volatilidade Iv-Epvm 27	April, 2015	April, 2016	Indexed to S&P Europe 350 Low Volatility	662	646
Bcp Reemb Parc Multi Setores Iv-Epvm 25	April, 2015	April, 2017	Until 16 jul 2015: Fixed rate 2.000%; after 16 Jul 2015 until 16 Oct 2015: Fixed rate 4.800%; after 16 Oct 2015 until 16 Apr 2016: Fixed rate 8.000%; after 16 Apr 2016 until 16 Apr 2017: Fixed rate 4.000%	314	293
Bcp Retor Ec Zona Eur Autoc Iv-Epvm 26	April, 2015	April, 2017	Indexed to DJ EuroStoxx 50	3,050	2,923
Bcp Inv Cabaz Baixa Volatil V-Epvm 28	May, 2015	May, 2017	Indexed to S&P Europe 350 Low Volatility	1,580	1,473
Bcp Indic Setor Cupao Fixo Vi-Epvm 29	June, 2015	June, 2018	1st year Fixed rate 9.000%; 2nd year and followings indexed to a portfolio of 3 indexes	2,810	2,347
Bcp Rend Indic Setor Autoc Vii-Epvm 30	July, 2015	July, 2017	Indexed to a portfolio of 3 indexes	2,180	1,948
Bcp Inv Eur Divid Autoccal. Vii-Epvm 31	July, 2015	July, 2018	Indexed to EuroStoxx Select Dividend 30	1,100	990
Bcp Rend Acoes Zon Eur Autc-Epvm 32	August, 2015	August, 2018	Indexed to EuroStoxx 50 index	1,880	1,632
Bcp Reemb Parc Indic Setor Xi-Epvm 34	November, 2015	November, 2017	Until 12 Feb 2016: Fixed rate 1.500%; after 12 Feb 2016 until 12 May 2016: Fixed rate 3.600%; after 12 May 2016 until 12 Nov 2016: Fixed rate 6.000%; after 12 Nov 2016 until 12 Nov 2017: Fixed rate 3.000%	3,360	3,265
Bcp Rend Ind Glob Autoc Xi-Epvm 36	November, 2015	November, 2017	Indexed to a portfolio of 3 indexes	1,610	1,360
Bcp Invest Bancos Zona Eur Xi-Epvm 37	November, 2015	November, 2019	Indexed to EuroStoxx Banks	1,000	798
Bcp Invest Eur Glob Autoc Xi-Epvm 35	November, 2015	November, 2017	Indexed to Stoxx Europe 600 index	3,200	3,092
Bcp Reemb Par Ind Setor Xii-Epvm 39	December, 2015	December, 2017	Until 11 Mar 2016: Fixed rate 1.624%; after 11 Mar 2016 until 11 Jun 2016: Fixed rate 3.900% after 11 Jun 2016 until 11 Dec 2016: Fixed rate 6.500%; after 11 Dec 2016 until 11 Dec 2017: Fixed rate 3.250%	1,258	1,260
Bcp Rend Zon Eur Autoc Xii - Epvm 38	December, 2015	December, 2018	Indexed to EuroStoxx 50	3,060	2,711
					203,757
Accruals					3,996
					207,753

This balance, as at 31 December 2015, is analysed by the remaining period, as follows:

	2015					
	Up to 3 months Euros '000	**3 months to 6 months Euros '000**	**6 months to 1 year Euros '000**	**1 year to 5 years Euros '000**	**Over 5 years Euros '000**	**Total Euros '000**
Debt securities at amortized cost						
Bonds	133,696	407,488	203,440	941,930	4,745	1,691,299
Covered bonds	-	-	381,168	950,022	-	1,331,190
MTNs	12,925	-	897	522,367	10,550	546,739
Securitizations	-	-	-	-	439,013	439,013
	146,621	407,488	585,505	2,414,319	454,308	4,008,241
Debt securities at fair value through profit and loss						
Bonds	1,785	4,727	5,829	31,266	-	43,607
MTNs	1,142	-	2,601	156,407	-	160,150
	2,927	4,727	8,430	187,673	-	203,757
Certificates	-	-	-	-	507,845	507,845
	149,548	412,215	593,935	2,601,992	962,153	4,719,843

This balance, as at 31 December 2014, is analysed by the remaining period, as follows:

	2014					
	Up to 3 months Euros '000	**3 months to 6 months Euros '000**	**6 months to 1 year Euros '000**	**1 year to 5 years Euros '000**	**Over 5 years Euros '000**	**Total Euros '000**
Debt securities at amortized cost						
Bonds	148,444	6,026	209,531	1,473,828	76,811	1,914,640
Covered bonds	-	-	-	1,344,538	-	1,344,538
MTNs	52,516	298,233	239,983	717,059	10,625	1,318,416
Securitizations	-	-	-	-	483,427	483,427
	200,960	304,259	449,514	3,535,425	570,863	5,061,021
Debt securities at fair value through profit and loss						
Bonds	1,954	1,777	5,228	27,601	-	36,560
MTNs	3,417	2,579	-	120,977	32,987	159,960
	5,371	4,356	5,228	148,578	32,987	196,520
Certificates	-	-	-	-	392,528	392,528
	206,331	308,615	454,742	3,684,003	996,378	5,650,069

37. Financial liabilities held for trading

The balance is analysed as follows:

	2015 Euros '000	2014 Euros '000
FRA	8	-
Swaps	638,813	846,837
Options	69,090	100,979
Embedded derivatives	9,335	369
Forwards	5,982	4,784
	723,228	952,969
Level 1	63,153	98,880
Level 2	643,567	845,587
Level 3	16,508	8,502

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, as at 31 December 2015, 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 9,335,000 (31 December 2014: Euros 369,000). This note should be analysed together with note 24.

38. Provisions

This balance is analysed as follows:

	2015 Euros '000	2014 Euros '000
Provision for guarantees and other commitments	74,710	250,158
Technical provision for the insurance activity		
For direct insurance and reinsurance accepted		
Unearned premium / reserve	14,695	13,787
Life insurance	46,553	55,990
Bonuses and rebates	3,039	2,161
Other technical provisions	8,905	10,794
Other provisions for liabilities and charges	136,908	127,403
	284,810	460,293

Changes in Provision for guarantees and other commitments are analysed as follows:

	2015 Euros '000	2014 Euros '000
Balance on 1 January	250,158	211,765
Transfers resulting from changes in the Group's structure	-	(134)
Other transfers	(158,777)	(19)
Charge for the year	10,774	52,245
Write-back for the year	(26,278)	(14,198)
Exchange rate differences	(1,167)	499
Balance on 31 December	74,710	250,158

The balance Other transfers corresponds, mainly to transfer for credit risks impairment .

Changes in Other provisions for liabilities and charges are analysed as follows:

	2015 Euros '000	2014 Euros '000
Balance on 1 January	127,403	80,017
Transfers resulting from changes in the Group's structure	-	(1,013)
Other transfers	(20,453)	7,911
Charge for the year	40,979	44,688
Write-back for the year	(528)	(1,262)
Amounts charged-off	(9,297)	(2,884)
Exchange rate differences	(1,196)	(54)
Balance on 31 December	136,908	127,403

These provisions were based on the probability of occurrence of certain contingencies related to risks inherent to the Group's activity, being reviewed at each reporting date to reflect the best estimate of the amount and respective probability of payment.

39. Subordinated debt

This balance is analysed as follows:

	2015 Euros '000	2014 Euros '000
Bonds		
Non Perpetual Bonds	849,026	1,224,603
Perpetual Bonds	28,760	28,510
CoCos	759,813	762,767
	1,637,599	2,015,880
Accruals	7,772	9,792
	1,645,371	2,025,672

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. with an initial amount of Euros 3,000,000,000 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 Bank repaid in May 2014 the amount of Euros 400,000,000 of core tier I capital instruments (CoCos) issued by the Portuguese State, and in August 2014 repaid Euros 1,850,000,000 of common equity tier I capital instruments (CoCos), after having received the authorization from the Bank of Portugal, based on the regulator's analysis of the evolution of BCP's capital ratios and as announced during the recent capital increase.

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 mentioned in note 48, it was made in June 2015 a public exchange offer of securities for shares which aimed to reinforce the Bank's share capital. This operation was led through contributions in kind, as part of new entries consisting of the subordinated securities issued by the Bank in the amount of Euros 370,632,000 and that involved the extinction of these emissions.

As at 31 December 2015, 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)	52,587	52,587
Mbcp Ob Cx Sub 2 Serie 2008-2018	October, 2008	October, 2018	See reference (i)	14,888	14,888
Bcp Ob Sub Jun 2020 - Emtn 727	June, 2010	June, 2020	See reference (ii)	14,791	14,791
Bcp Ob Sub Aug 2020 - Emtn 739	August, 2010	August, 2020	See reference (iii)	9,278	9,278
Bcp Ob Sub Mar 2021 - Emtn 804	March, 2011	March, 2021	Euribor 3M + 3.750%	114,000	114,000
Bcp Ob Sub Apr 2021 - Emtn 809	April, 2011	April, 2021	Euribor 3M + 3.750%	64,100	64,100
Bcp Ob Sub 3S Apr 2021 - Emtn 812	April, 2011	April, 2021	Euribor 3M + 3.750%	35,000	35,000
Bcp Sub 11/25.08.2019 - Emtn 823	August, 2011	August, 2019	Fixed rate 6.383%	7,500	8,122
Bcp Subord Sep 2019 - Emtn 826	October, 2011	September, 2019	Fixed rate 9.310%	50,000	52,176
Bcp Subord Nov 2019 - Emtn 830	November, 2011	November, 2019	Fixed rate 8.519%	40,000	40,887
Bcp Subord Dec 2019 - Emtn 833	December, 2011	December, 2019	Fixed rate 7.150%	26,600	26,527
Mill Bcp Subord Jan 2020 - Emtn 834	January, 2012	January, 2020	Fixed rate 7.010%	14,000	13,488
Mbcp Subord Feb 2020 - Vm Sr. 173	April, 2012	February, 2020	Fixed rate 9.000%	23,000	22,654
Bcp Subord Apr 2020 - Vm Sr 187	April, 2012	April, 2020	Fixed rate 9.150%	51,000	50,311
Bcp Subord 2 Serie Apr 2020 - Vm 194	April, 2012	April, 2020	Fixed rate 9.000%	25,000	24,545
Bcp Subordinadas Jul 20-Emtn 844	July, 2012	July, 2020	Fixed rate 9.000%	26,250	25,140
Bank Millennium:					
MB Finance AB	December, 2007	December, 2017	Euribor 6M + 2.000%	149,916	149,916
BCP Finance Bank:					
BCP Fin Bank Ltd EMTN - 295	December, 2006	December, 2016	See reference (iv)	71,209	71,202
BCP Fin Bank Ltd EMTN - 828	October, 2011	October, 2021	Fixed rate 13.000%	82,447	59,370
Magellan No. 3:					
Magellan No. 3 Series 3 Class F	June, 2005	May, 2058	-	44	44
					849,026
Perpetual Bonds					
Obrigações Caixa Perpétuas					
Subord 2002/19jun2012	June, 2002	-	See reference (v)	93	68
TOPS BPSM 1997	December, 1997	-	Euribor 6M + 0,900%	23,025	23,256
BCP Leasing 2001	December, 2001	-	Euribor 3M + 2,250%	5,436	5,436
					28,760
CoCos					
Bcp Coco Bonds 12/29.06.2017	June, 2012	June, 2017	See reference (vi)	750,000	759,813
Accruals					7,772
					1,645,371

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 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 + 0.300% (0.800% after December 2011);
(v) - Until 40th coupon 6.131%; After 40th coupon Euribor 3M + 2.400%;
(vi) - 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:

	2015 Euros '000	2014 Euros '000
Up to 1 year	71,202	-
1 to 5 years	1,265,123	1,428,605
Over 5 years	272,514	558,765
Undetermined	28,760	28,510
	1,637,599	2,015,880
Accruals	7,772	9,792
	1,645,371	2,025,672

40. Other liabilities

This balance is analysed as follows:

	2015 Euros '000	2014 Euros '000
Creditors:		
Suppliers	34,562	35,842
From factoring operations	12,117	6,132
Associated companies	120	798
Other creditors	254,531	236,944
Public sector	44,534	56,712
Interests and other amounts payable	108,518	98,533
Deferred income	10,431	9,804
Holiday pay and subsidies	57,899	61,900
Other administrative costs payable	2,996	3,347
Amounts payable on trading activity	131,793	14,859
Other liabilities	417,174	526,721
	1,074,675	1,051,592

The balance Creditors - Other creditors includes the amount of Euros 46,308,000 (31 December 2014: Euros 48,201,000) related to the seniority premium, as described in note 50.

Additionally, this balance includes the amount of Euros 20,263,000 (31 December 2014: Euros 24,212,000) related to the actual value of benefits attributed associated with mortgage loans to employees, retirees and former employees. This balance also included, in 31 December 2014, the amount of Euros 35,164,000 regarding the restructuring provision, related to the resizing program agreed with the European Commission. This provision was used during 2015, under the restructuring process.

The balance Creditors - Other creditors also includes the amount of Euros 4,245,000 (31 December 2014: Euros 3,153,000), 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. These obligations are not covered by the Pension Fund and therefore, correspond to amounts payable by the Group.

The caption Other liabilities included as at 31 December 2014, the amount of Euros 38,020,000 regarding liabilities associated with post-employment benefits, as described in note 50.

41. Share capital, preference shares and other equity instruments

The Bank's share capital amounts to Euros 4,094,235,361.88 and is represented by 59,039,023,275 ordinary, book-entry and nominates shares, without nominal value, which is fully paid.

Following the authorization given in the Annual General Meeting of Shareholders of 11 May 2015, the Bank carried out an increase in its share capital from Euros 3,706,690,253.08 to Euros 4,094,235,361.88, by the issuance of 4,844,313,860 new ordinary, book-entry shares without nominal value, as a result of the partial and voluntary public tender offer for the acquisition of securities (preferred shares, perpetual securities and subordinated bonds) for exchange of new shares issued at the issue price of Euros 0.0834 per share(of which Euros 0.08 corresponds to the unitary issue value and Euros 0.0034 to share premium) and listing of the new ordinary shares on Euronext Lisbon.

The issue price or value of the Public Exchange Offer was calculated using the volume weighted average quotation of BCP in the last five days applying a discount of 7%. The difference between the issue price (Euros 0.0834 per share), and the issue value (Euros 0.08 per share), resulted in a share premium of Euros 16,470,667.11.

On 24 July 2014, the Bank had registered a share capital increase from Euros 1,465,000,000 to Euros 3,706,690,253.08 through the issuance of new 34,487,542,355 ordinary, book-entry and nominates shares, without nominal value, which were offered to the Bank's shareholders for subscription through the exercise of their pre-emptive subscription rights.

In accordance with the Shareholders General Meeting in 30 May of 2014, the bank had reduced the share capital from Euros 3,500,000,000 to Euros 1,465,000,000, without changing the number of shares without nominal value at this date, being the reduction of Euros 2,035,000,000 to cover losses on the separate financial statements of the Bank occurred in the year 2013.

The preference shares includes two issues by BCP Finance Company Ltd which considering the rules established in IAS 32 and in accordance with the accounting policy presented in note 1 h), were considered as equity instruments. The issues are analysed as follows:

- 5,000,000 Perpetual Non-cumulative Guaranteed Non-voting Preference Shares with par value of Euros 100 each, in the total amount of Euros 500,000,000, issued on 9 June 2004.
- 10,000 preference shares with par value of Euros 50,000 perpetual each without voting rights, in the total amount of Euros 500,000,000, issued on 13 October 2005.

In October 2011 and July 2015, the majority of the preference shares were exchanged for new debt instruments. As at 31 December 2015, the balance preference shares amounts to Euros 59,910,000.

The balance other equity instruments includes three issues of perpetual subordinated debt securities analysed as follows:

- In June 2009, the Bank issued Euros 300,000,000 of perpetual subordinated debt securities with conditional coupons presenting a nominal value of Euros 1,000, which were considered as capital instruments.
- In August 2009, the Bank issued Euros 600,000,000 of perpetual subordinated debt securities with conditional coupons presenting a nominal value of Euros 1,000, which were considered as capital instruments.
- In December 2009, the Bank issued Euros 100,000,000 of perpetual subordinated debt securities with conditional coupons presenting a nominal value of Euros 1,000, which were considered as capital instruments.

These issues were exchanged within the scope of the public change offerings of perpetual subordinated securities for ordinary shares, performed in 2011 and 2015. As at 31 December 2015, the balance amounts to Euros 2,922,000.

Pursuant to the conditions of the issue of Core Tier I Capital Instruments underwritten by the State, under Law no. 63-A/2008 and Implementing Order no. 150-A/2012 (CoCos), the Bank cannot distribute dividends until the issue is fully reimbursed.

As at 31 December 2015, shareholders holding individually or together with their affiliates, 2% or more of the share capital of the Bank, is as follows:

Shareholder	number of shares	% share capital	% voting rights
Sonangol - Sociedade Nacional de Combustíveis de Angola, EP	10,534,115,358	17.84%	17.84%
Sabadell Group	2,994,863,413	5.07%	5.07%
EDP Group	1,599,763,651	2.71%	2.71%
BlackRock (*)	1,308,152,656	2.22%	2.22%
Interoceânico Group	1,207,659,500	2.04%	2.04%
Total Qualified Shareholdings	17,644,554,578	29.88%	29.88%

(*) According to the latest available information (BlackRock on 24 July, 2014).

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. The Bank maintained its legal reserve in the amount of Euros 193,270,000.

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:

	2015 Euros '000	2014 Euros '000
Fair value reserves		
Financial assets available for sale		
Potential gains and losses recognised in fair value reserves	43,222	177,879
Loans represented by securities (*)	(15)	(20)
Financial assets held to maturity (*)	(381)	(1,207)
Of associated companies and others	10,559	2,056
Cash-flow hedge	(24,550)	(28,529)
	28,835	150,179
Tax		
Financial assets available for sale		
Potential gains and losses recognised in fair value reserves	(10,167)	(48,764)
Loans represented by securities	4	6
Financial assets held to maturity	110	356
Cash-flow hedge	4,468	5,121
	(5,585)	(43,281)
Fair value reserve net of taxes	23,250	106,898
Others	(2,483,578)	(2,383,487)
	(2,460,328)	(2,276,589)
Other reserves and retained earnings:		
Legal reserve	193,270	193,270
Statutory reserve	30,000	30,000
Other reserves and retained earnings	2,626,089	2,788,179
Other reserves arising on consolidation	(173,557)	(169,875)
	2,675,802	2,841,574

(*) Refers to the amount not accrued of the fair value reserve at the date of reclassification for securities subject to reclassification.

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.

The changes occurred, during 2015, 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:

	2015					
	Balance on 1 January Euros '000	**Transfers Euros '000**	**Fair value adjustment Euros '000**	**Impairment in profit and loss Euros '000**	**Sales Euros '000**	**Balance on 31 December Euros '000**
Millenniumbcp Ageas	(3,902)	-	7,172	-	-	3,270
Portuguese public debt securities	67,628	282,216	(70,478)	-	(396,305)	(116,939)
Visa Europe Limited	-	-	43,312	-	-	43,312
Other investments	114,982	-	(29,965)	56,675	(17,950)	123,742
	178,708	282,216	(49,959)	56,675	(414,255)	53,385

In addition, the assets included in level 3 also include the value of the investment held by the Banco Comercial Português, S.A. and Bank Millennium,S.A. (Poland) in Visa Europe Limited in the amount of Euros 43,312,000 as a result of their valuation for the current transaction Visa International, as referred in notes 24 and 48.

The changes occurred during 2014, 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:

	2014					
	Balance on 1 January Euros '000	**Transfers Euros '000**	**Fair value adjustment Euros '000**	**Impairment in profit and loss Euros '000**	**Sales Euros '000**	**Balance on 31 December Euros '000**
Millenniumbcp Ageas	(44,463)	-	40,561	-	-	(3,902)
Portuguese public debt securities	89,412	-	274,948	-	(296,732)	67,628
Other investments	34,650	-	(5,338)	91,345	(5,675)	114,982
	79,599	-	310,171	91,345	(302,407)	178,708

44. Treasury stock

This balance is analysed as follows:

	Banco Comercial Português, S.A. shares		**Other treasury stock**	**Total**
2015				
Net book value (Euros '000)	1,187		-	1,187
Number of securities	24,280,365	(*)		
Average book value (Euros)	0.05			
2014				
Net book value (Euros '000)	1,595		11,952	13,547
Number of securities	24,280,365	(*)		
Average book value (Euros)	0.07			

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 2015, Banco Comercial Português, S.A. does not held treasury stocks and does not performed any purchases or sales of own shares during the period. However, as at 31 December 2015, this balance includes 24,280,365 shares (31 December 2014: 24,280,365 shares) owned by clients. 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, in accordance with this standard, considered as treasury stock, and, in accordance with the accounting policies, written off from equity.

Regarding treasury stock owned by associated companies listed in note 60, as at 31 December 2015, the Millenniumbcp Ageas Group owned 652,087,518 BCP shares (31 December 2014: 652,087,518 shares) in the amount of Euros 31,822,000 (31 December 2014: Euros 42,842,000).

45. Non-controlling interests

This balance is analysed as follows:

	2015 Euros '000	2014 Euros '000
Actuarial losses (net of taxes)	(728)	(526)
Exchange differences arising on consolidation	(111,771)	(40,300)
Fair value reserves	5,059	(9,268)
Deferred taxes	(1,189)	1,582
	(108,629)	(48,512)
Other reserves and retained earnings	1,166,031	822,883
	1,057,402	774,371

The balance Non-controlling interests is analysed as follows:

	Balance Sheet		Income Statement	
	2015 Euros '000	2014 Euros '000	2015 Euros '000	2014 Euros '000
Bank Millennium, S.A.	754,037	465,303	59,206	53,634
BIM - Banco Internacional de Moçambique, SA	136,428	151,942	29,257	30,565
Banco Millennium Angola, S.A.	167,560	157,140	37,764	25,560
Other subsidiaries	(623)	(14)	(610)	301
	1,057,402	774,371	125,617	110,060

			% held Non-controlling interests	
Name	Head office	Segment	2015	2014
Bank Millennium, S.A.	Warsaw	Bank	49.9%	34.5%
BIM - Banco Internacional de Moçambique, S.A.	Maputo	Bank	33.3%	33.3%
Banco Millennium Angola, S.A.	Luanda	Bank	49.9%	49.9%

At the end of March 2015, the Group sold 15.41% of the share capital of Bank Millennium SA (Poland) through the accelerated placement of 186,979,631 ordinary shares at unit price of PLN 6.65, which generated a gain of Euros 30,988,000 recognized against reserves.

The following table presents a summary of financial information for the above institutions, prepared in accordance with IFRS. The information is presented before inter-company eliminations:

	Bank Millennium, S.A.		BIM - Banco Internacional de Moçambique, S.A.		Banco Millennium Angola, S.A.	
	2015	**2014**	**2015**	**2014**	**2015**	**2014**
	Euros '000	**Euros '000**	**Euros '000**	**Euros '000**	**Euros '000**	**Euros '000**
Income	772,562	832,658	344,366	311,195	260,002	190,966
Net profit for the year	130,694	155,243	84,243	88,451	75,679	51,222
Net profit for the year attributable to the shareholders	71,488	101,609	54,986	57,886	37,915	25,662
Net profit for the year attributable to non-controlling interests	59,206	53,634	29,257	30,565	37,764	25,560
Other comprehensive income attributable to the shareholders	1,964	3,383	(7)	(475)	309	(2,309)
Other comprehensive income attributable to non-controlling interests	18,739	1,781	(4)	(237)	307	(2,300)
Total comprehensive income	151,397	160,407	84,232	87,739	76,295	46,613
Financial assets	15,325,430	14,036,588	2,205,402	2,376,925	2,139,466	1,736,450
Non-financial assets	208,530	177,697	149,508	198,844	204,198	213,776
Financial liabilities	(13,716,673)	(12,657,377)	(1,817,368)	(1,983,484)	(1,907,496)	(1,585,230)
Non-financial liabilities	(306,190)	(207,689)	(137,401)	(146,869)	(100,377)	(50,086)
Equity	1,511,097	1,349,219	400,141	445,416	335,791	314,910
Equity attributed to the shareholders	757,060	883,916	263,713	293,474	168,231	157,770
Equity attributed to the non-controlling interests	754,037	465,303	136,428	151,942	167,560	157,140
Cash flows arising from:						
operating activities	1,035,021	(111,755)	(2,398)	83,634	116,820	66,781
investing activities	(542,673)	(362,497)	(10,128)	(41,568)	(367,859)	(193,473)
financing activities	(151,652)	157,321	6,934	(20,903)	549,281	129,197
Net increase / (decrease) in cash and equivalents	340,696	(316,931)	(5,592)	21,163	298,242	2,505
Dividends paid during the year:						
attributed to the shareholders	-	41,679	18,897	17,120	-	-
attributed to the non-controlling interests	-	21,941	10,157	9,115	-	-
	-	63,620	29,054	26,235	-	-

46. Guarantees and other commitments

This balance is analysed as follows:

	2015	**2014**
	Euros '000	**Euros '000**
Guarantees granted	5,237,115	5,482,897
Guarantees received	31,396,270	31,254,692
Commitments to third parties	7,064,498	7,453,290
Commitments from third parties	11,778,091	10,769,188
Securities and other items held for safekeeping on behalf of customers	130,088,758	119,368,385
Securities and other items held under custody by the Securities Depository Authority	135,146,255	123,425,276
Other off balance sheet accounts	137,284,775	135,896,783

The amounts of Guarantees granted and Commitments to third parties are analysed as follows:

	2015 Euros '000	2014 Euros '000
Guarantees granted		
Guarantees	4,185,448	4,145,369
Stand-by letter of credit	84,586	93,034
Open documentary credits	532,323	464,433
Bails and indemnities	434,758	780,061
	5,237,115	5,482,897
Commitments to third parties		
Irrevocable commitments		
Term deposits contracts	929	16,292
Irrevocable credit lines	2,077,530	2,462,932
Other irrevocable commitments	280,288	291,835
Revocable commitments		
Revocable credit lines	3,874,928	3,706,528
Bank overdraft facilities	592,400	751,355
Other revocable commitments	238,423	224,348
	7,064,498	7,453,290

The guarantees granted by the Group may be related to loans 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 since 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:

	2015 Euros '000	2014 Euros '000
Banco Comercial Português, S.A.	1,915,490	1,534,264
Millennium bcp Bank & Trust	12,280	14,731
Millennium bcp Gestão de Activos - Sociedade Gestora de Fundos de Investimento, S.A.	-	1,467,802
BII Investimentos International, S.A.	-	73,538
Interfundos Gestão de Fundos de Investimento Imobiliários, S.A.	1,359,883	1,518,606
Millennium TFI S.A.	930,840	834,865
	4,218,493	5,443,806

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 and custody by the Group companies are analysed as follows:

	2015 Euros '000	2014 Euros '000
Real-estate investment funds	1,359,883	1,518,606
Wealth management	1,927,770	1,548,995
Assets under deposit	123,026,536	111,104,414
	126,314,189	114,172,015

48. Relevant events occurred during 2015

Increase of the Bank's Share Capital from Euros 3,706,690,253.08 to Euros 4,094,235,361.88

In June 2015, Banco Comercial Português, S.A carried out an increase in its share capital from Euros 3,706,690,253.08 to Euros 4,094,235,361.88, by the issuance of 4,844,313,860 new ordinary, book-entry shares without nominal value, as a result of the partial and voluntary public tender offer for the acquisition of securities (preferred shares, perpetual securities and subordinated bonds) for exchange of new shares issued at the issue price of Euros 0.0834 per share (of which Euros 0.08 corresponds to the unitary issue value and Euros 0.0034 to share premium) and listing of the new ordinary shares on Euronext Lisbon.

The issue price or value of the Public Exchange Offer was calculated using the volume weighted average quotation of BCP in the last five days applying a discount of 7%. The difference between the issue price (Euros 0.0834 per share), and the issue value (Euros 0.08 per share), resulted in a share premium of Euros 16,470,667.11.

Conclusion of the sale of the whole share capital of Millennium bcp Gestão de Activos – Sociedade Gestora de Fundos de Investimento, S.A.

Banco Comercial Português, S.A concluded, in May 2015, the sale of the whole share capital of Millennium bcp Gestão de Activos – Sociedade Gestora de Fundos de Investimento, S.A. to Corretaje e Información Monetária y de Divisas, S.A. (CIMD Group).

The Bank will continue to sell investment funds managed by MGA, which is the depositary

Resolutions of the Annual General Meeting

Banco Comercial Português, S.A. concluded, on 11 May 2015, the Annual General Meeting of Shareholders, with 46.63% of the share capital represented and the following resolutions:

i) – Approval of the individual and consolidated annual reports, balance sheet and financial statements for 2014;

ii) – Approval of the appropriation of the net losses on the individual balance sheet for “Retained Earnings”;

(iii) – Approval of a vote of trust and praise addressed to the Board of Directors, including to the Executive Committee and to the Audit Committee and each one of their members, as well as to the Chartered Accountant and its representative;

(iv) – Approval of the statement on the remuneration policy of the Members of the Management and Supervision Bodies;

(v) – Approval of the policy for the selection and evaluation of the adequacy of the Members of the Management and Supervision Bodies;

(vi) – Approval of the cooptation of a non executive member of the Board of Directors to exercise functions in the triennial 2012/2014;

(vii) – Approval of the election of the members of the Board of Directors and of the Audit Committee to exercise functions in the triennial 2015/2017;

(viii) – Approval of the election of the members of the International Strategic Board to exercise functions in the triennial 2015/2017;

(ix) – Approval of the election of the members of the Remuneration and Welfare Board to exercise functions in the triennial 2015/2017, and of their remuneration;

(x) – Approval of the appointment of a firm of independent statutory auditors, to, pursuant to article 28 of the Companies Code, make a report on the contributions in kind to be made within the scope of the subscription of shares to be issued by new contributions in kind object of Item Eleven of the Agenda of the general meeting;

(xi) – Approval of the launching of a public offer for the exchange of subordinated securities and consequent increase of the share capital by contributions in kind up to 428,000,000.00 Euros, made through the issue of up to 5,350,000,000 new shares without nominal value, under which:

a) the new contributions will be composed of securities issued by the Bank and by the subsidiary company BCP Finance Company Ltd with the ISIN PTBCPMOM0002, PTBCLWXE0003, PTBCPZOE0023, PTBIPNOM0062, PTBCTCOM0026, XS0194093844 and XS0231958520, and

b) these new shares will be issued with an issue price per share corresponding to 93% of the weighted average per volumes of the BCP share price in the regulated market Euronext Lisbon, in the five trading days immediately before the exchange public offer is launched, and, without prejudice to the minimum amount required by law, the issue price of up to 0.08 Euros per share corresponding to the issue value and the remaining amount corresponding to the premium, and on the consequent alteration of the articles of association (article 4.1);

(xii) – Approval of the acquisition and sale of own shares or bonds.

Sale of 15.41% of the share capital of Bank Millennium SA (Poland)

At the end of March 2015, as part of an accelerated placement operation, the Group sold to institutional investors 186,979,631 shares of Bank Millennium, S.A. (Poland), representing 15.41% of the share capital of the Bank for the amount of approximately Euros 304 million (PLN 1,240 million).

Following this transaction, the Group now holds a 50.1% stake in the share capital of the Bank maintaining control in accordance with IFRS 10. This operation generated a gain of Euros 30.988 million on a consolidated basis, which had no impact on profit and loss because the transaction did not imply change of control of the subsidiary

The gain generated is net of recycling of foreign exchange reserves and the fair value of to the investment sold.

Under this operation, and considering an option provided for in IFRS, the Group incorporated in the calculation of the gain the amortization of a portion of the goodwill of Bank Millennium, S.A (Poland) according to the proportion of the sold stake (23.5%). The goodwill currently associated with the investment in Bank Millennium, S.A (Poland) amounts to Euros 126 million (31 December 2014: Euros 164 million).

Assessment process scenarios for ActivoBank

On 24 February 2015, Banco Comercial Português, S.A. informed about the process of evaluation of various strategic scenarios that promote the appreciation of ActivoBank, the online reference bank in Portugal.

In March 2016, BCP has decided to select Cabot Square Capital LLP, a financial services specialist private equity firm, to a phase of negotiations on an exclusive basis, however no final decision has yet been made regarding the sale of ActivoBank.

Merger of Banco Millennium Angola, S.A. with Banco Privado Atlântico, S.A.

Banco Comercial Português, S.A. (BCP) agreed to carry out a merger of Banco Millennium Angola, S.A. with Banco Privado Atlântico, S.A., thereby creating the conditions for growth in adverse conditions and simultaneously adapting the bank to the implications of recent changes in supervisory equivalence.

BCP signed, on 8 October, a memorandum of understanding with the main shareholder of Banco Privado Atlântico, S.A. (Global Pactum – Gestão de Ativos, S.A.), to merge Banco Millennium Angola, S.A. with Banco Privado Atlântico, S.A., resulting in the second-largest private sector bank in terms of loans to the economy, with a market share of approximately 10% by business volume.

According to the terms of the process, BCP will have significant influence over the new entity, and as a result, will be accounted for by the equity method.

Proposal of acquisition of Visa Europe Ltd. by Visa Inc

It was announced on 2 November 2015 by Visa Inc. a proposal of acquisition of Visa Europe Ltd by Visa Inc. In accordance with the information published by Visa Inc., the value of the transaction includes Euros 16,500 million paid up-front to the beneficiaries and, in addition, potentially up to Euros 4,700 million, as an earn-out payable following the fourth anniversary of completion of the transaction, totaling a transaction amount of up to Euros 21,200 million. The upfront amount considers a cash payment of Euros 11,500 million and Euros 5,000 million of preference shares convertible into ordinary Visa Inc. class A common shares.

Both BCP and Bank Millennium, as key members of Visa Europe Ltd will benefit from this transaction.

On this basis and as referred in notes 24 and 43, the investment were valued based on the estimated values. These amounts are not final and are subject to adjustments until the determination of final amounts, which is expected to occur during the first quarter of 2016. Also, in accordance with the indicative time-table, the upfront payments are expected to occur until the end of the first semester of 2016, but terms and implementation of the upfront payment are subject to regulatory approvals.

Both Banks may also receive earn-outs after the fourth anniversary of the completion of the transaction. The amount of each earn-out will depend on each Bank's share in Visa's business in the four consecutive years counting from the completion of the transaction.

The initially estimated amounts regarding the cash payments were recognised in Fair Value Reserves in 2015. Until this date, the asset was carried at cost considering that there was no reliability in the determination of fair value.

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 judgment 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 0.05% as at 31 December 2015 (31 December 2014: 0.05%).

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 period). As at 31 December 2015, the average discount rate was 0.60% for loans and advances and -0.13% for deposits. As at 31 December 2014 the rates were 1.10% and -0.36%, 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 period) and the spread used at the date of the report, which was calculated from the average production of the three most recent months. The average discount rate was 4.54% as at 31 December 2015 and 4.44% as at 31 December 2014. 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 period) and the spread of the Group at the date of the report, which was calculated from the average production of the three most recent months. As at 31 December 2015, the average discount rate was 1.70% and as at 31 December 2014 was 1.65%.

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 5.25% (31 December, 2014: 6.97%) for subordinated debt placed on the institutional market. Regarding the subordinated issues placed on the retail market it was determined a discount rate of 6.20% (31 December, 2014: 7.18%). The average discount rate calculated for senior issues (including the Government guaranteed and asset-backed) was 0.81% (31 December 2014: 2.06%) for issues placed on the institutional market and 1.87% (31 December, 2014: 2.97%) 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 2015 is a positive amount of Euros 23,061,000 (31 December 2014: a positive amount of Euros 63,163,000), and includes a receivable amount of Euros 9,288,000 (31 December 2014: a receivable amount of Euros 366,000) which reflects the fair value of embedded derivatives and are recorded in financial assets and liabilities held for trading.

As at 31 December 2015, 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	-0.30%	0.55%	0.47%	1.50%
7 days	-0.30%	0.56%	0.48%	1.50%
1 month	-0.23%	0.63%	0.54%	1.55%
2 months	-0.20%	0.67%	0.62%	1.59%
3 months	-0.17%	0.75%	0.70%	1.62%
6 months	-0.10%	0.94%	0.83%	1.67%
9 months	-0.04%	1.12%	0.96%	1.68%
1 year	-0.06%	0.85%	1.10%	1.58%
2 years	-0.03%	1.15%	1.09%	1.65%
3 years	0.06%	1.38%	1.30%	1.74%
5 years	0.33%	1.70%	1.58%	1.99%
7 years	0.62%	1.93%	1.79%	2.21%
10 years	1.00%	2.17%	2.00%	2.43%
15 years	1.40%	2.40%	2.17%	2.71%
20 years	1.57%	2.51%	2.20%	2.73%
30 years	1.61%	2.60%	2.16%	2.73%

The following table shows the fair value of financial assets and liabilities of the Group, as at 31 December 2015:

	2015				
	Fair value through profit or loss Euros '000	**Fair value through reserves Euros '000**	**Amortised cost Euros '000**	**Book value Euros '000**	**Fair value Euros '000**
Cash and deposits at Central Banks	-	-	1,840,317	1,840,317	1,840,317
Loans and advances to credit institutions					
Repayable on demand	-	-	776,413	776,413	776,413
Other loans and advances	-	-	921,648	921,648	923,182
Loans and advances to customers	-	-	51,970,159	51,970,159	49,506,926
Financial assets held for trading	1,188,805	-	-	1,188,805	1,188,805
Other financial assets held for trading					
at fair value through profit or loss	152,018	-	-	152,018	152,018
Financial assets available for sale	-	10,779,030	-	10,779,030	10,779,030
Hedging derivatives	73,127	-	-	73,127	73,127
Held to maturity financial assets	-	-	494,891	494,891	482,825
	1,413,950	10,779,030	56,003,428	68,196,408	65,722,643
Deposits from credit institutions	-	-	8,591,045	8,591,045	8,679,702
Amounts owed to customers	3,593,761	-	47,944,822	51,538,583	52,129,199
Debt securities	715,598	-	4,052,671	4,768,269	4,791,330
Financial liabilities held for trading	723,228	-	-	723,228	723,228
Hedging derivatives	541,230	-	-	541,230	541,230
Subordinated debt	-	-	1,645,371	1,645,371	1,615,364
	5,573,817	-	62,233,909	67,807,726	68,480,053

The following table shows the fair value of financial assets and liabilities of the Group, as at 31 December 2014:

	2014				
	Fair value through profit or loss Euros '000	**Fair value through reserves Euros '000**	**Amortised cost Euros '000**	**Book value Euros '000**	**Fair value Euros '000**
Cash and deposits at Central Banks	-	-	1,707,447	1,707,447	1,707,447
Loans and advances to credit institutions					
Repayable on demand	-	-	795,774	795,774	795,774
Other loans and advances	-	-	1,456,026	1,456,026	1,456,227
Loans and advances to customers	-	-	53,685,648	53,685,648	51,028,286
Financial assets held for trading	1,674,240	-	-	1,674,240	1,674,240
Financial assets available for sale	-	8,263,225	-	8,263,225	8,263,225
Assets with repurchase agreement	-	-	36,423	36,423	36,436
Hedging derivatives	75,325	-	-	75,325	75,325
Held to maturity financial assets	-	-	2,311,181	2,311,181	2,547,752
	1,749,565	8,263,225	59,992,499	70,005,289	67,584,712
Deposits from credit institutions	-	-	10,966,155	10,966,155	11,018,598
Amounts owed to customers	1,895,440	-	47,921,296	49,816,736	50,578,631
Debt securities	592,446	-	5,117,123	5,709,569	5,772,732
Financial liabilities held for trading	952,969	-	-	952,969	952,969
Hedging derivatives	352,543	-	-	352,543	352,543
Subordinated debt	-	-	2,025,672	2,025,672	2,319,453
	3,793,398	-	66,030,246	69,823,644	70,994,926

The following table shows, by valuation levels, the fair value of financial assets and liabilities of the Group, as at 31 December 2015:

	2015				
	Level 1	**Level 2**	**Level 3**	**Financial instruments at cost**	**Total**
	Euros '000	**Euros '000**	**Euros '000**	**Euros '000**	**Euros '000**
Cash and deposits at Central Banks	1,840,317	-	-	-	1,840,317
Loans and advances to credit institutions					
Repayable on demand	776,413	-	-	-	776,413
Other loans and advances	-	-	923,182	-	923,182
Loans and advances to customers	-	-	49,506,926	-	49,506,926
Financial assets held for trading	318,315	672,489	178,854	19,147	1,188,805
Other financial assets held for trading					
at fair value through profit or loss	152,018	-	-	-	152,018
Financial assets available for sale	6,949,116	2,149,370	1,608,837	71,707	10,779,030
Hedging derivatives	-	73,127	-	-	73,127
Held to maturity financial assets	56,591	426,234	-	-	482,825
	10,092,770	3,321,220	52,217,799	90,854	65,722,643
Deposits from credit institutions	-	-	8,679,702	-	8,679,702
Amounts owed to customers	-	-	52,129,199	-	52,129,199
Debt securities	507,845	4,283,485	-	-	4,791,330
Financial liabilities held for trading	63,153	643,567	16,508	-	723,228
Hedging derivatives	-	541,230	-	-	541,230
Subordinated debt	-	1,615,364	-	-	1,615,364
	570,998	7,083,646	60,825,409	-	68,480,053

The following table shows, by valuation levels, the fair value of financial assets and liabilities of the Group, as at 31 December 2014:

	2014				
	Level 1	**Level 2**	**Level 3**	**Financial instruments at cost**	**Total**
	Euros '000	**Euros '000**	**Euros '000**	**Euros '000**	**Euros '000**
Cash and deposits at Central Banks	1,707,447	-	-	-	1,707,447
Loans and advances to credit institutions					
Repayable on demand	795,774	-	-	-	795,774
Other loans and advances	-	-	1,456,227	-	1,456,227
Loans and advances to customers	-	-	51,028,286	-	51,028,286
Financial assets held for trading	668,595	991,304	9	14,332	1,674,240
Financial assets available for sale	5,009,841	1,782,205	1,375,926	95,253	8,263,225
Assets with repurchase agreement	-	-	-	36,436	36,436
Hedging derivatives	-	75,325	-	-	75,325
Held to maturity financial assets	2,172,301	375,451	-	-	2,547,752
	10,353,958	3,224,285	53,860,448	146,021	67,584,712
Deposits from credit institutions	-	-	11,018,598	-	11,018,598
Amounts owed to customers	-	-	50,578,631	-	50,578,631
Debt securities	392,528	5,380,204	-	-	5,772,732
Financial liabilities held for trading	98,880	845,587	8,502	-	952,969
Hedging derivatives	-	352,543	-	-	352,543
Subordinated debt	-	2,319,453	-	-	2,319,453
	491,408	8,897,787	61,605,731	-	70,994,926

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 in which transactions of the financial instrument occur with sufficient frequency and volume to provide prices information on an ongoing basis and for this purpose should verify the following 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.

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, in accordance with the accounting policy described in note 1 w).

As at 31 December 2015, the number of participants in the Pension Fund of Banco Comercial Português covered by this pension plan and other benefits is analysed as follows:

	2015	2014
Number of participants		
Pensioners	16,432	16,337
Former Attendees Acquired Rights	3,360	3,216
Employees	7,713	8,054
	27,505	27,607

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:

	2015 Euros '000	2014 Euros '000
Projected benefit obligations		
Pensioners	1,865,380	1,835,678
Former attendees acquired rights	210,829	187,812
Employees	1,059,478	1,109,165
	3,135,687	3,132,655
Pension fund value	(3,157,869)	(3,094,635)
Net (assets) / liabilities in balance sheet	(22,182)	38,020
Accumulated actuarial losses recognised in Other comprehensive income	2,921,795	2,811,018

The change in the projected benefit obligations is analysed as follows:

	2015			2014
	Pension benefit obligations Euros '000	**Extra-Fund Euros '000**	**Total Euros '000**	**Total Euros '000**
Balance as at 1 January	2,789,347	343,308	3,132,655	2,533,235
Service cost	(2,134)	203	(1,931)	(4,435)
Interest cost / (income)	68,847	8,309	77,156	97,520
Actuarial (gains) and losses				
Not related to changes in actuarial assumptions	317	46	363	221
Arising from changes in actuarial assumptions	-	-	-	573,880
Transfers of the Fund's liabilities (death subsidy)	18,313	(18,313)	-	-
Payments	(65,711)	(21,886)	(87,597)	(79,297)
Early retirement programmes	6,289	(145)	6,144	1,009
Contributions of employees	8,728	-	8,728	9,778
Transfer from other plans	169	-	169	744
Balance at the end of the year	2,824,165	311,522	3,135,687	3,132,655

As at 31 December 2015 the value of the benefits paid by the Pension Fund, excluding other benefits included on Extra-fund, amounts to Euros 65,711,000 (31 December 2014: Euros 57,243,000).

The liabilities with health benefits are fully covered by the Pension Fund and correspond, as at 31 December 2015, to the amount of Euros 330,210,000 (31 December 2014: Euros 298,354,000).

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 2015 amounts to Euros 74,453,000 (31 December 2014: Euros 78,406,000), 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.

Ocidental Vida is 100% owned by Ageas Group and Ageas Group is 49% owned by the BCP Group.

The change in the value of plan's assets is analysed as follows:

	2015	2014
	Euros '000	**Euros '000**
Balance as at 1 January	3,094,635	2,547,275
Expected return on plan assets	71,425	94,417
Actuarial gains and (losses)	(110,414)	96,860
Contributions to the Fund	153,183	400,000
Payments	(65,711)	(57,243)
Amount transferred to the Fund resulting from acquired rights unassigned related to the Complementary Plan	5,854	2,804
Employees' contributions	8,728	9,778
Transfers from other plans	169	744
Balance at the end of the year	3,157,869	3,094,635

The elements of the Pension Fund's assets are analysed as follows:

	2015	2014
	Euros '000	**Euros '000**
Shares	652,777	746,123
Bonds and other fixed income securities	1,316,579	907,943
Participations units in investment funds	123,720	190,193
Participation units in real estate funds	240,172	274,598
Properties	302,212	302,190
Loans and advances to credit institutions and others	522,409	673,588
	3,157,869	3,094,635

The balance Properties includes buildings owned by the Fund and used by the Group's companies which as at 31 December 2015, amounts to Euros 301,631,000 (31 December 2014: Euros 301,507,000).

The securities issued by Group's companies accounted in the portfolio of the Fund are analysed as follows:

	2015 Euros '000	2014 Euros '000
Fixed income securities	130,009	129,992
Loans and advances to credit institutions and others	524,652	650,038
	654,661	780,030

The evolution of net (assets) / liabilities in the balance sheet is analysed as follows:

	2015 Euros '000	2014 Euros '000
Balance as at 1 January	38,020	(14,040)
Recognised in the income statement:		
Service cost	(1,931)	(4,435)
Interest cost / (income) net of the balance liabilities coverage	5,731	3,103
Cost with early retirement programs	6,144	1,009
Amount transferred to the Fund resulting from acquired rights unassigned related to the Complementary Plan	(5,854)	(2,804)
Recognised in the statement of comprehensive income:		
Actuarial (gains) and losses		
Not related to changes in actuarial assumptions		
Return of the fund	110,414	(96,860)
Difference between expected and effective obligations	363	221
Arising from changes in actuarial assumptions	-	573,880
Contributions to the fund	(153,183)	(400,000)
Payments	(21,886)	(22,054)
Balance at the end of the year	(22,182)	38,020

As at 31 December 2015, from the balances Cost with early retirement programs and Amount transferred to the fund resulting from acquired rights unassigned related to the Complementary Plan, Euros 792,000 (31 December 2014: Euros 1,557,000) were recognised against the restructuring provision as referred in note 40.

As at 31 December 2015, the Group's companies made contributions in cash to the Pension Fund, in the amount of Euros 153,183,000 (31 December 2014: Euros 400,000,000).

In accordance with IAS 19, as at 31 December 2015, the Group accounted post-employment benefits as a cost in the amount of Euros 3,298,000, which is analysed as follows:

	2015		
	Continuing operations Euros '000	Discontinued operations Euros '000	Total Euros '000
Service cost	(1,912)	(19)	(1,931)
Net interest cost / (income) in the liability coverage balance	5,729	2	5,731
Cost / (income) with early retirement programs and mutually agreed terminations	(359)	(143)	(502)
(Income) / Cost of the year	3,458	(160)	3,298

In accordance with IAS 19, as at as at 31 December 2014, the Group accounted post-employment benefits as an income in the amount of Euros 1,570,000, which is analysed as follows:

	2014		
	Continuing operations Euros '000	Discontinued operations Euros '000	Total Euros '000
Service cost	(4,376)	(59)	(4,435)
Net interest cost / (income) in the liability coverage balance	3,101	2	3,103
Other	(160)	(78)	(238)
(Income) / Cost of the year	(1,435)	(135)	(1,570)

As the Board Members Retirement Regulation establish that the pensions are increased annually, and as it is not common in 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 4,245,000 (31 December 2014: Euros 3,153,000). As referred in note 40, the changes occurred resulted from the future updates in the retirement pensions of the former members of the Executive Board of Directors, following the agreements established between the parties.

The changes occurred in responsibilities with retirement pensions payable to former members of the Executive Board of Directors, included in the balance Other liabilities, are analysed as follows:

	2015	**2014**
	Euros '000	**Euros '000**
Balance as at 1 January	3,153	4,176
Charge / (Write-back)	1,092	(1,023)
Balance at the end of the year	4,245	3,153

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:

	2015	**2014**
Increase in future compensation levels	0.75% until 2017 1% after 2017	0.75% until 2017 1% after 2017
Rate of pensions increase	0% until 2017 0.5% after 2017	0% until 2017 0.5% after 2017
Projected rate of return of plan assets	2.50%	2.50%
Discount rate	2.50%	2.50%
Mortality tables		
Men	TV 73/77 - 2 years	TV 73/77 - 2 years
Women	TV 88/90 - 3 years	TV 88/90 - 3 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, two years for men and three years for women, which results in a 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, 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 taking into consideration (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, determined a growth rate of wages progressive of 0.75% by 2017 and 1.0% from 2017 and a growth rate of pensions from 0% by 2017 and 0.50% from 2017.

In accordance with the requirements of IAS 19, the rate of return on plan assets considered in the calculation of the present value of the liabilities, corresponds to the discount rate.

However, the estimated expected return for December 2016 is presented below, based on the 31 December 2015 portfolio:

Asset class	**Portfolio %**	**Estimated return**
Shares	20.67%	8.90%
Bonds and other fixed income securities	41.69%	1.38%
Participations units in investment funds	3.92%	2.91%
Participation units in real estate funds	7.61%	0.06%
Properties	9.57%	6.58%
Loans and advances to credit institutions and others	16.54%	1.06%
Total income expected		3.34%

Net actuarial losses amounts to Euros 110,717,000 (31 December 2014: Net actuarial losses amounts to Euros 477,241,000) 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			
	2015		2014	
	Values effectively verified in %	Euros '000	Values effectively verified in %	Euros '000
Deviation between expected and actual liabilities:				
Increase in future compensation levels	0.00%	-	0.74%	(2,470)
Disability	0.00%	-	0.12%	2,935
Mortality deviations	0.00%	-	0.24%	6,167
Others	0.00%	363	-0.25%	(6,412)
Changes on the assumptions:				
Discount rate	0.00%	-	2.50%	769,465
Increase in future compensation levels	-	-	-	(123,174)
Pensions increase rate	-	-	-	(151,399)
Mortality tables		-		78,988
Return on Plan assets	-0.76%	110,414	8.14%	(96,860)
		110,777		477,241

In accordance with IAS 19, the sensitivity analysis to changes in assumptions, is as follows

	Impact resulting from changes in financial assumptions			
	2015		2014	
	-0.25% Euros '000	0.25% Euros '000	-0.25% Euros '000	0.25% Euros '000
Discount rate	139,730	(131,174)	136,160	(129,321)
Pensions increase rate	(130,601)	137,697	(105,349)	111,919
Increase in future compensation levels	(44,041)	46,261	(49,290)	51,931

	Impact resulting from changes in demographic assumptions			
	2015		2014	
	- 1 year Euros '000	+ 1 year Euros '000	- 1 year Euros '000	+ 1 year Euros '000
Mortality Table	92,831	(93,419)	91,936	(92,521)

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%) and a negative variation (from 6.5% to 5.5%) in health benefit costs, which impact is analysed as follows:

	Positive variation of 1% (6.5% to 7.5%)		Negative variation of 1% (6.5% to 5.5%)	
	2015	2014	2015	2014
	Euros '000	Euros '000	Euros '000	Euros '000
Pension cost impact	560	587	(560)	(587)
Liability impact	50,087	50,897	(50,087)	(50,897)

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 2015, the liabilities associated with the seniority premium amount to Euros 46,308,000 (31 December 2014: Euros 48,201,000) and are covered by provisions in the same amount.

For 2015 and 2014, the cost of the seniority premium is analysed as follows:

	2015			2014		
	Continuing operations Euros '000	Discontinued operations Euros '000	Total Euros '000	Continuing operations Euros '000	Discontinued operations Euros '000	Total Euros '000
Service cost	2,427	3	2,430	2,502	11	2,513
Interest costs	1,149	2	1,151	1,868	10	1,878
Actuarial gains and losses	(1,328)	(119)	(1,447)	(465)	(2)	(467)
Cost of the year	2,248	(114)	2,134	3,905	19	3,924

51. Related parties

As defined by IAS 24, are considered related parties of the Group, the companies detailed in note 60 - List of subsidiary and associated companies of Banco Comercial Português Group, the Pension Fund, the members of the Board of Directors and key management members. The key management members are the first line Directors. Beyond the members of the Board of Directors and key management members, are also considered related parties people who are close to them (family relationships) and entities controlled by them or in whose management they have significant influence.

According to Portuguese law, in particular under Articles 109 of the General Law for Credit Institutions and Financial Companies, are also considered related parties, the shareholders with more than 2% of the share capital or voting rights of Banco Comercial Português, S.A. and individuals related to these categories and entities controlled by them or in whose management they have significant influence. The list of the qualified shareholders is detailed in note 41.

a) Transactions with qualified shareholders

As at December 31, 2015, the balances reflected in assets and liabilities of balance sheet with qualified shareholders, are analysed as follows:

	2015				
	Loans and advances to customers Euros '000	Financial assets (Securities and derivatives) Euros '000	Impairment Euros '000	Deposits from credit institutions Euros '000	Deposits from customers Euros '000
Sonangol Group (*)	71,555	-	581	-	104,855
Sabadell Group	-	29,087	4	810	-
EDP Group	77,769	97,581	319	-	12,596
	149,324	126,668	904	810	117,451

(*) The balance Loans and advances to customers - Sonangol Group, includes the amount of Euros 44,870,000 and Euros 18,153,000 related to credits granted to Baía de Luanda - Promoção, Montagem e Gestão de Negócios, S.A. e Luanda Waterfront Corporation, respectively. Since these companies are associated of the Group, these amounts are also disclosed in paragraph c) of this note - Transactions with associated companies.

As at 31 December 2014, the balances with qualified shareholders reflected in assets of the consolidated balance sheet are as follows:

	2014				
	Loans and advances to customers Euros '000	Financial assets (Securities and derivatives) Euros '000	Impairment Euros '000	Other assets Euros '000	Total Euros '000
Sonangol Group (*)	69,746	-	489	-	70,235
Sabadell Group	1	35,997	-	-	35,998
EDP Group	84,011	25,926	294	-	110,231
Interoceânico Group	15	-	-	-	15
Ageas Group	643	51,437	-	12,971	65,051
	154,416	113,360	783	12,971	281,530

(*) The balance Loans and advances to customers - Sonangol Group, includes the amount of Euros 45,085,000 and Euros 15,702,000 related to credits granted to Baía de Luanda - Promoção, Montagem e Gestão de Negócios, S.A. e Luanda Waterfront Corporation, respectively. Since these companies are associated of the Group, these amounts are also disclosed in paragraph c) of this note - transactions with associated companies.

As at 31December 2014, the balances with qualified shareholders reflected in liabilities of the consolidated balance sheet are as follows:

	2014					
	Deposits from credit institutions Euros '000	Deposits from customers Euros '000	Debt securities issued Euros '000	Subordinated debt Euros '000	Financial Liabilities (Derivatives) Euros '000	Total Euros '000
Sonangol Group	-	85,122	-	-	-	85,122
Sabadell Group	101,408	-	-	-	-	101,408
EDP Group	-	191,958	-	-	-	191,958
Interoceânico Group	-	350	-	-	-	350
Ageas Group	-	625,109	1,754,087	505,461	152,327	3,036,984
	101,408	902,539	1,754,087	505,461	152,327	3,415,822

As at 31 December 2015 and 2014, the balances with qualified shareholders, reflected in income items of the Consolidated Income Statement, are as follows:

	Interest and similar income		Commissions income	
	2015	2014	2015	2014
	Euros '000	Euros '000	Euros '000	Euros '000
Sonangol Group	6,808	6,870	89	14
Sabadell Group	1,765	1,919	88	96
EDP Group	3,540	10,247	1,959	3,028
Interoceânico Group	-	-	-	164
Ageas Group	-	-	-	61,927
	12,113	19,036	2,136	65,229

As at 31 December 2015 and 2014, the balances with qualified shareholders, reflected in expenses items of the Consolidated Income Statement, are as follows:

	Interest and similar expenses		Commissions expenses	
	2015	2014	2015	2014
	Euros '000	Euros '000	Euros '000	Euros '000
Sonangol Group	7	20	1	1
Sabadell Group	-	1	-	-
EDP Group	832	9,931	36	9
Ageas Group	-	90,055	-	-
	839	100,007	37	10

As at 31 December 2015 and 2014, the balances with qualified shareholders, reflected in the guarantees granted and revocable and irrevocable credit lines, are as follows:

	Guarantees granted		Revocable credit lines		Irrevocable credit lines	
	2015	2014	2015	2014	2015	2014
	Euros '000	Euros '000	Euros '000	Euros '000	Euros '000	Euros '000
Sonangol Group	2,695	3	157	110	156	-
Sabadell Group	10,151	8,838	10	9	-	-
EDP Group	29,366	173,824	67,620	70,962	150,000	-
Interoceânico Group	-	3,220	-	11,088	-	10,531
Ageas Group	-	548	-	23,250	-	-
	42,212	185,885	67,787	82,169	150,156	10,531

b) Transactions with members of the Board of Directors and Key management members

As at 31 December 2015, the balances with related parties discriminated in the following table, included in asset items on the consolidated balance sheet, are analysed as follows:

	2015				
	Loans and advances to credit institutions	Loans and advances to customers	Financial assets (Derivatives)	Other assets	Total
	Euros '000	Euros '000	Euros '000	Euros '000	Euros '000
Board of Directors					
Non-executive directors	-	26	-	-	26
Executive Committee	-	159	-	-	159
Closely related people	-	20	-	-	20
Controlled entities	149,743	-	27	5,473	155,243
Key management members					
Key management members	-	6,950	-	-	6,950
Closely related people	-	273	-	-	273
Controlled entities	-	302	-	-	302
	149,743	7,730	27	5,473	162,973

As at 31 December 2014, the balances with related parties discriminated in the following table, included in asset items on the consolidated balance sheet, are analysed as follows:

	2014				
	Loans and advances to credit institutions	**Loans and advances to customers**	**Financial assets (Derivatives)**	**Other assets**	**Total**
	Euros '000	**Euros '000**	**Euros '000**	**Euros '000**	**Euros '000**
Board of Directors					
Non-executive directors	-	20	-	-	20
Executive Committee	-	129	-	-	129
Closely related people	-	8	-	-	8
Controlled entities	70,073	994	-	3,823	74,890
Key management members					
Key management members	-	8,274	-	-	8,274
Closely related people	-	294	-	-	294
Controlled entities	-	22	-	-	22
	70,073	9,741	-	3,823	83,637

As at 31 December 2015 and 2014, the balances with related parties discriminated in the following table, included in liabilities items in the consolidated balance sheet, are analysed as follows:

	Deposits from credit institutions		**Deposits from customers**		**Financial Liabilities (Derivatives)**	
	2015	**2014**	**2015**	**2014**	**2015**	**2014**
	Euros '000	**Euros '000**	**Euros '000**	**Euros '000**	**Euros '000**	**Euros '000**
Board of Directors						
Non-executive directors	-	-	3,454	2,760	-	-
Executive Committee	-	-	1,336	391	-	-
Closely related people	-	-	1,997	2,029	-	-
Controlled entities	39,519	155,809	5,238	500	9	553
Key management members						
Key management members	-	-	6,361	6,650	-	-
Closely related people	-	-	1,624	1,298	-	-
Controlled entities	-	-	174	198	-	-
	39,519	155,809	20,184	13,826	9	553

As at 31 December 2015 and 2014, the balances with related parties discriminated in the following table, included in income for items of the consolidated income statement, are as follows:

	Interest and similar income		**Dividends from equity instruments**		**Commissions income**	
	2015	**2014**	**2015**	**2014**	**2015**	**2014**
	Euros '000	**Euros '000**	**Euros '000**	**Euros '000**	**Euros '000**	**Euros '000**
Board of Directors						
Non-executive directors	-	-	-	-	99	73
Executive Committee	-	-	-	-	21	15
Closely related people	-	-	-	-	19	8
Controlled entities	4,074	3,053	2,290	3,111	513	333
Key management members						
Key management members	59	69	-	-	49	72
Closely related people	10	20	-	-	13	15
Controlled entities	4	1	-	-	10	2
	4,147	3,143	2,290	3,111	724	518

As at 31 December 2015 and 2014, the balances with related parties discriminated in the following table, included in cost items of the consolidated income statement, are as follows:

	Interest and similar expense		Commissions expense	
	2015	2014	2015	2014
	Euros '000	Euros '000	Euros '000	Euros '000
Board of Directors				
Non-executive directors	39	69	2	1
Executive Committee	17	30	1	-
Closely related people	20	14	1	-
Controlled entities	142	187	13	2
Key management members				
Key management members	97	148	2	2
Closely related people	14	22	1	4
Controlled entities	4	2	3	1
	333	472	23	10

As at 31 December 2015 and 2014, Guarantees and revocable and irrevocable credit lines granted by the Group to the following related parties are as follows:

	Guarantees granted		Revocable credit lines		Irrevocable credit lines	
	2015	2014	2015	2014	2015	2014
	Euros '000	Euros '000	Euros '000	Euros '000	Euros '000	Euros '000
Board of Directors						
Non-executive directors	-	-	126	201	-	35
Executive Committee	-	-	124	121	-	-
Closely related people	-	-	133	86	-	5
Controlled entities	-	412	55	87	-	-
Key management members						
Key management members	-	-	525	661	-	41
Closely related people	-	-	184	244	-	-
Controlled entities	-	-	14	5	-	-
	-	412	1,161	1,405	-	81

The fixed remunerations and social charges paid to members of the Board of Directors and Key management members are analysed as follows:

	Board of Directors					
	Executive Committee		Non-executive directors		Key management members	
	2015	2014	2015	2014	2015	2014
	Euros '000	Euros '000	Euros '000	Euros '000	Euros '000	Euros '000
Remunerations	2,176	2,080	578	577	5,394	7,757
Supplementary retirement pension	1,205	702	-	-	-	-
Pension Fund	19	25	-	-	61	43
Other mandatory social security charges	531	468	137	152	1,479	1,918
Seniority premium	44	-	-	-	143	181
	3,975	3,275	715	729	7,077	9,899

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.

During 2015, the amount of remuneration paid to the Executive Committee, includes Euros 103,000 (2014: Euros 101,000), which were supported by subsidiaries or companies whose governing bodies represent the Group's interests, and has been regularized in early 2016, the amount of Euro 63,000, as mentioned in paragraph 77 of the "Corporate Governance Report".

During 2015 and 2014, no variable remuneration was attributed to the members of the Executive Committee.

During 2015, were paid Euros 4,729,000 (2014: Euros 929,000) of severance pay to some key management members.

The shareholder and bondholder position of members of the Board of Directors, Top management and persons closely related to the previous categories, is as follows:

Shareholders / Bondholders	Security	Number of securities at 31/12/2015	Number of securities at 31/12/2014	Changes during 2015 Acquisitions	Disposals	Date	Unit Price Euros
Members of Board of Directors							
António Vítor Martins Monteiro (i)	BCP Shares	18,119	18,119				
Carlos José da Silva	BCP Shares	1,165,812	1,165,812				
	Obrig BCP Ret Sem Cresc III/12EUR 3/2013	0	30		30	13-Mar-15	
Nuno Manuel da Silva Amado	BCP Shares	3,824,650	3,824,650				
Álvaro Roque de Pinho de Bissaia Barreto	BCP Shares	0	0				
André Magalhães Luiz Gomes	BCP Shares	53,451	53,451				
António Henriques Pinho Cardão (ii)	BCP Shares	772,843	772,843				
António Luís Guerra Nunes Mexia	BCP Shares	11,330	11,330				
Bernardo de Sá Braamcamp Sobral Sottomayor	BCP Shares	0	0				
Cidália Maria Mota Lopes	BCP Shares	10,247	10,247				
Jaime de Macedo Santos Bastos	BCP Shares	4,037	4,037				
João Bernardo Bastos Mendes Resende	BCP Shares	0	0				
João Manuel Matos Loureiro	BCP Shares	13,180	13,180				
José Jacinto Iglésias Soares	BCP Shares	1,156,004	1,056,004	100,000		14-Sep-15	0.0492
José Miguel Bensliman Schorcht da Silva Pessanha	BCP Shares	20,879	20,879				
José Rodrigues de Jesus	BCP Shares	0	0				
Maria da Conceição Mota Soares de Oliveira Callé Lucas	BCP Shares	275,002	275,002				
Miguel de Campos Pereira de Bragança	BCP Shares	1,715,485	1,715,485				
Miguel Maya Dias Pinheiro	BCP Shares	1,694,099	1,694,099				
Raquel Rute da Costa David Vunge (iii)	BCP Shares	0	0				
Rui Manuel da Silva Teixeira (iv)	BCP Shares	170,389	170,389				
Top management							
Albino António Carneiro de Andrade	BCP Shares	0	0				
Américo João Pinto Carola (v)	BCP Shares	37,745	37,745				
Ana Isabel dos Santos de Pina Cabral (vi)	BCP Shares	182,953	182,953				
Ana Maria Jordão F. Torres Marques Tavares (vii)	BCP Shares	713,055	713,055				
Ana Sofia Costa Raposo Preto	BCP Shares	9,553	9,553				
André Cardoso Meneses Navarro	BCP Shares	1,255,739	1,255,739				
António Augusto Amaral de Medeiros	BCP Shares	200,000	200,000				
António Ferreira Pinto Júnior	BCP Shares	100,000	56,307	18,693		6-Jul-15	0.0720
				25,000		2-Sep-15	0.0610
António Luís Duarte Bandeira (viii)	BCP Shares	500,008	480,008	10,000		1-Apr-15	0.0890
				10,000		9-Sep-15	0.0540
Artur Frederico Silva Luna Pais	BCP Shares	1,503,611	1,503,611				
Belmira Abreu Cabral	BCP Shares	90,458	90,458				
Carlos Alberto Alves	BCP Shares	500.002	500.002				
Diogo Cordeiro Crespo Cabral Campello	BCP Shares	137,500	137,500				
Dulce Maria Pereira Cardoso Mota Jorge Jacinto	BCP Shares	143,335	143,335				
Filipe Maria de Sousa Ferreira Abecasis	BCP Shares	0	0				
Francisco António Caspa Monteiro	BCP Shares	222,365	222,365				
Gonçalo Nuno Belo de Almeida Pascoal	BCP Shares	275	275				
Henrique Raul Ferreira Leite Pereira Cernache	BCP Shares	10,683	10,683				
Jorge Filipe Nogueira Freire Cortes Martins	BCP Shares	7,518	7,518				
Jorge Manuel Machado de Sousa Góis	BCP Shares	0	0				

(continues)

(continuation)

Shareholders / Bondholders	Security	Number of securities at 31/12/2015	Number of securities at 31/12/2014	Changes during 2015 Acquisitions	Disposals	Date	Unit Price Euros
José Guilherme Potier Raposo Pulido Valente	BCP Shares	4,080,000	0	4,080,000		15-Sep-15	0.0488
Luis Miguel Manso Correia dos Santos	BCP Shares	100,000	100,000				
Maria Manuela Correia Duro Teixeira	BCP Shares	0	0				
Maria Manuela de Araujo Mesquita Reis	BCP Shares	390,000	250,000	20,000		28-Jan-15	0.0625
	BCP Shares				20,000	27-Feb-15	0.0825
	BCP Shares			20,000		3-Sep-15	0.0591
	BCP Shares			10,000		3-Sep-15	0.0577
	BCP Shares			10,000		4-Sep-15	0.0565
	BCP Shares			10,000		7-Sep-15	0.0551
	BCP Shares			50,000		14-Sep-15	0.0506
	BCP Shares			20,000		28-Sep-15	0.0462
	BCP Shares			20,000		10-Nov-15	0.0451
Maria Montserrat Vendrell Serrano Duarte	BCP Shares	0	0				
Mário António Pinho Gaspar Neves	BCP Shares	139,000	88,999	50,001		10-Sep-15	0.0515
	Certificates BCPI S6P 500	193	193				
	Certificates BCPI Eurostox 50	187	187				
	Certificates BCPI DAX 30	55	0	55		11-Feb-15	107.5400
	Certificates BCP Nikkei	11	0	11		11-Feb-15	176.5300
	Certificado BCP Nasdaq			46		11-Feb-15	42.8100
					46	6-Nov-15	46.8000
Miguel Pedro Lourenço Magalhães Duarte	BCP Shares	1,000,000	875,000	125,000		30-Nov-15	0.0509
Nelson Luís Vieira Teixeira	BCP Shares	21,420	21,420				
Nuno Alexandre Ferreira Pereira Alves	BCP Shares	135,000	135,000				
Pedro José Mora de Paiva Beija	BCP Shares	0	0				
Pedro Manuel Macedo Vilas Boas	BCP Shares	0	0				
Pedro Manuel Rendas Duarte Turras	BCP Shares	69,412	69,412				
Ricardo Potes Valadares	BCP Shares	102,986	102,986				
Robert Gijsbert Swalef	BCP Shares	225,000	225,000				
Rosa Maria Ferreira Vaz Santa Barbara	BCP Shares	90,342	90,342				
Rui Fernando da Silva Teixeira	BCP Shares	946,059	946,059				
Rui Manuel Pereira Pedro	BCP Shares	700,000	700,000				
Rui Pedro da Conceição Coimbra Fernandes	BCP Shares	0	0				
Teresa Paula Corado Leandro Chaves do Nascimento	BCP Shares	0	0				
Vasco do Carmo Viana Rebelo de Andrade	BCP Shares	0	0				

Persons closely related to the previous categories

Ana Isabel Salgueiro Antunes (v)	BCP Shares	2,217	2,217				
Ana Margarida Rebelo A.M. Soares Bandeira (viii)	BCP Shares	14,000	0	14,000		16-Jan-15	0.0689
Eusébio Domingos Vunge (iii)	BCP Shares	51,859	0	51,859		12-Jun-15	0.0834
	Subordinated Bonds - BCP 2010/2020	0	5		5	12-Jun-15	865.0000
	Certific BCPi DAX 30	46	0	46		16-Feb-15	109.4600
	Certific BCPi EUROSTOXX 50	142	0	142		9-Jun-15	35.0900
	Particip. Units - IMGA Prestige Conservador	1,343	0	1,343		13-Feb-15	8.9358
Francisco Jordão Torres Marques Tavares (vii)	BCP Shares	4,586	4,586				
Isabel Maria V Leite P Martins Monteiro (i)	BCP Shares	14,605	14,605				
João Paulo Fernandes de Pinho Cardão (ii)	BCP Shares	340,970	340,970				
José Manuel de Vasconcelos Mendes Ferreira (vi)	BCP Shares	12,586	12,586				
Luís Miguel Fernandes de Pinho Cardão (ii)	BCP Shares	14,550	14,550				
Maria Avelina V C L J Teixeira Diniz (viii)	BCP Shares	182,528	182,528				
Maria da Graça dos Santos Fernandes de Pinho Cardão (ii)	BCP Shares	28,833	28,833				
Maria Helena Espassandim Catão (iv)	BCP Shares	2,750	2,750				

c) Transactions with associated companies

As at 31 December 2015, the balances with associated companies included in Assets items of the consolidated balance sheet are as follows:

	2015				
	Loans and advances to CI Euros '000	**Loans and advances to customers Euros '000**	**Financial assets (Derivatives) Euros '000**	**Other Assets Euros '000**	**Total Euros '000**
ACT-C-Indústria de Cortiças, S.A.	-	11	-	-	11
Baía de Luanda - Promoção, Montagem e Gestão de Negócios, S.A (*)	-	44,870	-	-	44,870
Beiranave Estaleiros Navais Beira Sarl	-	2,085	-	-	2,085
Luanda Waterfront Corporation (*)	-	18,153	-	-	18,153
Millenniumbcp Ageas Grupo Segurador, S.G.P.S., S.A. (Group)	-	58,994	57,593	13,109	129,696
Nanium, S.A.	-	22,967	-	12,318	35,285
Unicre - Instituição Financeira de Crédito, S.A.	717	-	-	-	717
	717	147,080	57,593	25,427	230,817

(*) The Loans and advances granted to Baía de Luanda - Promoção, Montagem e Gestão de Negócios, S.A. and to Luanda Waterfront Corporation, are also reflected in the total loans granted to Sonangol Group, as referred in point a) of this note.

As at 31 December 2014, the balances with associated companies included in Assets items of the consolidated balance sheet are as follows:

	2014				
	Loans and advances to CI Euros '000	**Loans and advances to customers Euros '000**	**Financial assets (Derivatives) Euros '000**	**Other Assets Euros '000**	**Total Euros '000**
ACT-C-Indústria de Cortiças, S.A.	-	772	-	-	772
Baía de Luanda - Promoção, Montagem e Gestão de Negócios, S.A (*)	-	45,085	-	-	45,085
Beiranave Estaleiros Navais Beira Sarl	-	2,219	-	-	2,219
Luanda Waterfront Corporation (*)	-	15,702	-	27	15,729
Millenniumbcp Ageas Grupo Segurador, S.G.P.S., S.A. (Group)	-	643	51,437	12,971	65,051
Nanium, S.A.	-	18,743	-	12,318	31,061
Unicre - Instituição Financeira de Crédito, S.A.	403	-	-	-	403
	403	83,164	51,437	25,316	160,320

(*) The Loans and advances granted Baía de Luanda - Promoção, Montagem e Gestão de Negócios, S.A. and to Luanda Waterfront Corporation, are also reflected in the total loans granted to Sonangol Group, as referred in point a) of this note.

As at 31 December 2015, the balances with associated companies included in Liabilities items of the consolidated balance sheet are as follows:

	2015					
	Deposits from CI Euros '000	**Deposits from customers Euros '000**	**Debt securities issued Euros '000**	**Subordinated debt Euros '000**	**Financial Liabilities (Derivatives) Euros '000**	**Total Euros '000**
Academia Millennium Atlântico	-	23	-	-	-	23
ACT-C-Indústria de Cortiças, S.A.	-	1	-	-	-	1
Banque BCP, S.A.S.	101,739	-	-	-	-	101,739
Banque BCP (Luxembourg), S.A.	179	-	-	-	-	179
Beiranave Estaleiros Navais Beira Sarl	-	568	-	-	-	568
Millenniumbcp Ageas Grupo Segurador, S.G.P.S., S.A. (Group)	-	548,536	1,639,210	509,012	107,656	2,804,414
Nanium, S.A.	-	6,269	-	-	-	6,269
Sicit - Sociedade de Investimentos e Consultoria em Infra-Estruturas de Transportes, S.A	-	2,657	-	-	-	2,657
SIBS, S.G.P.S, S.A.	-	6,811	-	-	-	6,811
Unicre - Instituição Financeira de Crédito, S.A.	7,724	-	-	-	-	7,724
	109,642	564,865	1,639,210	509,012	107,656	2,930,385

As at 31 December 2015, the associated company Millenniumbcp Ageas Grupo Segurador, SGPS, SA holds 652,087,518 BCP shares in the amount of Euros 31,822,000.

As at 31 December 2014, the balances with associated companies included in Liabilities items of the consolidated balance sheet are as follows:

	2014					
	Deposits from CI Euros '000	**Deposits from customers Euros '000**	**Debt securities issued Euros '000**	**Subordinated debt Euros '000**	**Financial Liabilities (Derivatives) Euros '000**	**Total Euros '000**
Academia Millennium Atlântico	-	37	-	-	-	37
ACT-C-Indústria de Cortiças, S.A.	-	1	-	-	-	1
Banque BCP, S.A.S.	104,031	-	-	-	-	104,031
Banque BCP (Luxembourg), S.A.	229	-	-	-	-	229
Beiranave Estaleiros Navais Beira Sarl	-	160	-	-	-	160
Constellation, S.A.	-	22	-	-	-	22
Flitptrell III	-	3	-	-	-	3
Millenniumbcp Ageas Grupo Segurador, S.G.P.S., S.A. (Group)	-	625,109	1,754,087	505,461	152,327	3,036,984
Nanium, S.A.	-	1,714	-	-	-	1,714
Sicit - Sociedade de Investimentos e Consultoria em Infra-Estruturas de Transportes, S.A	-	1,024	-	-	-	1,024
SIBS, S.G.P.S, S.A.	-	346	-	-	-	346
Unicre - Instituição Financeira de Crédito, S.A.	367	-	-	-	-	367
VSC - Aluguer de Veículos Sem Condutor, Lda.	-	1,319	-	-	-	1,319
	104,627	629,735	1,754,087	505,461	152,327	3,146,237

As at 31 December 2014, the associated company Millenniumbcp Ageas Grupo Segurador, SGPS, SA holds 652,087,518 BCP shares in the amount of Euros 42,842,000.

As at 31 December 2015, the balances with associated companies included in Income items of the consolidated income statement, are as follows:

	2015			
	Interest income Euros '000	**Commissions income Euros '000**	**Other operating income Euros '000**	**Total Euros '000**
Baía de Luanda - Promoção, Montagem e Gestão de Negócios, S.A (*)	5,326	-	-	5,326
Banque BCP, S.A.S.	-	3	-	3
Banque BCP (Luxembourg), S.A.	-	2	-	2
Beiranave Estaleiros Navais Beira Sarl	83	-	-	83
Luanda Waterfront Corporation (*)	620	-	-	620
Millenniumbcp Ageas Grupo Segurador, S.G.P.S., S.A. (Group)	2,852	53,372	1,579	57,803
Nanium, S.A.	136	137	-	273
SIBS, S.G.P.S, S.A.	-	5	-	5
Unicre - Instituição Financeira de Crédito, S.A.	218	1,684	-	1,902
	9,235	55,203	1,579	66,017

(*) The items interest income - Baía de Luanda - Promoção, Montagem e Gestão de Negócios, S.A. and Luanda Waterfront Corporation, are also reflected in the total interest income regarding Sonangol Group, as referred in point a) of this note.

As at 31 December 2014, the balances with associated companies included in Income items of the consolidated income statement, are as follows:

	2014			
	Interest income Euros '000	**Commissions income Euros '000**	**Other operating income Euros '000**	**Total Euros '000**
Baía de Luanda - Promoção, Montagem e Gestão de Negócios, S.A (*)	6,270	-	-	6,270
Beiranave Estaleiros Navais Beira Sarl	4	-	-	4
Luanda Waterfront Corporation (*)	506	-	-	506
Millenniumbcp Ageas Grupo Segurador, S.G.P.S., S.A. (Group)	-	61,927	8,933	70,860
SIBS, S.G.P.S, S.A.	1	4	-	5
Unicre - Instituição Financeira de Crédito, S.A.	782	1,536	-	2,318
VSC - Aluguer de Veículos Sem Condutor, Lda.	87	57	58	202
	7,650	63,524	8,991	80,165

(*) The items interest income - Baía de Luanda - Promoção, Montagem e Gestão de Negócios, S.A. and Luanda Waterfront Corporation, are also reflected in the total interest income regarding Sonangol Group, as referred in point a) of this note.

As at 31 December 2015, the balances with associated companies included in Expenses items of the consolidated income statement, are as follows:

	2015			
	Interest expense Euros '000	**Commissions expense Euros '000**	**Administrative costs Euros '000**	**Total Euros '000**
Banque BCP, S.A.S.	10,217	-	-	10,217
Millenniumbcp Ageas Grupo Segurador, S.G.P.S., S.A. (Group)	65,162	-	82	65,244
Nanium, S.A.	1	-	-	1
SIBS, S.G.P.S, S.A.	3	-	-	3
Sicit - Sociedade de Investimentos e Consultoria em Infra-Estruturas de Transportes, S.A	8	-	-	8
Unicre - Instituição Financeira de Crédito, S.A.	-	1	-	1
	75,391	1	82	75,474

As at 31 December 2014, the balances with associated companies included in expenses items of the consolidated income statement, are as follows:

	2014				
	Interest expense Euros '000	Commissions costs Euros '000	Staff costs Euros '000	Administrative costs Euros '000	Total Euros '000
Millenniumbcp Ageas Grupo Segurador, S.G.P.S., S.A. (Group)	90,055	-	2,988	7,641	100,684
SIBS, S.G.P.S, S.A.	42	-	-	-	42
Unicre - Instituição Financeira de Crédito, S.A.	-	1	-	-	1
	90,097	1	2,988	7,641	100,727

As at 31 December 2015 and 2014, the guarantees granted and revocable credit lines by the Group to associated companies, are as follows:

	Guarantees granted		Revocable credit lines	
	2015 Euros '000	2014 Euros '000	2015 Euros '000	2014 Euros '000
Beiranave Estaleiros Navais Beira Sarl	33	-	-	-
Millenniumbcp Ageas Grupo Segurador, S.G.P.S., S.A. (Group)	85	548	-	23,250
Nanium, S.A.	5,305	5,342	32	39
SIBS, S.G.P.S, S.A.	-	-	469	-
Sicit - Sociedade de Investimentos e Consultoria em Infra-Estruturas de Transportes, S.A	-	22	-	18
Unicre - Instituição Financeira de Crédito, S.A.	-	-	9,370	9,556
	5,423	5,912	9,871	32,863

As at 31 December 2015 and 2014, the remunerations resulting from the services of insurance intermediation or reinsurance, are as follows:

	2015 Euros '000	2014 Euros '000
Life insurance		
Saving products	32,671	32,410
Mortgage and consumer loans	19,637	18,816
Others	36	34
	52,344	51,260
Non - Life insurance		
Accidents and health	13,941	13,196
Motor insurance	2,809	2,503
Multi-Risk Housing	5,165	4,736
Others	1,081	1,047
	22,996	21,482
	75,340	72,742

The remuneration for insurance intermediation services were received through bank transfers and resulted from insurance intermediation with the subsidiary of Millenniumbcp Ageas Group (Ocidental - Companhia Portuguesa de Seguros de Vida, S.A.) and with Ocidental - Companhia Portuguesa de Seguros, SA.

The Group 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 Group, other than those already disclosed.

The receivable balances from insurance intermediation activity, by nature and entity, are analysed as follows:

	2015 Euros '000	2014 Euros '000
By nature		
Funds receivable for payment of life insurance commissions	12,969	12,628
Funds receivable for payment of non-life insurance commissions	5,738	5,316
	18,707	17,944
By entity		
Ocidental - Companhia Portuguesa de Seguros de Vida, SA	12,969	12,628
Ocidental - Companhia Portuguesa de Seguros, SA	5,738	5,316
	18,707	17,944

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.

d) Transactions with the Pension Fund

During 2015, the Group sold bonds to the pension fund in the amount of Euros 9,006,000 and purchased to the Pension Fund, Portuguese public debt securities in the amount of Euros 249.020.000 (2014: Euros 420,000,000).

As at 31 December 2015 and 2014, the balances with Pension Fund included in Liabilities items of the consolidated balance sheet are as follows:

	2015 Euros '000	2014 Euros '000
Deposits from customers	524,652	650,038
Subordinated debt	130,009	129,992
	654,661	780,030

As at 31 December 2015 and 2014, the balances with Pension Fund included in income and expense items of the consolidated income statement, are as follows:

	2015 Euros '000	2014 Euros '000
Income		
Commissions	745	645
Expenses		
Interest expense	2,869	3,769
Administrative costs	19,032	20,132
	21,901	23,901

The balance Administrative costs corresponds to the amount of rents incurred under the scope of Fund's properties which the tenant is the Group.

As at 31 December 2015, the amount of Guarantees granted by the Group to the Pension Fund amounts to Euros 13,593,000 (31 December 2014: Euros 13,593,000).

e) Other transactions

Sale of its 49% in the Non-Life Insurance Business during 2014

During 2014, as part of a process aiming to refocus on core activities, defined as a priority in its Strategic Plan, Banco Comercial Português, S.A. announces that it has agreed with the international insurance group Ageas a partial recast of the strategic partnership agreements entered into in 2004, which included the sale of its 49% interest in the (currently jointly owned) insurance companies that operate exclusively in the non-life insurance business, i.e., "Ocidental – Companhia Portuguesa de Seguros, S.A." and "Médis – Companhia Portuguesa de Seguros de Saúde, S.A.", for a base price of Euros 122,500,000, subject to a medium term performance adjustment. The partners (Ageas and the Bank) have also agreed that the joint venture will upstream excess capital totaling Euros 290,000,000 in 2014 to its shareholders. As referred in note 17, this sale generated a gain in the amount of Euros 69,396,000, on a consolidated basis.

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, Companies Banking and Private Banking.

Following the commitment agreed with the Directorate-General for Competition of the European Commission (DG Comp), an additional segment named non-Core Business Portfolio was considered, respecting the criteria agreed.

Segments description

The Retail Banking activity includes the Retail activity of the Group in Portugal, operating as a distribution channel for products and services from subsidiaries of the Group, and the Foreign business segment, operating through subsidiaries 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 Companies Banking includes: (i) Corporate and Large Corporates networks 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) 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, (iii) Specialised Monitoring Division, (iv) the Investment Banking unit, (v) the activity of the Bank's International Division; (vi) Specialised Recovery Division, (vii) the activity of the Real Estate Business Division and (viii) Interfundos.

The Private Banking segment, for purposes of the business segments, comprises (i) the Private Banking network in Portugal and also (ii) Banque Privée BCP in Switzerland and (iii) Millennium bcp Bank & Trust in Cayman Islands. For purposes of the geographical segments excludes Banque Privée BCP and Millennium bcp Bank & Trust that are considered Foreign Business.

The Foreign Business segment, for the purpose of business segments, comprises 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; 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 financial assets ("Affluent" segment); and in Switzerland the Group is represented by Banque Privée BCP, a Private Banking platform under Swiss law.

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 Estate 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 abovementioned. 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 2015, 72% of this portfolio benefited from asset backed loans, including 67% with real estate collateral and 5% with other assets guarantee.

All other businesses not previously discriminated 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 III methodology, in accordance with the CRD IV/CRR, with reference to December 2014 and December 2015. The capital allocation for each segment on those dates, resulted from the application of 10% to the risks managed by each segment, reflecting the application of Basel III methodologies. 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.

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 2015.

The Group operates with special emphasis in the Portuguese market, and also in a few affinity markets of recognised growth potential. Considering this, the segmental report is structured in 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.

Considering the commitment agreed with the Directorate-General for Competition of the European Commission (DG Comp) regarding the Bank's Restructuring Plan, in particular the implementation of a new approach to the asset management business, and in accordance with IFRS 5, the activity of Millennium bcp Gestão de Activos was classified as discontinued operations during 2013. From this date onwards, the impact on results of these operations were presented on a separate line item in the profit and loss account, defined as "income arising from discontinued operations" with no change at balance sheet level from the criteria as that of the financial statements as at 31 December 2014. However, following the sale of the total shareholding in Millennium bcp Gestão de Activos in May 2015, its assets and liabilities are no longer considered from this date onwards.

Additionally, following the sale of the total shareholding in Banca Millennium in Romania in 2014, this subsidiary was classified as discontinued operation , with the impact on results of its operation presented on a separate line item in the profit and loss account, defined as "income arising from discontinued operations", as at December 2014.

As at 31 December 2015, the net contribution of the major operational segments is analysed as follows:

	Commercial Banking			Companies Corporate and Investment Banking				
	Retail in Portugal	Foreign Business	Total	in Portugal	Private Banking	Portfolio non core business	Other (*)	Consolidated
Income statement								
Interest income	543,377	934,468	1,477,845	435,614	52,429	204,576	145,637	2,316,101
Interest expense	(241,317)	(373,624)	(614,941)	(117,369)	(36,634)	(169,062)	(76,520)	(1,014,526)
Net interest income	302,060	560,844	862,904	318,245	15,795	35,514	69,117	1,301,575
Commissions and other income	334,806	311,688	646,494	175,044	62,000	14,832	16,566	914,936
Commissions and other costs	(15,137)	(126,885)	(142,022)	(6,591)	(5,650)	(38)	(147,495)	(301,796)
Net commissions and other income	319,669	184,803	504,472	168,453	56,350	14,794	(130,929)	613,140
Net gains arising from trading activity	43,036	147,800	190,836	-	4,450	-	400,158	595,444
Share of profit of associates under the equity method	-	(331)	(331)	-	-	-	23,859	23,528
Gains / (losses) arising from the sale of subsidiaries and other assets	-	3,240	3,240	6	8	-	(33,392)	(30,138)
Net operating revenue	664,765	896,356	1,561,121	486,704	76,603	50,308	328,813	2,503,549
Staff costs and administrative costs	495,082	403,648	898,730	95,611	40,900	26,786	(22,124)	1,039,903
Depreciations	1,899	36,062	37,961	446	258	23	27,935	66,623
Operating costs	496,981	439,710	936,691	96,057	41,158	26,809	5,811	1,106,526
Other financial assets impairment	(149,591)	(100,768)	(250,359)	(315,676)	(3,704)	(355,041)	35,081	(889,699)
Other assets impairment	(111)	(8,532)	(8,643)	(130)	(40)	(9,971)	(85,830)	(104,614)
Net (loss) / income before income tax	18,082	347,346	365,428	74,841	31,701	(341,513)	272,253	402,710
Income tax	(3,679)	(69,515)	(73,194)	(21,806)	(8,844)	100,746	(53,299)	(56,397)
(Loss) / income after income tax from continuing operations	14,403	277,831	292,234	53,035	22,857	(240,767)	218,954	346,313
(Loss) / income arising from discontinued operations	-	-	-	-	-	-	14,648	14,648
Net (loss) / income after income tax	14,403	277,831	292,234	53,035	22,857	(240,767)	233,602	360,961
Non-controlling interests	-	(119,966)	(119,966)	-	-	-	(5,651)	(125,617)
Net (loss) / income after income tax	14,403	157,865	172,268	53,035	22,857	(240,767)	227,951	235,344
Balance sheet								
Cash and Loans and advances to credit institutions	7,862,544	2,035,570	9,898,114	1,596,177	2,709,148	3,929	(10,668,990)	3,538,378
Loans and advances to customers	17,276,190	13,119,279	30,395,469	11,196,872	461,197	9,846,147	70,474	51,970,159
Financial assets (**)	20,573	4,515,450	4,536,023	-	8,208	625,649	7,517,991	12,687,871
Other assets	174,817	562,237	737,054	55,371	19,614	517,362	5,359,070	6,688,471
Total Assets	25,334,124	20,232,536	45,566,660	12,848,420	3,198,167	10,993,087	2,278,545	74,884,879
Deposits from other credit institutions	21,143	1,747,567	1,768,710	3,701,871	318,811	10,375,227	(7,573,574)	8,591,045
Deposits from customers	24,096,720	15,819,898	39,916,618	8,249,175	2,672,330	308,925	391,535	51,538,583
Debt securities issued	647,877	266,012	913,889	2,602	79,080	596	3,772,102	4,768,269
Other financial liabilities	-	576,678	576,678	-	8,526	-	2,324,625	2,909,829
Other liabilities	26,061	543,969	570,030	42,414	8,671	4,477	770,990	1,396,582
Total Liabilities	24,791,801	18,954,124	43,745,925	11,996,062	3,087,418	10,689,225	(314,322)	69,204,308
Equity and non-controlling interests	542,323	1,278,412	1,820,735	852,358	110,749	303,862	2,592,867	5,680,571
Total Liabilities, Equity and non-controlling interests	25,334,124	20,232,536	45,566,660	12,848,420	3,198,167	10,993,087	2,278,545	74,884,879
Number of employees	4,712	9,641	14,353	560	269	180	1,821	17,183
Public subsidies received	-	-	-	-	-	-	-	-

(*) Includes the activity of Millennium bcp Gestão de Activos, up to date of disposal.
(**) Includes financial assets held for trading, other financial assets held for trading at fair value through profit or loss, financial assets held to maturity, financial assets available for sale and hedging derivatives.

Note: As at 31 December 2015, the goodwill disclosed in the financial statements is reflected in Mozambique Euros 2 millions and Euros 173 millions in Other Portugal, as described in note 31.

As at 31 December 2014, the net contribution of the major operational segments is analysed as follows:

	Commercial Banking			Companies Corporate and Investment Banking				
	Retail in Portugal	Foreign Business (*)	Total	in Portugal	Private Banking	Portfolio non core business	Other (**)	Consolidated
Income statement								
Interest income	606,419	947,174	1,553,593	558,112	66,029	287,144	187,760	2,652,638
Interest expense	(376,037)	(393,264)	(769,301)	(212,875)	(55,695)	(252,766)	(245,850)	(1,536,487)
Net interest income	230,382	553,910	784,292	345,237	10,334	34,378	(58,090)	1,116,151
Commissions and other income	331,139	297,982	629,121	176,636	57,128	19,778	26,500	909,163
Commissions and other costs	(14,349)	(76,449)	(90,798)	(5,849)	(5,505)	(1,057)	(153,203)	(256,412)
Net commissions and other income	316,790	221,533	538,323	170,787	51,623	18,721	(126,703)	652,751
Net gains arising from trading activity	5,697	96,930	102,627	-	1,577	-	337,958	442,162
Share of profit of associates under the equity method	-	(59)	(59)	-	-	-	36,019	35,960
Gains / (losses) arising from the sale of subsidiaries and other assets	-	3,351	3,351	-	-	-	42,094	45,445
Net operating revenue	552,869	875,665	1,428,534	516,024	63,534	53,099	231,278	2,292,469
Staff costs and administrative costs	547,386	404,551	951,937	98,041	37,376	26,844	(30,131)	1,084,067
Depreciations	1,873	32,830	34,703	394	286	29	30,131	65,543
Operating costs	549,259	437,381	986,640	98,435	37,662	26,873	-	1,149,610
Other financial assets impairment	(125,731)	(86,498)	(212,229)	(454,691)	1,694	(423,659)	(109,450)	(1,198,335)
Other assets impairment	(41)	(1,320)	(1,361)	87	(190)	(1,705)	(114,760)	(117,929)
Net (loss) / income before income tax	(122,162)	350,466	228,304	(37,015)	27,376	(399,138)	7,068	(173,405)
Income tax	36,654	(71,696)	(35,042)	11,058	(6,260)	117,745	10,174	97,675
(Loss) / income after income tax from continuing operations	(85,508)	278,770	193,262	(25,957)	21,116	(281,393)	17,242	(75,730)
(Loss) / income arising from discontinued operations	-	(43,482)	(43,482)	-	-	-	2,652	(40,830)
Net (loss) / income after income tax	(85,508)	235,288	149,780	(25,957)	21,116	(281,393)	19,894	(116,560)
Non-controlling interests	-	(101,393)	(101,393)	-	-	-	(8,667)	(110,060)
Net (loss) / income after income tax	(85,508)	133,895	48,387	(25,957)	21,116	(281,393)	11,227	(226,620)
Balance sheet								
Cash and Loans and advances to credit institutions	6,670,138	1,958,835	8,628,973	1,547,355	2,546,288	4,168	(8,767,537)	3,959,247
Loans and advances to customers	17,651,629	12,676,467	30,328,096	11,636,268	509,272	10,874,498	337,514	53,685,648
Financial assets (***)	497,024	3,478,240	3,975,264	-	10,794	558,273	7,779,640	12,323,971
Other assets	181,076	626,737	807,813	62,215	19,934	239,085	5,263,003	6,392,050
Total Assets	24,999,867	18,740,279	43,740,146	13,245,838	3,086,288	11,676,024	4,612,620	76,360,916
Deposits from other credit institutions	15,503	1,780,085	1,795,588	3,926,454	222,688	10,998,000	(5,976,575)	10,966,155
Deposits from customers	22,865,982	14,507,318	37,373,300	8,282,576	2,500,034	269,065	1,391,761	49,816,736
Debt securities issued	1,518,773	432,393	1,951,166	4,931	136,173	3,780	3,613,519	5,709,569
Other financial liabilities	-	472,717	472,717	-	11,559	-	2,846,908	3,331,184
Other liabilities	20,117	404,646	424,763	40,866	5,516	4,503	1,074,717	1,550,365
Total Liabilities	24,420,375	17,597,159	42,017,534	12,254,827	2,875,970	11,275,348	2,950,330	71,374,009
Equity and non-controlling interests	579,492	1,143,120	1,722,612	991,011	210,318	400,676	1,662,290	4,986,907
Total Liabilities, Equity and non-controlling interests	24,999,867	18,740,279	43,740,146	13,245,838	3,086,288	11,676,024	4,612,620	76,360,916
Number of employees	4,866	9,764	14,630	571	295	189	1,955	17,640
Public subsidies received	-	-	-	-	-	-	-	-

(*) Includes the activity of 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 and hedging derivatives.

Note: As at 31 December 2014, the goodwill disclosed in the financial statements is reflected in Mozambique Euros 3 millions and Euros 211 millions in Other Portugal, as described in note 31.

As at 31 December 2015, the net contribution of the major geographic segments is analysed as follows:

	Portugal										
	Retail Banking	**Companies, Corporate and Investment Banking**	**Private Banking**	**Portfolio non core business**	**Other (*)**	**Total**	**Poland**	**Angola**	**Mozam-bique**	**Other**	**Consoli-dated**
Income statement											
Interest income	543,377	435,614	33,429	204,576	145,637	1,362,633	553,172	160,210	221,086	19,000	2,316,101
Interest expense	(241,317)	(117,369)	(23,778)	(169,062)	(76,520)	(628,046)	(239,914)	(50,861)	(82,849)	(12,856)	(1,014,526)
Net interest income	302,060	318,245	9,651	35,514	69,117	734,587	313,258	109,349	138,237	6,144	1,301,575
Commissions and other income	334,806	175,044	32,881	14,832	16,566	574,129	178,583	46,016	87,089	29,119	914,936
Commissions and other costs	(15,137)	(6,591)	(245)	(38)	(147,495)	(169,506)	(87,218)	(12,824)	(26,843)	(5,405)	(301,796)
Net commissions and other income	319,669	168,453	32,636	14,794	(130,929)	404,623	91,365	33,192	60,246	23,714	613,140
Net gains arising from trading activity	43,036	-	-	-	400,158	443,194	51,949	56,035	39,816	4,450	595,444
Share of profit of associates under the equity method	-	-	-	-	23,859	23,859	(331)	-	-	-	23,528
Gains / (losses) arising from the sale of subsidiaries and other assets	-	6	-	-	(33,392)	(33,386)	801	1,868	571	8	(30,138)
Net operating revenue	664,765	486,704	42,287	50,308	328,813	1,572,877	457,042	200,444	238,870	34,316	2,503,549
Staff costs and administrative costs	495,082	95,611	16,316	26,786	(22,124)	611,671	230,320	78,707	94,621	24,584	1,039,903
Depreciations	1,899	446	6	23	27,935	30,309	12,061	12,545	11,456	252	66,623
Operating costs	496,981	96,057	16,322	26,809	5,811	641,980	242,381	91,252	106,077	24,836	1,106,526
Other financial assets impairment	(149,591)	(315,676)	(1,248)	(355,041)	35,081	(786,475)	(60,566)	(15,217)	(24,985)	(2,456)	(889,699)
Other assets impairment	(111)	(130)	-	(9,971)	(85,830)	(96,042)	(2,908)	(1,213)	(4,411)	(40)	(104,614)
Net (loss) / income before income tax	18,082	74,841	24,717	(341,513)	272,253	48,380	151,187	92,762	103,397	6,984	402,710
Income tax	(3,679)	(21,806)	(7,295)	100,746	(53,299)	14,667	(31,203)	(18,223)	(20,090)	(1,548)	(56,397)
(Loss) / income after income tax from continuing operations	14,403	53,035	17,422	(240,767)	218,954	63,047	119,984	74,539	83,307	5,436	346,313
(Loss) / income arising from discontinued operations	-	-	-	-	14,648	14,648	-	-	-	-	14,648
Net (loss) / income after income tax	14,403	53,035	17,422	(240,767)	233,602	77,695	119,984	74,539	83,307	5,436	360,961
Non-controlling interests	-	-	-	-	(5,651)	(5,651)	(54,222)	(37,196)	(28,548)	-	(125,617)
Net (loss) / income after income tax	14,403	53,035	17,422	(240,767)	227,951	72,044	65,762	37,343	54,759	5,436	235,344
Balance sheet											
Cash and Loans and advances to credit institutions	7,862,544	1,596,177	1,644,812	3,929	(10,668,990)	438,472	1,007,326	592,483	435,761	1,064,336	3,538,378
Loans and advances to customers	17,276,190	11,196,872	214,299	9,846,147	70,474	38,603,982	10,874,876	947,863	1,296,540	246,898	51,970,159
Financial assets (**)	20,573	-	-	625,649	7,517,991	8,164,213	3,443,228	599,121	473,101	8,208	12,687,871
Other assets	174,817	55,371	11,633	517,362	5,359,070	6,118,253	208,530	204,198	149,508	7,982	6,688,471
Total Assets	25,334,124	12,848,420	1,870,744	10,993,087	2,278,545	53,324,920	15,533,960	2,343,665	2,354,910	1,327,424	74,884,879
Deposits from other credit institutions	21,143	3,701,871	-	10,375,227	(7,573,574)	6,524,667	1,282,042	276,918	188,607	318,811	8,591,045
Deposits from customers	24,096,720	8,249,175	1,769,299	308,925	391,535	34,815,654	12,384,534	1,691,726	1,743,638	903,031	51,538,583
Debt securities issued	647,877	2,602	79,080	596	3,772,102	4,502,257	266,012	-	-	-	4,768,269
Other financial liabilities	-	-	-	-	2,324,625	2,324,625	576,544	133	-	8,527	2,909,829
Other liabilities	26,061	42,414	686	4,477	770,990	844,628	306,191	100,377	137,401	7,985	1,396,582
Total Liabilities	24,791,801	11,996,062	1,849,065	10,689,225	(314,322)	49,011,831	14,815,323	2,069,154	2,069,646	1,238,354	69,204,308
Equity and non-controlling interests	542,323	852,358	21,679	303,862	2,592,867	4,313,089	718,637	274,511	285,264	89,070	5,680,571
Total Liabilities, Equity and non-controlling interests	25,334,124	12,848,420	1,870,744	10,993,087	2,278,545	53,324,920	15,533,960	2,343,665	2,354,910	1,327,424	74,884,879
Number of employees	4,712	560	186	180	1,821	7,459	5,911	1,225	2,505	83	17,183
Public subsidies received	-	-	-	-	-	-	-	-	-	-	-

(*) Includes the activity of Millennium bcp Gestão de Activos, up to date of disposal.
(**) Includes financial assets held for trading, Other financial assets held for trading at fair value through profit or loss, financial assets held to maturity, financial assets available for sale and hedging derivatives.

Note: As at 31 December 2015, the goodwill disclosed in the financial statements is reflected in Mozambique Euros 2 millions and Euros 173 millions in Other Portugal, as described in note 31.

As at 31 December 2014, the net contribution of the major geographic segments is analysed as follows:

	Portugal										
	Retail Banking	**Companies, Corporate and Investment Banking**	**Private Banking**	**Portfolio non core business**	**Other (*)**	**Total**	**Poland**	**Angola**	**Mozam-bique**	**Other (**)**	**Consoli-dated**
Income statement											
Interest income	606,419	558,112	40,509	287,144	187,760	1,679,944	616,091	124,459	206,624	25,520	2,652,638
Interest expense	(376,037)	(212,875)	(38,947)	(252,766)	(245,850)	(1,126,475)	(283,689)	(39,438)	(70,137)	(16,748)	(1,536,487)
Net interest income	230,382	345,237	1,562	34,378	(58,090)	553,469	332,402	85,021	136,487	8,772	1,116,151
Commissions and other income	331,139	176,636	27,665	19,778	26,500	581,718	171,288	42,697	83,997	29,463	909,163
Commissions and other costs	(14,349)	(5,849)	(188)	(1,057)	(153,203)	(174,646)	(41,698)	(9,305)	(25,446)	(5,317)	(256,412)
Net commissions and other income	316,790	170,787	27,477	18,721	(126,703)	407,072	129,590	33,392	58,551	24,146	652,751
Net gains arising from trading activity	5,697	-	-	-	337,958	343,655	48,005	25,812	23,113	1,577	442,162
Share of profit of associates under the equity method	-	-	-	-	36,019	36,019	(59)	-	-	-	35,960
Gains / (losses) arising from the sale of subsidiaries and other assets	-	-	-	-	42,094	42,094	2,391	251	709	-	45,445
Net operating revenue	552,869	516,024	29,039	53,099	231,278	1,382,309	512,329	144,476	218,860	34,495	2,292,469
Staff costs and administrative costs	547,386	98,041	15,621	26,844	(30,131)	657,761	250,251	66,217	88,083	21,755	1,084,067
Depreciations	1,873	394	5	29	30,131	32,432	13,195	8,824	10,811	281	65,543
Operating costs	549,259	98,435	15,626	26,873	-	690,193	263,446	75,041	98,894	22,036	1,149,610
Other financial assets impairment	(125,731)	(454,691)	1,412	(423,659)	(109,450)	(1,112,119)	(64,664)	(9,794)	(12,041)	283	(1,198,335)
Other assets impairment	(41)	87	-	(1,705)	(114,760)	(116,419)	1,349	(578)	(2,091)	(190)	(117,929)
Net (loss) / income before income tax	(122,162)	(37,015)	14,825	(399,138)	7,068	(536,422)	185,568	59,063	105,834	12,552	(173,405)
Income tax	36,654	11,058	(4,372)	117,745	10,174	171,259	(41,992)	(9,973)	(19,731)	(1,888)	97,675
(Loss) / income after income tax from continuing operations	(85,508)	(25,957)	10,453	(281,393)	17,242	(365,163)	143,576	49,090	86,103	10,664	(75,730)
(Loss) / income arising from discontinued operations	-	-	-	-	2,652	2,652	-	-	-	(43,482)	(40,830)
Net (loss) / income after income tax	(85,508)	(25,957)	10,453	(281,393)	19,894	(362,511)	143,576	49,090	86,103	(32,818)	(116,560)
Non-controlling interests	-	-	-	-	(8,667)	(8,667)	(49,520)	(23,201)	(28,672)	-	(110,060)
Net (loss) / income after income tax	(85,508)	(25,957)	10,453	(281,393)	11,227	(371,178)	94,056	25,889	57,431	(32,818)	(226,620)
Balance sheet											
Cash and Loans and advances to credit institutions	6,670,138	1,547,355	1,498,100	4,168	(8,767,537)	952,224	1,182,974	389,860	386,002	1,048,187	3,959,247
Loans and advances to customers	17,651,629	11,636,268	249,558	10,874,498	337,514	40,749,467	10,316,533	956,557	1,403,377	259,714	53,685,648
Financial assets (***)	497,024	-	50	558,273	7,779,640	8,834,987	2,500,659	390,033	587,547	10,745	12,323,971
Other assets	181,076	62,215	11,951	239,085	5,263,003	5,757,330	214,119	213,776	198,842	7,983	6,392,050
Total Assets	24,999,867	13,245,838	1,759,659	11,676,024	4,612,620	56,294,008	14,214,285	1,950,226	2,575,768	1,326,629	76,360,916
Deposits from other credit institutions	15,503	3,926,454	412	10,998,000	(5,976,575)	8,963,794	1,304,133	275,535	200,415	222,278	10,966,155
Deposits from customers	22,865,982	8,282,576	1,598,767	269,065	1,391,761	34,408,151	11,148,945	1,452,178	1,906,195	901,267	49,816,736
Debt securities issued	1,518,773	4,931	136,173	3,780	3,613,519	5,277,176	407,063	-	25,330	-	5,709,569
Other financial liabilities	-	-	-	-	2,846,908	2,846,908	472,717	-	-	11,559	3,331,184
Other liabilities	20,117	40,866	587	4,503	1,074,717	1,140,790	207,691	50,086	146,870	4,928	1,550,365
Total Liabilities	24,420,375	12,254,827	1,735,939	11,275,348	2,950,330	52,636,819	13,540,549	1,777,799	2,278,810	1,140,032	71,374,009
Equity and non-controlling interests	579,492	991,011	23,720	400,676	1,662,290	3,657,189	673,736	172,427	296,958	186,597	4,986,907
Total Liabilities, Equity and non-controlling interests	24,999,867	13,245,838	1,759,659	11,676,024	4,612,620	56,294,008	14,214,285	1,950,226	2,575,768	1,326,629	76,360,916
Number of employees	4,866	571	214	189	1,955	7,795	6,108	1,143	2,513	81	17,640
Public subsidies received	-	-	-	-	-	-	-	-	-	-	-

(*) Includes the activity of Millennium bcp Gestão de Activos;
(**) Includes the activity of Banca Millennium Romania;
(***) Includes financial assets held for trading, financial assets held to maturity, financial assets available for sale and hedging derivatives.

Note: As at 31 December 2014, the goodwill disclosed in the financial statements is reflected in Mozambique Euros 3 millions and Euros 211 millions in Other Portugal, as described in note 31.

Reconciliation of net income of reportable segments with the net result of the Group

Description of the relevant items of reconciliation:

	2015 Euros '000	2014 Euros '000
Net contribution:		
Retail Banking in Portugal	14,403	(85,508)
Companies, Corporate and Investment Banking	53,035	(25,957)
Private Banking	17,422	10,453
Portfolio non core business	(240,767)	(281,393)
Foreign Business (continuing operations)	283,266	289,433
Non-controlling interests (1)	(125,617)	(110,060)
	1,742	(203,032)
Income / (Loss) from discontinued operations	14,648	(40,830)
	16,390	(243,862)
Amounts not allocated to segments:		
Interests of hybrid instruments	(65,352)	(180,027)
Net interest income of the bond portfolio	61,415	121,115
Interests written off	(4,613)	(48,137)
Cost of debt issue with State Guarantee	-	(22,689)
Own Credit Risk	(16,129)	7,334
Impact of exchange rate hedging of investments	(10,686)	(8,914)
Equity accounted earnings	23,859	36,018
Impairment and other provisions (2)	(50,749)	(224,210)
Operational costs	(5,812)	-
Gains on sale of the non life insurance business	-	69,390
Gains on sale of public debt (3)	351,743	319,164
Contribution for the single resolution fund	(31,364)	-
Others (4)	(33,358)	(51,802)
Total not allocated to segments	218,954	17,242
Consolidated net income / (loss)	235,344	(226,620)

(1) Corresponds mainly to the income attributable to third parties related to the subsidiaries in Poland, in Mozambique and in Angola;
(2) Includes provisions for property in kind, administrative infractions, various contingencies and other unallocated to business segments.;
(3) Do not include values allocated to business segments;
(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, in coordination with the local departments and considering the specific risks of each business.

The Group's risk-management policy is designed to permanently ensure an adequate relationship between its own funds and the business it develops, as well as the corresponding risk/return profile by business line.

Under this scope, the monitoring and control of the main types of financial risks to which the Group's business is subject to – credit, market, liquidity and operational – is particularly relevant.

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 fulfil 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 these instruments and the respective volatilities.

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 consists in the potential losses resulting from failures or inadequacies in internal procedures, persons or systems, and also in the potential losses resulting from external events.

Internal Organisation

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 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 Group level and for each entity. The Board of Directors also approves the risk-tolerance level acceptable to the Group, proposed by its Executive Committee.

The Risk Committee is responsible for monitoring the overall levels of risk incurred, ensuring that these are compatible with the goals and strategies approved for the business.

The Chief Risk Officer is responsible for the control of risks in all Group entities, for the identification of all risks to which the Group activity is exposed and for the proposal of measures to improve risks control. The Chief Risk Officer also ensures that risks are monitored on an overall basis and that there is alignment of concepts, practices and goals in risk management.

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 Committee and the main subsidiaries are provided with Risk Office structures which are established in accordance with the risks inherent to 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 Chief Risk Officer takes part.

The Group Head of Compliance is responsible for implementing systems for 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 conflicts of interest, issues related to abuse of market and compliance with the disclosure requirements to customers.

Risk Management and Control model

For the purposes of profitability analysis and risk quantification and control, each entity is divided into the following management areas:

- Trading and Sales: involves those positions for which the goal 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 and the derivatives of 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 other purposes than short-term gains; it also includes any other risk hedging operations associated to those positions;
- Commercial: includes all operations (assets and liabilities) held at the normal course of business of the Group with its customers;
- ALM: it represents 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, due to 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 these management areas allows for an effective separation of the trading and banking portfolios management, as well as a for a proper allocation of each operation to the most appropriate management area, according to its context.

Risk assessment

Credit Risk

Credit granting is based on a prior classification of the customers' risk and on a 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 that show a worsening credit capacity and, in particular, those classified as being in default. All 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 a more active collateralization of loans and to a better adequacy of pricing regarding the risk incurred.

The gross Group's exposure to credit risk (original exposure), as at 31 December 2015 and 2014 is presented in the following table:

Risk items	2015 Euros '000	2014 Euros '000
Central Governments or Central Banks	9,500,002	8,707,559
Regional Governments or Local Authorities	689,819	719,651
Administrative and non-profit Organisations	800,075	412,878
Multilateral Development Banks	47,987	80,971
Other Credit Institutions	3,195,899	3,633,376
Retail and Corporate customers	63,767,726	66,470,324
Other items	13,485,328	11,820,200
	91,486,836	91,844,959

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 2015 of the credit granted to entities whose country is one of those identified.

		2015					Euros '000
		Country					
Counterparty type	**Maturity**	**Spain**	**Greece**	**Hungary**	**Ireland**	**Italy**	**Portugal**
Financial Institutions	2016	37,758	14	437	21	42	117,697
	2017	-	-	-	-	-	58,757
	>2017	47,800	-	-	-	6,000	462,957
		85,558	14	437	21	6,042	639,411
Companies	2016	29,697	-	-	4,669	-	4,266,932
	2017	60,000	-	-	-	-	370,249
	>2017	179,282	35,255	-	143,209	-	6,978,415
		268,979	35,255	-	147,878	-	11,615,596
Retail	2016	71,548	5	3	214	154	2,375,852
	2017	2,953	17	3	23	67	387,591
	>2017	28,922	420	112	49,690	6,392	20,242,503
		103,423	442	118	49,927	6,613	23,005,946
State and other public entities	2016	29	-	-	-	-	1,581,786
	2017	34,500	-	-	-	-	185,246
	>2017	468	-	-	319	50,413	2,692,377
		34,997	-	-	319	50,413	4,459,409
Total country		492,957	35,711	555	198,145	63,068	39,720,362

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.

The Bank of Portugal applied for a group of templates to evaluate the risk associated to the loans portfolio and the calculation of the corresponding losses. Methodological notes regarding the following categories:

a) Collaterals and Guarantees

On the risk evaluation of an operation or of a group of operations, the mitigation elements of credit risk credit associated to those operations are considered in accordance with the rules and internal procedures that fulfil the requirements defined by the regulations in force, also reflecting the experience of the loans recovery areas and the Legal Department opinions with respect to the entailment of the various mitigation instruments.

The collaterals and the relevant guarantees can be aggregated in the following categories:

- financial collaterals, real estate collaterals or other collaterals;
- receivables;
- first demand guarantees, issued by banks or other entities with Risk Grade 7 or better on the Rating Master Scale;
- personal guarantees, when the persons are classified with Risk Grade 7 or better;
- credit derivatives.

The financial collaterals accepted are those that are traded in a recognized stock exchange, i.e., on an organized secondary market, liquid and transparent, with public bid-ask prices, located in countries of the European Union, United States, Japan, Canada, Hong Kong or Switzerland.

In this context, it is important to refer that the Bank's shares are not accepted as financial collaterals of new credit operations and are only accepted for the reinforcement of guarantees of existing credit operations, or in restructuring process associated to credit recoveries.

Regarding guarantees and credit derivatives, the substitution principle is applied by replacing the Risk Grade of the client by the Risk Grade of the guarantor, if the Risk of Grade Degree of the guarantor is better than the client's, when:

- State, Financial Institutions or Mutual Guarantee Societies guarantees exist;
- personal guarantees (or, in the case of Leasing, an adhering contracting party);
- the mitigation is effective through credit derivatives.

An internal level of protection is attributed to all credit operations at the moment of the credit granting decision, considering the credit amount as well as the value and type of the collaterals involved. The protection level corresponds to the loss reduction in case of default that is linked to the various collateral types, considering their market value and the amount of the associated exposure.

In the case of financial collaterals, adjustments are made to the protection value by the use of a set of haircuts, in order to reflect the price volatility of the financial instruments.

In the case of real estate mortgages, the initial appraisal of the real estate value is done during the credit analysis and decision process.

Either the initial evaluations or the subsequent reviews carried out are performed by external expert valuers and the ratification process is centralized in the Appraisals Unit, which is independent of the clients' or credit areas.

There is always a written report, in a standardized digital format, based on a group of predefined methods that are aligned with the sector practices – income, replacement cost and/or market comparing - mentioning the obtained value, for both the market value and for purposes of the mortgage guarantee, depending on the type of the real estate. The evaluations have a declaration/certification of an expert valuer since 2008, as requested by Notice n.5/2007 of Bank of Portugal and are ratified by the Appraisals Unit.

Regarding residential real estate, after the initial valuation and in accordance with Notices n. 5/2006 and n.5/2007 of Bank of Portugal, the Bank monitors the respective values through market indexes. If the index is lower than 0.9, the Bank revaluates choosing one of the follwing three methods:

i) - depreciation of the property by direct application of the index, if the amount owed does not exceed 70% of the revised collateral;
ii) - review based on recent reviews, geographically close, certified by internal expert;
iii) - review of the property value by external valuators, depending on the value of the credit operation, and in accordance with established standards.

For all non-residential real estate, the Bank also monitors its values through market indexes and to the regular valuation reviews in accordance with the Notice n.5/2007 of Bank of Portugal, in the case of offices, warehouses and industrial premises.

For all real estate (residential or non-residential) for which the monitoring result in significant devaluation of the real estate value (more than 10%), a valuation review is subsequently carried out, by an expert valuer.

For the remaining real estate (land, commercial real estate country side buildings for example) there are no market indexes available for the monitoring of appraisal values, after the initial valuations. Therefore, for these cases and in accordance with the minimum periodicity established for the monitoring or reviewing of this type of real estate, valuation reviews are carried out by expert valuers.

The indexes currently used are supplied to the Bank by an external specialized entity that, for more than a decade, has been collecting and processing the data upon which the indexes are built.

In the case of financial collaterals, their market value is daily and automatically updated, through the IT connection between the collaterals management system and the relevant financial markets data.

b) Risk grades

Credit granting is based on the previous risk assessment of clients and also on a rigorous assessment of the protection level provided by the underlying collaterals. For this purpose, a single risk grading system is used - the Rating Master Scale - based on Probability of Default (PD), allowing for a greater discriminating power in clients assessment and for a better hierarchy of the associated risk. The Rating Master Scale also allows to identify clients that show signs of degradation in their credit capacity and, in particular, those that are classified in a default situation, in accordance with the IRB approach. All rating systems and models used by the Group were calibrated for the Rating Master Scale.

Aiming at an adequate assessment of credit risk, the Group defined a set of macro segments and segments which are treated through different rating systems and models that relate the internal risk grades and the clients' PD, ensuring a risk assessment that considers the clients' specific features in terms of their respectively risk profiles.

The assessment made by these rating systems and models result in the risk grades of the Master Scale, that has fifteen grades, where the last three correspond to relevant downgrades of the clients' credit quality of the clients and are referred to by "procedural risk grades": 13, 14 and 15, that correspond, in this order, to situations of increased severity in terms default and/or impairment, as risk grade 15 is a Default situation.

The non-procedural risk grades are attributed by the rating systems through automatic decision models or by the Rating Division – a unit which is independent from the credit analysis and decision areas and bodies- and are reviewed/updated periodically or whenever this is justified by events.

The models within the various rating systems are regularly subject to validation, made by the Audit and Models Validation Unit, which is integrated in the Internal Audit Division, hence, independent from the units that are responsible for the development and maintenance of the rating models.

The conclusions of the validations by the Audit and Models Validation Unit, as well the respective recommendations and proposal for changes and/or improvements, are analyzed and ratified by a specific Validation Committee, composed in accordance to the type of model analyzed. The proposals for models' changes originated by the Validation Committee are submitted to the approval of the Risk Committee.

c) Impairment and Write-offs

In order to align with the international best practices in this area, the credit impairment calculation within BCP Group integrates the general principles defined by IAS 39 and the guidelines issued by the Bank of Portugal through "Carta-Circular 2/2014 / DSP".

In order to maximize synergies, this process is based, as far as possible, on the concepts and the data used in capital requirements calculation according to the Internal Ratings Based Approach (IRB).

There are three components to be considered in impairment calculation, according to the risk and complexity of the customers, the size of its exposure and whether there is objective evidence of impairment:

- Individual analysis for customers with high exposure and risk;
- Collective analysis for customers in default or considered at high risk, not included in individual analysis;
- Collective analysis of customers not in default, non-high risk or without enough evidence of impairment to justify, as a result of individual analysis, their treatment as customers in default (IBNR - Incurred But Not Reported component).

Customers in one of the following conditions are submitted to individual analysis:

Customers in default

i) Customers in insolvency or under legal proceedings provided that the total exposure of the group's customers in these situations exceed Euros 1 million;
ii) Customers rated "15" integrated in groups with exposure above Euros 5 million;

Customers not in default but with impairment signs

iii) Customers rated "14" integrated in groups with exposure above Euros 5 million;

Groups or Customers without impairment signs

iv) Other customers integrating groups under the above conditions;
v) Groups or customers with exposure above Euros 5 million having restructured credits and rated "13";
vi) Groups or Customers with exposure above Euros 10 million, provided that in a group entity some pre-defined impairment soft signs exist;
vii) Groups or Customers not included in the preceding paragraphs, with exposure above Euros 25 million.

Other customers, that do not meet the criteria above, will also be subject to individual analysis if under the following conditions:

i) Have impairment as a result of the latest individual analysis; or
ii) According to recent information, show a significant deterioration in risk levels; or
iii) are Special Vehicle Investment (SPV);

Individual analysis includes the following procedures:

- For customers without impairment signs, analysis of a set of financial difficulties indicators, in order to conclude if the customer has objective impairment signs;
- For customers with impairment signs and for those in which objective evidence of impairment is identified in the above mentioned preliminary analysis, loss estimation.

Customers included in the individual analysis are submitted to a process that takes place periodically, in order to get estimations of recovery expectations – amount and time. For each customer, those estimates must be supported mainly in the prospects of receiving monetary, financial or physical assets and in the forecasted period for those receipts.

This process is carried out by recovery areas or by the Credit Division, supported by all the relevant elements for the calculation of impairment, including the following ones:

- economic and financial data, based on the most recent financial statements of the customer;
- qualitative data, characterizing the customer's situation, particularly with regard to the economic viability of the business;
- estimated cash flows;
- customers behaviour in their relationship with the Bank and with the Financial System.

In addition, information on collaterals and guarantees plays an important role, mainly for real estate companies and whenever the viability of the customer's business is weak.

The Bank takes a conservative approach concerning collaterals, working with haircuts that incorporate the risk of assets devaluation, the sale and maintenance costs and the required time for sale.

For each client, the impairment is calculated as the difference between the exposure and the sum of the expected cash-flows of all the businesses, discounted at the effective interest rate of each operation.

Credits to customers that are not individually analyzed are grouped according to their risk characteristics, and impairment is based on homogenous populations, assuming a one-year emergence period (or loss identification period).

Collective impairment is calculated according to the following formula:

$$\text{Impairment} = EAD * PD * LGD.$$

where EAD represents the exposure at default, adjusted from financial collaterals, PD represents the probability of one client without impairment sings to be defaulted on the recognized loss period, and LGD represents the loss given default.

For the calculation of PD, the homogeneous populations result from the following factors:

- Customer segment for rating purposes (according to the corresponding rating model);
- Risk bucket, depending on customer current status (different probabilities of default correspond to the several buckets).

For the calculation of LGD, the homogeneous populations result from the following factors:

- Customer segment;
- Defaulted period; and
- LTV (Loan to Value) for exposures collateralized by real estate.

LGD estimation is mainly based on the following components:
- a priori definition of the possible recovery scenarios;
- historical information about the Bank's recovery processes, mainly regarding incurred losses and the probabilities associated to each of the recovery scenarios;
- direct and indirect costs associated to the recovery processes;
- discounted rate to be used in the discount od the cash-flows to the date of default;
- collaterals associated to each loan.

The criteria and the concepts underlying the definition of the above mentioned homogeneous populations are in line with the ones used for capital requirements (IRB) purposes.

Impairment losses are charged against results and, subsequently, if a reduction of the estimated impairment loss occurs, the charge is reversed in a subsequent period. In accordance with "Carta-Circular 15/2009" from the Bank of Portugal, write-offs take place whenever the recovery expectancy is about zero; hence, when impairment reaches 100%, credits shall be considered as uncollectible.

It is noteworthy that all of the described procedures and methodologies are subject to internal regulations approved by the Board of Directors, concerning impairment, credit granting and monitoring and non-performing credit treatment.

The following tables detail the exposures and impairment by segment, as at 31 December 2015. The data presented includes the irrevocable credit lines and does not consider effective interest rates.

	Exposure					
		Performing loans			Non-performing loans	
Segment	Total Exposure Euros '000	Total Euros '000	Of which of the default situation Euros '000	Of which restructured Euros '000	Total Euros '000	Of which restructured Euros '000
Construction and CRE	8,189,817	6,202,068	142,318	627,875	1,987,749	590,266
Companies-Other Activities	22,732,956	20,415,829	376,958	1,378,401	2,317,127	1,224,492
Mortgage loans	24,488,366	22,977,817	284,860	693,118	1,510,549	356,014
Individuals - Others	4,930,511	4,127,962	16,117	228,224	802,549	285,550
Other loans	2,016,731	1,921,132	2,631	11,690	95,599	45,056
Total	62,358,381	55,644,808	822,884	2,939,308	6,713,573	2,501,378

	Impairment		
Segment	Total Impairment Euros '000	Performing loans Euros '000	Non-performing loans Euros '000
Construction and CRE	953,713	214,356	739,357
Companies-Other Activities	1,694,993	662,328	1,032,665
Mortgage loans	341,144	49,424	291,720
Individuals - Others	505,765	73,801	431,964
Other loans	47,179	20,480	26,699
Total	3,542,794	1,020,389	2,522,405

The following tables detail the exposures and impairment by segments, as at 31 December 2014. The data presented includes the credit lines irrevocable and excludes the amounts related to the effective interest rate effect.

	Exposure					
		Performing loans			Non-performing loans	
Segment	Total Exposure Euros '000	Total Euros '000	Of which of the default situation Euros '000	Of which restructured Euros '000	Total Euros '000	Of which restructured Euros '000
Construction and CRE	9,067,462	6,502,030	270,329	773,312	2,565,432	769,084
Companies-Other Activities	23,882,233	21,526,268	514,053	2,210,825	2,355,965	952,531
Mortgage loans	24,886,268	23,433,740	434,975	700,736	1,452,528	320,466
Individuals - Others	4,905,111	3,998,115	65,934	288,107	906,996	299,413
Other loans	2,083,284	2,057,024	6,572	32,670	26,260	5,626
Total	64,824,358	57,517,177	1,291,863	4,005,650	7,307,181	2,347,120

	Impairment		
Segment	Total Impairment Euros '000	Performing loans Euros '000	Non-performing loans Euros '000
Construction and CRE	1,136,465	244,543	891,922
Companies-Other Activities	1,760,981	858,033	902,948
Mortgage loans	306,987	64,279	242,708
Individuals - Others	487,516	62,613	424,903
Other loans	40,914	32,388	8,526
Total	3,732,863	1,261,856	2,471,007

The following tables include the detail of the exposure non-performing loans and impairment respectively by segment, as at 31 December 2015:

	Exposure					
		Performing loans			Non-performing loans	
	Total	Days past due <30			Days past due	
	Exposure	Without evidence	With evidence	Total	<=90	>90
Segment	Euros '000	Euros '000	Euros '000	Euros '000	Euros '000	Euros '000
Construction and CRE	8,189,817	4,680,249	1,379,914	6,060,163	242,209	1,745,540
Companies-Other Activities	22,732,956	17,541,522	2,745,240	20,286,762	283,954	2,033,174
Mortgage loans	24,488,366	22,258,402	539,239	22,797,641	79,579	1,430,970
Individuals - Others	4,930,511	3,820,004	245,895	4,065,899	44,600	757,948
Other loans	2,016,731	1,741,057	178,373	1,919,430	39,218	56,381
Total	62,358,381	50,041,234	5,088,661	55,129,895	689,560	6,024,013

	Impairment				
		Performing loans		Non-performing loans	
	Total	Days past due	Days past due	Days past due	Days past due
	Impairment	<30	between 30-90	<=90	>90
Segment	Euros '000	Euros '000	Euros '000	Euros '000	Euros '000
Construction and CRE	953,713	192,827	21,529	44,749	694,608
Companies-Other Activities	1,694,993	646,369	15,959	98,875	933,790
Mortgage loans	341,144	41,407	8,017	13,325	278,395
Individuals - Others	505,765	61,011	12,789	19,986	411,979
Other loans	47,179	19,987	493	6,688	20,011
Total	3,542,794	961,601	58,787	183,623	2,338,783

The following tables include the detail of the exposure non-performing loans and impairment respectively by segment, as at 31 December 2014:

	Exposure					
		Performing loans			Non-performing loans	
	Total	Days past due <30			Days past due	
	Exposure	Without evidence	With evidence	Total	<=90	>90
Segment	Euros '000	Euros '000	Euros '000	Euros '000	Euros '000	Euros '000
Construction and CRE	9,067,462	4,620,396	1,773,566	6,393,962	315,247	2,250,185
Companies-Other Activities	23,882,233	16,966,653	4,453,398	21,420,051	358,221	1,997,744
Mortgage loans	24,886,268	22,236,954	977,899	23,214,853	67,751	1,384,777
Individuals - Others	4,905,111	3,505,717	434,255	3,939,972	73,285	833,711
Other loans	2,083,284	2,036,792	13,559	2,050,351	-	26,260
Total	64,824,358	49,366,512	7,652,677	57,019,189	814,504	6,492,677

	Impairment				
		Performing loans		Non-performing loans	
	Total	Days past due	Days past due	Days past due	Days past due
	Impairment	<30	between 30-90	<=90	>90
Segment	Euros '000	Euros '000	Euros '000	Euros '000	Euros '000
Construction and CRE	1,136,465	225,909	18,634	52,863	839,059
Companies-Other Activities	1,760,981	845,749	12,284	132,686	770,262
Mortgage loans	306,987	51,719	12,560	11,538	231,170
Individuals - Others	487,516	51,610	11,003	34,203	390,700
Other loans	40,914	30,850	1,538	-	8,526
Total	3,732,863	1,205,837	56,019	231,290	2,239,717

As at 31 December 2015, the following table includes the loans portfolio by segment and by year of production:

Year of Production	Construction and Commercial Real Estate (CRE)	Companies Other Activities	Mortgage loans	Individuals Others	Other loans	Total
2004 and previous						
Number of operations	12,611	23,399	129,076	412,140	1,591	578,817
Value (Euros '000)	1,032,598	2,411,520	4,180,559	413,251	361,983	8,399,911
Impairment constituted (Euros '000)	107,034	170,647	65,887	34,077	4,615	382,260
2005						
Number of operations	2,091	3,865	47,133	59,305	32	112,426
Value (Euros '000)	240,699	437,567	2,262,893	96,115	2,592	3,039,866
Impairment constituted (Euros '000)	39,916	61,450	41,952	12,929	62	156,309
2006						
Number of operations	2,495	4,653	67,885	75,785	54	150,872
Value (Euros '000)	312,186	886,574	3,591,662	130,013	7,609	4,928,044
Impairment constituted (Euros '000)	49,589	35,760	52,244	15,709	1,687	154,989
2007						
Number of operations	3,316	6,341	80,352	99,309	59	189,377
Value (Euros '000)	699,647	1,452,253	4,648,405	176,793	12,607	6,989,705
Impairment constituted (Euros '000)	115,351	140,693	75,502	27,144	301	358,991
2008						
Number of operations	4,047	7,614	57,873	113,306	108	182,948
Value (Euros '000)	864,894	1,688,936	3,580,043	191,700	40,547	6,366,120
Impairment constituted (Euros '000)	114,750	214,531	51,148	35,679	903	417,011
2009						
Number of operations	4,198	6,794	23,916	109,562	125	144,595
Value (Euros '000)	585,616	1,082,606	1,302,664	180,937	41,718	3,193,541
Impairment constituted (Euros '000)	76,597	92,917	16,813	40,548	3,355	230,230
2010						
Number of operations	4,211	8,155	25,794	147,320	173	185,653
Value (Euros '000)	663,259	1,277,295	1,395,717	233,214	51,868	3,621,353
Impairment constituted (Euros '000)	68,276	243,572	11,384	44,506	3,554	371,292
2011						
Number of operations	4,337	12,911	16,731	174,982	142	209,103
Value (Euros '000)	416,826	1,053,559	833,007	235,025	38,481	2,576,898
Impairment constituted (Euros '000)	69,428	89,522	4,914	44,651	4,790	213,305
2012						
Number of operations	4,463	15,768	13,824	168,051	582	202,688
Value (Euros '000)	548,336	1,841,334	628,836	294,541	98,731	3,411,778
Impairment constituted (Euros '000)	52,372	111,262	5,048	58,951	3,239	230,872
2013						
Number of operations	5,572	21,360	14,452	232,881	544	274,809
Value (Euros '000)	748,875	2,288,687	723,798	580,291	389,952	4,731,603
Impairment constituted (Euros '000)	85,957	126,750	6,781	68,661	5,909	294,058
2014						
Number of operations	5,837	27,049	10,395	283,421	692	327,394
Value (Euros '000)	830,066	3,169,496	592,492	829,709	490,686	5,912,449
Impairment constituted (Euros '000)	79,823	166,901	5,610	68,977	12,512	333,823
2015						
Number of operations	10,091	59,947	11,250	375,097	1,556	457,941
Value (Euros '000)	1,246,815	5,143,129	748,290	1,568,922	479,957	9,187,113
Impairment constituted (Euros '000)	94,620	240,988	3,861	53,933	6,252	399,654
Total						
Number of operations	63,269	197,856	498,681	2,251,159	5,658	3,016,623
Value (Euros '000)	8,189,817	22,732,956	24,488,366	4,930,511	2,016,731	62,358,381
Impairment constituted (Euros '000)	953,713	1,694,993	341,144	505,765	47,179	3,542,794

As at 31 December 2014, the following table includes the loans portfolio by segment and by year of production:

Year of Production	Construction and Commercial Real Estate (CRE)	Companies Other Activities	Mortgage loans	Individuals Others	Other loans	Total
2004 and previous						
Number of operations	13,351	27,626	135,600	433,250	314	610,141
Value (Euros '000)	1,052,151	3,194,521	4,566,711	493,907	39,350	9,346,640
Impairment constituted (Euros '000)	140,103	185,753	87,216	35,964	1,146	450,182
2005						
Number of operations	2,421	4,497	49,215	64,249	22	120,404
Value (Euros '000)	368,257	621,592	2,363,673	111,854	9,596	3,474,972
Impairment constituted (Euros '000)	70,864	110,465	39,235	14,991	405	235,960
2006						
Number of operations	2,927	5,248	69,899	81,125	54	159,253
Value (Euros '000)	442,016	911,447	3,696,647	179,423	9,822	5,239,355
Impairment constituted (Euros '000)	72,219	56,118	46,971	33,746	2,276	211,330
2007						
Number of operations	3,939	7,234	82,692	108,235	58	202,158
Value (Euros '000)	871,068	1,353,174	4,782,412	238,057	17,182	7,261,893
Impairment constituted (Euros '000)	137,678	98,612	57,547	30,519	285	324,641
2008						
Number of operations	5,283	8,928	59,444	133,029	108	206,792
Value (Euros '000)	1,058,904	1,563,834	3,630,506	232,736	40,086	6,526,066
Impairment constituted (Euros '000)	136,950	210,152	34,780	35,513	1,239	418,634
2009						
Number of operations	5,312	8,349	24,945	132,832	153	171,591
Value (Euros '000)	806,190	1,232,266	1,394,792	239,969	60,994	3,734,211
Impairment constituted (Euros '000)	165,878	93,701	10,804	42,455	1,807	314,645
2010						
Number of operations	5,462	12,213	26,860	191,455	207	236,197
Value (Euros '000)	821,866	1,778,835	1,487,215	309,592	126,713	4,524,221
Impairment constituted (Euros '000)	89,415	335,829	8,951	42,423	5,656	482,274
2011						
Number of operations	5,518	19,256	17,389	197,039	215	239,417
Value (Euros '000)	524,788	1,349,795	888,826	312,360	64,076	3,139,845
Impairment constituted (Euros '000)	100,597	135,145	4,524	47,803	2,723	290,792
2012						
Number of operations	5,618	20,558	14,373	196,289	664	237,502
Value (Euros '000)	631,582	2,378,429	678,124	435,381	152,293	4,275,809
Impairment constituted (Euros '000)	55,505	142,127	4,616	74,656	4,664	281,568
2013						
Number of operations	6,547	24,818	15,103	281,230	614	328,312
Value (Euros '000)	982,394	2,927,234	779,643	878,096	483,732	6,051,099
Impairment constituted (Euros '000)	90,598	111,440	6,359	61,379	6,363	276,139
2014						
Number of operations	11,265	55,872	10,526	414,538	2,606	494,807
Value (Euros '000)	1,508,246	6,571,106	617,719	1,473,736	1,079,440	11,250,247
Impairment constituted (Euros '000)	76,658	281,639	5,984	68,067	14,350	446,698
Total						
Number of operations	67,643	194,599	506,046	2,233,271	5,015	3,006,574
Value (Euros '000)	9,067,462	23,882,233	24,886,268	4,905,111	2,083,284	64,824,358
Impairment constituted (Euros '000)	1,136,465	1,760,981	306,987	487,516	40,914	3,732,863

As at 31 December 2015, the following tables include the details of the loans portfolio and individual and the collective impairment by segment, sector and geography:

	Exposure			Impairment		
	Individual	Collective	Total	Individual	Collective	Total
Segment	**Euros '000**	**Euros '000**	**Euros '000**	**Euros '000**	**Euros '000**	**Euros '000**
Construction and CRE	2,886,383	5,303,434	8,189,817	732,516	221,197	953,713
Companies - Other Activities	4,292,726	18,440,230	22,732,956	1,336,467	358,526	1,694,993
Mortgage loans	59,613	24,428,753	24,488,366	20,746	320,398	341,144
Individuals - Others	252,149	4,678,362	4,930,511	75,184	430,581	505,765
Other loans	346,728	1,670,003	2,016,731	28,018	19,161	47,179
Total	7,837,599	54,520,782	62,358,381	2,192,931	1,349,863	3,542,794

	Exposure			Impairment		
	Individual	Collective	Total	Individual	Collective	Total
Sector	**Euros '000**	**Euros '000**	**Euros '000**	**Euros '000**	**Euros '000**	**Euros '000**
Loans to Individuals	292,600	27,437,525	27,730,125	85,043	692,124	777,167
Manufacturing	388,032	4,090,637	4,478,669	143,023	98,017	241,040
Construction	1,237,097	2,786,561	4,023,658	312,919	137,284	450,203
Commerce	297,513	4,738,677	5,036,190	122,744	191,413	314,157
Real Estate Promotion	768,062	800,971	1,569,033	203,248	15,616	218,864
Other Services	4,168,200	10,512,458	14,680,658	1,219,629	171,062	1,390,691
Other Activities	686,095	4,153,953	4,840,048	106,325	44,347	150,672
Total	7,837,599	54,520,782	62,358,381	2,192,931	1,349,863	3,542,794

	Exposure			Impairment		
	Individual	Collective	Total	Individual	Collective	Total
Geography	**Euros '000**	**Euros '000**	**Euros '000**	**Euros '000**	**Euros '000**	**Euros '000**
Portugal	6,949,421	38,876,540	45,825,961	1,992,318	1,064,049	3,056,367
Angola	341,823	903,143	1,244,966	35,933	13,054	48,987
Mozambique	112,673	1,956,315	2,068,988	30,979	59,928	90,907
Poland	226,760	12,784,784	13,011,544	133,134	212,832	345,966
Switzerland	206,922	-	206,922	567	-	567
Total	7,837,599	54,520,782	62,358,381	2,192,931	1,349,863	3,542,794

As at 31 December 2014, the following tables include the details of the loans portfolio and individual and the collective impairment by segment, sector and geography:

	Exposure			Impairment		
	Individual	Collective	Total	Individual	Collective	Total
Segment	**Euros '000**	**Euros '000**	**Euros '000**	**Euros '000**	**Euros '000**	**Euros '000**
Construction and CRE	5,397,102	3,670,360	9,067,462	934,613	201,852	1,136,465
Companies - Other Activities	11,155,776	12,726,457	23,882,233	1,409,779	351,202	1,760,981
Mortgage loans	47,665	24,838,603	24,886,268	14,999	291,988	306,987
Individuals - Others	299,428	4,605,683	4,905,111	74,297	413,219	487,516
Other loans	662,863	1,420,421	2,083,284	22,270	18,644	40,914
Total	17,562,834	47,261,524	64,824,358	2,455,958	1,276,905	3,732,863

	Exposure			Impairment		
	Individual	Collective	Total	Individual	Collective	Total
Sector	**Euros '000**	**Euros '000**	**Euros '000**	**Euros '000**	**Euros '000**	**Euros '000**
Loans to Individuals	312,414	27,695,814	28,008,228	70,969	654,272	725,241
Manufacturing	1,066,805	3,438,113	4,504,918	117,861	110,698	228,559
Construction	2,321,104	2,163,368	4,484,472	424,000	119,429	543,429
Commerce	931,264	4,070,004	5,001,268	177,542	167,555	345,097
Real Estate Promotion	1,309,547	447,861	1,757,408	193,090	17,813	210,903
Other Services	9,564,757	6,346,929	15,911,686	1,327,507	162,807	1,490,314
Other Activities	2,056,943	3,099,435	5,156,378	144,989	44,331	189,320
Total	17,562,834	47,261,524	64,824,358	2,455,958	1,276,905	3,732,863

	Exposure			Impairment		
	Individual	Collective	Total	Individual	Collective	Total
Geography	**Euros '000**	**Euros '000**	**Euros '000**	**Euros '000**	**Euros '000**	**Euros '000**
Portugal	16,640,805	31,952,743	48,593,548	2,262,551	1,001,675	3,264,226
Angola	188,655	1,039,686	1,228,341	29,798	19,779	49,577
Mozambique	299,715	1,967,080	2,266,795	27,807	63,898	91,705
Poland	220,751	12,263,197	12,483,948	134,970	190,194	325,164
Switzerland	212,908	-	212,908	832	-	832
Other geographies	-	38,818	38,818	-	1,359	1,359
Total	17,562,834	47,261,524	64,824,358	2,455,958	1,276,905	3,732,863

The following chart includes the entrances and the exits of the restructured loans portfolio:

	2015	2014
	Euros '000	**Euros '000**
Balance on 1 January	6,294,286	5,827,753
Restructured loans in the year	436,797	2,232,866
Accrued interests of the restructured portfolio	13,714	31,120
Settlement restructured credits (partial or total)	(669,484)	(1,002,373)
Reclassified loans from restructured to normal	(334,469)	(407,569)
Others	(300,160)	(387,511)
Balance at the end of the year	5,440,684	6,294,286

As at 31 December 2015, the following table includes the fair value of the collaterals associated to the loans portfolio by segments Construction and CRE, Companies - Other Activities and Mortgage loans:

	Construction and Commercial Real Estate		Companies-Other Activities		Mortgage loans	
Fair Value	**Real Estate**	**Other Collateral**	**Real Estate**	**Other Collateral**	**Real Estate**	**Other Collateral**
< 0.5 M€						
Number	12,056	6,495	12,089	44,802	415,798	475
Value (Euros '000)	1,394,317	153,284	1,701,192	546,688	46,374,024	24,919
>= 0.5 M€ and < 1 M€						
Number	667	87	1,304	290	2,170	6
Value (Euros '000)	454,885	53,665	906,023	150,550	1,397,548	4,400
>= 1 M€ and < 5 M€						
Number	565	61	1,127	234	278	1
Value (Euros '000)	1,158,314	123,633	2,234,597	381,216	399,695	1,916
>= 5 M€ and < 10 M€						
Number	60	15	112	27	4	2
Value (Euros '000)	412,657	101,666	764,916	173,204	28,090	11,211
>= 10 M€ and < 20 M€						
Number	48	6	69	9	2	-
Value (Euros '000)	669,655	67,384	944,784	126,314	27,751	-
>= 20 M€ and < 50 M€						
Number	24	5	31	11	-	-
Value (Euros '000)	801,044	143,204	1,011,505	334,676	-	-
>= 50 M€						
Number	8	10	11	4	3	-
Value (Euros '000)	532,218	1,388,612	1,003,032	430,381	1,707,907	-
Total						
Number	13,428	6,679	14,743	45,377	418,255	484
Value (Euros '000)	5,423,090	2,031,448	8,566,049	2,143,029	49,935,015	42,446

As at 31 December 2014, the following table includes the fair value of the collaterals associated to the loans portfolio by segments Construction and CRE, Companies - Other Activities and Mortgage loans:

	Construction and Commercial Real Estate		Companies - Other Activities		Mortgage loans	
Fair Value	**Real Estate**	**Other Collateral**	**Real Estate**	**Other Collateral**	**Real Estate**	**Other Collateral**
< 0.5 M€						
Number	13,300	6,003	11,627	41,081	426,776	460
Value (Euros '000)	1,619,319	128,206	1,710,672	530,215	47,368,729	20,933
>= 0.5 M€ and < 1 M€						
Number	808	74	1,397	268	2,281	6
Value (Euros '000)	552,489	44,895	957,808	157,678	1,469,751	4,027
>= 1 M€ and < 5 M€						
Number	634	52	1,172	254	286	1
Value (Euros '000)	1,278,523	103,387	2,350,317	429,046	415,458	1,298
>= 5 M€ and < 10 M€						
Number	77	11	133	24	3	-
Value (Euros '000)	557,363	87,970	937,793	173,149	18,700	-
>= 10 M€ and < 20 M€						
Number	54	1	64	8	2	-
Value (Euros '000)	750,117	36,626	907,335	118,836	24,710	-
>= 20 M€ and < 50 M€						
Number	30	-	39	12	-	-
Value (Euros '000)	1,021,646	-	1,114,682	314,740	-	-
>= 50 M€						
Number	12	6	11	6	-	-
Value (Euros '000)	873,759	1,118,151	909,187	548,148	-	-
Total						
Number	14,915	6,147	14,443	41,653	429,348	467
Value (Euros '000)	6,653,216	1,519,235	8,887,794	2,271,812	49,297,348	26,258

As at 31 December 2015, the following table includes the LTV ratio by segments Construction and CRE, Companies - Other Activities and Mortgage loans:

Segment/Ratio	Number of properties	Performing loans Euros '000	Non-performing loans Euros '000	Impairment Euros '000
Construction and Commercial Real Estate				
Without associated collateral	n.a.	2,314,023	557,414	331,837
<60%	5,717	453,599	54,388	24,024
>=60% and <80%	1,342	249,570	39,988	10,014
>=80% and <100%	916	179,502	62,068	18,762
>=100%	55,935	2,017,784	1,269,573	553,321
Companies - Other Activities				
Without associated collateral	n.a.	13,720,242	927,234	791,513
<60%	28,565	1,583,484	85,946	64,946
>=60% and <80%	11,097	759,614	45,272	14,638
>=80% and <100%	8,153	769,771	31,884	23,879
>=100%	21,986	2,956,534	1,161,964	766,348
Mortgage loans				
Without associated collateral	n.a.	73,729	8,353	5,864
<60%	236,427	7,936,249	140,152	19,231
>=60% and <80%	126,533	7,159,413	191,078	16,967
>=80% and <100%	88,138	4,981,900	362,166	39,580
>=100%	61,705	2,806,731	807,200	257,976

As at 31 December 2014, the following table includes the LTV ratio by segments Construction and CRE, Companies - Other Activities and Mortgage loans:

Segment/Ratio	Number of properties	Performing loans Euros '000	Non-performing loans Euros '000	Impairment Euros '000
Construction and Commercial Real Estate				
Without associated collateral	n.a.	2,617,030	589,789	364,543
<60%	5,950	597,065	162,056	43,925
>=60% and <80%	1,527	207,212	99,262	14,194
>=80% and <100%	966	185,280	93,176	28,746
>=100%	55,807	2,183,327	1,611,343	673,023
Companies - Other Activities				
Without associated collateral	n.a.	14,209,246	1,025,120	1,055,697
<60%	27,927	1,752,899	220,116	93,131
>=60% and <80%	9,524	786,823	96,830	35,574
>=80% and <100%	7,028	743,804	108,272	46,459
>=100%	18,769	2,851,980	974,082	538,427
Mortgage loans				
Without associated collateral	n.a.	52,721	12,329	6,253
<60%	236,863	7,912,542	140,989	34,047
>=60% and <80%	124,697	7,100,569	200,243	38,668
>=80% and <100%	96,011	5,428,135	421,809	79,488
>=100%	63,014	2,920,999	674,269	147,038

As at 31 December 2015, the following tables include the fair value and the accounting net value of the properties arising from recovered loans, by asset and by antiquity:

Asset	Number of properties	Fair value of the asset Euros '000	Book value Euros '000
Land			
Urban	1,786	593,281	561,480
Rural	258	62,447	54,967
Buildings in development			
Commercials	2	47,274	47,274
Others	2	993	993
Constructed buildings			
Commercials	1,699	266,157	232,450
Mortgage loans	5,027	579,474	499,347
Others	428	214,009	180,550
Others	146	6,584	6,584
Total	9,348	1,770,219	1,583,645

	Past due since the lieu / execution				
Asset	<1 year Euros '000	>=1 year and <2,5 years Euros '000	>=2,5 years and <5 years Euros '000	>=5 years Euros '000	Total Euros '000
Land					
Urban	168,101	62,322	83,156	247,901	561,480
Rural	31,800	8,023	4,356	10,788	54,967
Buildings in development					
Commercials	-	-	-	47,274	47,274
Others	909	-	-	84	993
Constructed buildings					
Commercials	41,605	80,013	70,165	40,667	232,450
Mortgage loans	192,586	140,930	79,595	86,236	499,347
Others	38,898	46,964	47,818	46,870	180,550
Others	2,908	-	-	3,676	6,584
Total	476,807	338,252	285,090	483,496	1,583,645

As at 31 December 2014, the following tables include the fair value and the accounting net value of the properties arising from recovered loans, by asset and by antiquity:

Asset	Number of properties	Fair value of the asset Euros '000	Book value Euros '000
Land			
Urban	1,231	408,171	374,309
Rural	237	26,724	20,730
Buildings in development			
Commercials	3	53,604	53,604
Mortgage loans	2	16,813	16,813
Others	2	106	106
Constructed buildings			
Commercials	1,606	251,165	221,087
Mortgage loans	4,671	571,491	495,639
Others	435	218,167	185,753
Others	12	6,048	6,048
Total	8,199	1,552,289	1,374,089

	Past due since the lieu / execution				
Asset	<1 year Euros '000	>=1 year and <2.5 years Euros '000	>=2.5 years and <5 years Euros '000	>=5 years Euros '000	Total Euros '000
Land					
Urban	49,872	51,937	56,325	216,175	374,309
Rural	2,936	3,640	3,324	10,830	20,730
Buildings in development					
Commercials	-	-	-	53,604	53,604
Mortgage loans	-	-	5,367	11,446	16,813
Others	-	-	-	106	106
Constructed buildings					
Commercials	78,103	70,127	36,997	35,860	221,087
Mortgage loans	181,585	148,331	63,233	102,490	495,639
Others	47,252	61,439	44,744	32,318	185,753
Others	5	-	247	5,796	6,048
Total	359,753	335,474	210,237	468,625	1,374,089

As at 31 December 2015, the following table includes the distribution of the loans portfolio by degrees of risk:

	Segments					Euros '000
Degrees of risk	Construction and CRE	Companies Other Activities	Mortgage loans	Individuals Others	Other loans	Total
Higher quality						
2	2,871	16,966	3,796,497	305,545	20	4,121,899
3	3,041	81,159	2,616,440	101,680	3	2,802,323
4	46,606	791,398	5,172,137	234,454	660,609	6,905,204
5	118,767	1,895,814	3,120,401	625,254	6,024	5,766,260
6	409,550	2,238,598	2,018,454	471,872	36	5,138,510
Average quality						
7	226,511	1,796,178	1,547,503	475,442	16,258	4,061,892
8	296,472	2,139,309	987,988	368,608	-	3,792,377
9	893,478	2,105,388	820,300	272,764	81	4,092,011
Lower quality						
10	286,894	1,452,108	754,657	220,436	8	2,714,103
11	296,623	748,409	420,225	109,546	-	1,574,803
12	900,408	2,156,475	712,358	180,520	33	3,949,794
Procedural						
13	18,062	45,972	168,981	50,610	7,964	291,589
14	128,796	290,080	164,793	47,858	-	631,527
15	3,117,792	4,348,452	2,028,829	906,225	789	10,402,087
Not classified (without degree of risk)	337,387	1,932,553	118,704	199,975	4,505	2,593,124
Total	7,083,258	22,038,859	24,448,267	4,570,789	696,330	58,837,503

As at 31 December 2014, the following table includes the distribution of the loans portfolio by degrees of risk:

	Segments					Euros '000
	Construction	Companies		Individuals		
Degrees of risk	and CRE	Other Activities	Mortgage loans	Others	Other loans	Total
Higher quality						
2	1,442	7,722	3,865,505	140,608	15	4,015,292
3	2,547	70,729	2,275,775	137,724	5	2,486,780
4	36,006	1,105,273	5,182,012	236,463	556,664	7,116,418
5	156,322	1,990,775	3,042,335	591,410	4,518	5,785,360
6	376,377	1,935,846	1,988,053	457,859	1	4,758,136
Average quality						
7	293,683	1,696,188	1,554,685	458,638	256	4,003,450
8	300,415	1,632,554	1,015,070	360,528	6	3,308,573
9	691,119	2,305,305	847,678	268,226	-	4,112,328
Lower quality						
10	360,201	1,173,027	771,414	197,560	1,356	2,503,558
11	435,568	1,027,769	453,191	131,306	4	2,047,838
12	1,452,287	3,120,095	741,308	167,285	32	5,481,007
Procedural						
13	54,930	472,697	184,187	54,912	-	766,726
14	387,916	595,321	204,022	78,485	-	1,265,744
15	3,243,900	3,741,347	1,846,172	967,458	-	9,798,877
Not classified (without degree of risk)	329,875	2,172,610	867,613	256,887	426	3,627,411
Total	8,122,588	23,047,258	24,839,020	4,505,349	563,283	61,077,498

Market risk

For the monitoring and control of market risk existing in the different portfolios, the Group uses an integrated risk measure that includes the main types of market risks identified by the Group: generic risk, specific risk, non linear risk and commodities risk.

The measure used in the evaluation of 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 RiskMetrics. It is calculated considering a 10-working day time horizon and a unilateral statistical confidence interval of 99%. The estimation of the volatility associated to each risk factor in the model assumes an historical approach (equally weighted), with a one year observation period.

A specific risk evaluation model is also applied to securities (bonds, shares, certificates, etc) and associated derivatives, for which the performance is directly 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 market risk 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 portfolio of the areas having responsibilities in risk taking and management – and in consolidated terms, taking into account the effects of diversification between the various portfolios.

To ensure that the VaR model adopted is adequate to evaluate the risks involved in the positions held, a back testing process has been established. 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, for the trading portfolio:

					Euros '000
	Dec 2015	Average	Maximum	Minimum	Dec 2014
Generic Risk (VaR)	3,013	6,140	16,699	1,709	6,380
Interest Rate Risk	1,663	4,214	4,042	1,474	5,327
FX Risk	2,421	3,934	16,586	946	3,717
Equity Risk	42	217	308	90	392
Diversification effects	*1,113*	*2,224*	*4,236*	*801*	*3,055*
Specific Risk	727	420	804	275	290
Non Linear Risk	104	112	690	15	52
Commodities Risk	13	15	212	11	15
Global Risk	3,857	6,682	17,091	2,257	6,737

The assessment of the interest rate risk originated by the banking portfolio's operations is performed by a risk sensitivity analysis process carried out every month for all operations included in the Group's consolidated balance sheet.

This analysis considers the financial characteristics of the contracts available in information systems. Based on this 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 and for each of the currencies under analysis, allows to calculate the interest rate gap per repricing period.

The interest rate sensitivity of the balance sheet, by currency, is calculated as the difference between the present value of the interest rate mismatch discounted at market interest rates and the discounted value of the same cash flows simulating parallel shifts of the market interest rates.

The following tables show the expected impact on the banking book economic value of parallel shifts of the yield curve by +/- 100 and +/- 200 basis points, for each of the main currencies in which the Group holds material positions, considering non-negative interest rates for the -100/-200 basis points scenarios:

	2015			Euros '000
Currency	**- 200 bp**	**- 100 bp**	**+ 100 bp**	**+ 200 bp**
CHF	3,361	3,361	4,250	8,439
EUR	77,621	58,561	9,865	24,445
PLN	33,840	16,141	(15,076)	(29,171)
USD	(10,560)	(9,499)	9,151	18,063
TOTAL	104,262	68,564	8,190	21,776

	2014			Euros '000
Currency	**- 200 bp**	**- 100 bp**	**+ 100 bp**	**+ 200 bp**
CHF	(57)	(59)	3,713	7,381
EUR	3,858	(4,102)	86,784	174,664
PLN	40,455	19,696	(18,295)	(35,309)
USD	(8,157)	(6,325)	7,393	14,537
TOTAL	36,099	9,210	79,595	161,273

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	91,560	91,560	84,504	84,504
Millennium bcp Bank & Trust	USD	340,000	340,000	312,299	312,299
BCP Finance Bank, Ltd.	USD	561,000	561,000	515,293	515,293
BCP Finance Company	USD	1	1	1	1
bcp holdings (usa), Inc.	USD	55,767	55,767	51,223	51,223
Bank Millennium, S.A.	PLN	2,285,125	2,285,125	535,924	535,924

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.

No ineffectiveness has been recognised as a result of the hedging operations, as referred in the accounting policy 1 e).

Liquidity risk

The assessment of the Group's liquidity risk is carried out on a regular basis using indicators defined by the supervisory authorities and other internal metrics for which exposure limits are also defined.

The evolution of the Group's liquidity situation for short-term time horizons (of up to 3 months) is reviewed daily on the basis of two indicators internally defined: immediate liquidity and quarterly liquidity. These indicators 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 set of transactions brokered by the markets areas, including the transactions with customers of the Corporate and Private networks that, due to its dimension, have to be quoted by the Trading Room. The amount of assets in the Bank's securities portfolio considered to be highly liquid is then added to the previously calculated amount, leading to the liquidity gap accumulated for each day of the period at stake.

In parallel, the evolution of the Group's liquidity position is calculated on a regular basis, also identifying all the factors that justify the variations occurred. This analysis is submitted to the appreciation of the Capital and Assets and Liabilities Committee (CALCO), in order to enable the decision taking that leads to the maintenance of adequate financing conditions to business continuity.

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 their obligations in the event of a liquidity crisis. These tests are also used to support the liquidity contingency plan and management decisions.

Throughout 2015, the Bank carried out the amortization of medium and long term debt amounting to Euros 611,830,000, related with the early redemption of senior debt and maturity of bank loans, and to the underwriting of new bank loans amounting to Euros 339,077,000.

The above mentioned developments, along with a decrease of the wholesale funding needs amounting to Euros 2,408,552,000, combined to change its structure in 2015, with decreases of Euros 910,490,000 in repos with financial institutions, of Euros 282,628,000 in senior debt and of Euros 1.275.900.000 in the balance of borrowings with the European Central Bank (ECB), among other less expressive changes.

As at 31 December 2015, the balance of the net funding with the ECB reached Euros 5,302,393,000, representing a decrease of Euros 1,266,942,000 facing the amount registered in the same period of 2014.

The decrease of the net funding with the ECB, along with the reduction of Euros 215,180,000 of the portfolio of available eligible assets, allowed an increase of Euros 1,051,762,000 of the safety buffer, which totalled Euros 8,639,826,000 at the end of December 2015.

The composition of the balance funded through the Eurosystem was throughout 2015 impacted by the early redemption of a Euros 500,000,000 tranche prior to the maturity of the remaining balance of Euros 3,500,000,000, from an original total of Euros 12,000,000,000 borrowing granted in 2012 by the ECB through its long term refinancing operations.

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:

	2015 **Euros '000**	**2014** **Euros '000**
European Central Bank	11,955,411	12,175,997
Other Central Banks	2,561,391	2,968,013
	14,516,802	15,144,010

As at 31 December 2015, the amount discounted in the European Central Bank amounted to Euros 5,482,510,000 (31 December 2014: Euros 6,692,510,000). As at 31 December 2015 and 2014, no amounts were discounted in Other Central Banks.

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 ECB's Monetary Policy Pool and the corresponding collaterals used is analysed as follows:

				Euros '000
	Dec 15	**Jun 15**	**Dec 14**	**Jun 14**
Collateral eligible for ECB, after haircuts:				
The pool of ECB monetary policy (i)	11,955,411	12,349,060	12,175,997	14,605,564
Outside the pool of ECB monetary policy (ii)	1,986,808	2,170,036	1,981,402	3,342,174
	13,942,219	14,519,096	14,157,399	17,947,738
Net borrowing at the ECB (iii)	5,302,393	6,053,170	6,569,335	8,658,921
Liquidity buffer (iv)	8,639,826	8,465,926	7,588,064	9,288,817

(i) Corresponds to the amount reported in COLMS (Bank of Portugal application).
(ii) Includes assets temporarily ineligible (until June 2014).
(iii) Includes, as at 31 December 2015, the value of funding with the ECB net of deposits at the Bank of Portugal (Euros 171,372,000) and other liquidity of the Eurosystem (Euros 350,320,000), plus the minimum cash reserve (Euros 339,170,000) and the accrued interest (Euros 2,406,000).
(iv) Collateral eligible for the ECB, after haircuts, less net borrowing at the ECB.

Thus, as at 31 December 2015, the liquidity obtainable through collateral available, plus deposits with the Bank of Portugal deducted from the minimum cash reserves and accrued interest, amounted to Euros 8,819,942,000 (31 December 2014: Euros 7,588,064,000).

The main liquidity ratios of the Group, according to the definitions of the Instruction n.º 13/2009 of the Bank of Portugal, are as follows:

	Reference value	**2015**	**2014**
Accumulated net cash flows up to 1 year as % of total accounting liabilities	Not less than (- 6 %)	-4.1%	-3.9%
Liquidity gap as a % of illiquid assets	Not less than (- 20 %)	6.6%	8.9%
Transformation Ratio (Credit / Deposits) (2)		101.6%	108.3%
Coverage ratio of Wholesale funding by HLA (1)			
(up to 1 Month)		353.8%	382.5%
(up to 3 Months)		279.5%	208.1%
(up to 1 Year)		238.2%	189.3%

(1) HLA- Highly Liquid Assets.

(2) Transformation ratio computed according to the updated Regulation n. 16/2004 of the Bank of Portugal.

According to the Notice n.º28/2014 of the Bank of Portugal, which focuses on the guidance of the European Banking Authority on disclosure of assets encumbrance (EBA/GL/2014/3), and taking into account the recommendation made by the European Systemic Risk Board, the following information regarding the assets and collaterals, is presented as follows:

	2015			
Assets	**Carrying amount of encumbered assets Euros '000**	**Fair value of encumbered assets Euros '000**	**Carrying amount of unencumbered assets Euros '000**	**Fair value of unencumbered assets Euros '000**
Assets of the reporting institution	12,072,341	n/a	63,192,569	n/a
Equity instruments	-	-	2,313,431	2,313,431
Debt securities	2,422,960	2,422,960	9,567,174	9,563,536
Other assets	-	n/a	8,012,360	n/a

	2014			
Assets	**Carrying amount of encumbered assets Euros '000**	**Fair value of encumbered assets Euros '000**	**Carrying amount of unencumbered assets Euros '000**	**Fair value of unencumbered assets Euros '000**
Assets of the reporting institution	15,585,596	n/a	60,841,956	n/a
Equity instruments	-	-	2,220,081	2,218,963
Debt securities	3,059,616	3,059,616	8,551,366	8,354,230
Other assets	-	n/a	7,470,914	n/a

	Fair value of encumbered collateral received or own debt securities issued		**Fair value of collateral received or own debt securities issued available for encumbrance**	
Collateral received	**2015 Euros '000**	**2014 Euros '000**	**2015 Euros '000**	**2014 Euros '000**
Collateral received by the reporting institution	-	-	-	-
Equity instruments	-	-	-	-
Debt securities	-	-	-	-
Other collateral received	-	-	-	-
Own debt securities issued other than own covered bonds or ABSs	-	-	-	-

	Carrying amount of selected financial liabilities	
Encumbered assets, encumbered collateral received and matching liabilities	**2015 Euros '000**	**2014 Euros '000**
Matching liabilities, contingent liabilities and securities lent	9,023,274	11,451,473
Assets, collateral received and own debt securities issued other than covered bonds and ABSs encumbered	11,825,051	15,279,091

The encumbered assets are mostly related to collateralized financing, in particular the ECB's, repo transactions, issuance of covered bonds and securitization programs. The types of assets used as collateral of these financing transactions are divided into portfolios of loans to clients, supporting securitization programs and covered bonds issues, whether placed outside the Group, whether to improve the pool of collateral with the ECB, and Portuguese sovereign debt, which collateralize repo transactions in the money market. The funding raised from the IEB is collateralized by Portuguese public debt and bonds issues of the public sector entities.

The balance other assets in the amount of Euros 8,012,360,000 Euros although unencumbered, are mostly related to the Group's activity, namely: investments in associates and subsidiaries, tangible fixed assets and investment property, intangible assets, assets associated with derivatives and deferred and current tax assets.

The amounts presented correspond to the position as at 31 December 2015 and 2014 and reflect the high level of collateralisation of the wholesale funding of the Group. The buffer of eligible assets for the ECB, after haircuts, less net borrowing at the ECB, as at 31 December 2015 amounts to Euros 8,639,826,000. As at 31 December, 2014, the amount was Euros 7,588,064,000.

Operational Risk

The approach to operational risk management is based on a end-to-end processes structure, both for business and business support processes. Process management is the responsibility of the Process Owners, who are the first parties responsible for the risks assessment and for strengthening the performance within the scope of their processes. Process Owners are responsible for the updating of all of the relevant documentation concerning the processes, for ensuring the effective adequacy of all of 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 risks self-assessment exercises and for detecting improvement opportunities and implementing improvements, including mitigating measures for the most significant exposures.

Within the operational risk model implemented in the Group, there is a systematic process of capturing data on operational losses that systematically characterizes the loss events in terms of their causes and effects. 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

The Group has adopted the methodologies based on internal rating models (IRB) for the calculation of capital requirements for credit and counterparty risk, covering a substantial part of both its retail portfolio in Portugal and Poland and its corporate portfolio in Portugal. The Group has adopted the advanced approach (internal model) for the generic market risk and the standard method for the operational risk.

The consolidated own funds of the Group are determined according to the established regulation, in particular, according to Directive 2013/36/UE and Regulation (EU) 575/2013, approved by the European Parliament and the Council (Capital Requirements Directive IV / Capital Requirements Regulation - CRD IV/CRR), and the Notice nº6/2013 from Bank of Portugal.

Total capital includes tier 1 and tier 2. Tier 1 comprises common equity tier 1 (CET1) and additional tier 1.

Common equity tier 1 includes: (i) paid-up capital, share premium, hybrid instruments subscribed by the Portuguese State within the scope of the Bank's capitalisation process, reserves and retained earnings and non-controlling interests; ii) and deductions related to own shares, the shortfall of value adjustments and provisions to expected losses concerning risk-weighted exposure amounts cleared under the IRB approach and goodwill and other intangible assets. Reserves and retained assets are adjusted by the reversal of unrealised gains and losses on cash-flow hedge transactions and on financial liabilities valued at fair value through profits and losses, to the extent related to own credit risk. The minority interests are only eligible up to the amount of the Group's capital requirements attributable to the minorities. In addition, the deferred tax assets arising from unused tax losses carried forward are deducted, as well as the deferred tax assets arising from temporary differences relying on the future profitability and the interests held in financial institutions and insurers of at least 10%, in this case only in the amount that exceeds the thresholds of 10% and 15% of the common equity tier 1, when analysed on an individual and aggregated basis, respectively.

Additional tier 1 comprises preference shares and other hybrid instruments that are compliant with the issue conditions established in the Regulation and minority interests related to minimum additional capital requirements of institutions that are not totally owned by the Group.

Tier 2 includes the subordinated debt that is compliant with the Regulation and the minority interests related to minimum total capital requirements of institutions that are not totally owned by the Group.

The legislation stipulates a transitional period between the own funds calculated under national law until 31 December 2013, and own funds estimated according to communitarian law, in order to exclude some elements previously considered (phase-out) and include new elements (phase-in). The transitional period for the majority of the elements will last until the end of 2017, with the exception of the deferred tax assets already recorded on the balance sheet of January 1, 2014, and the subordinated debt and all the hybrid instruments not eligible to own funds, according to the new regulation, that have a longer period ending in 2023 and 2021, respectively.

According to CRD IV/CRR, financial institutions should report common equity tier 1, tier 1 and total capital ratios of at least 7%, 8.5% and 10.5%, respectively, including a 2.5% conservation buffer, but benefiting from a transitional period that will last until the end of 2018.

The own funds and the capital requirements determined according to the CRD IV/CRR methodologies previously referred, are the following:

	2015 Euros '000	2014 (*) Euros '000	2014 Euros '000
Common equity tier 1 (CET1)			
Ordinary share capital	4,094,235	3,706,690	3,706,690
Share Premium	16,471	-	-
Ordinary own shares	(1,187)	(1,595)	(1,595)
Other capital (State aid)	750,000	750,000	750,000
Reserves and retained earnings	450,818	338,365	338,365
Minority interests eligible to CET1	866,167	686,240	686,240
Regulatory adjustments to CET1	(401,744)	(375,842)	(403,057)
	5,774,760	5,103,858	5,076,643
Tier 1			
Capital Instruments	22,628	92,896	92,896
Minority interests eligible to AT1	2,945	-	-
Regulatory adjustments	(25,573)	(92,896)	(92,896)
	5,774,760	5,103,858	5,076,643
Tier 2			
Subordinated debt	517,792	876,252	876,252
Minority interests eligible to CET1	134,987	141,019	141,019
Others	(220,797)	(294,147)	(294,147)
	431,982	723,124	723,124
Total own funds	6,206,742	5,826,982	5,799,767
Risk weighted assets			
Credit risk	38,707,735	39,298,813	38,160,015
Market risk	1,136,442	919,957	919,957
Operational risk	3,239,684	3,071,865	3,071,865
CVA	231,559	224,269	224,269
	43,315,420	43,514,904	42,376,106
Capital ratios			
CET1	13.3%	11.7%	12.0%
Tier 1	13.3%	11.7%	12.0%
Tier 2	1.0%	1.7%	1.7%
	14.3%	13.4%	13.7%

(*) Proforma considering the new DTA Regime according to the consolidated financial statements.

55. Accounting standards recently issued

The recently issued pronouncements already adopted by the Group in the preparation of the financial statements are the following:

IFRIC 21 Levies

The IASB issued this interpretation on 20th May 2013, effective (with retrospective application) for annual periods beginning on or after 1st January 2014. This interpretation was endorsed by EU Commission Regulation no. 634/2014, 13th June.

IFRIC 21 defines a Levy as an outflow from an entity imposed by a government in accordance with legislation. It confirms that an entity recognizes a liability for a levy when – and only when – the triggering event specified in the legislation occurs.

This interpretation only affected the interim financial statements of the Group.

Improvements to IFRS (2011-2013)

The annual improvements cycle 2011-2013, issued by IASB on 12th December 2013, introduces amendments with effective date on, or after, 1st July 2014, to the standards IFRS 1, IFRS 3, IFRS 13 and IAS 40. These amendments were endorsed by EU Commission Regulation 1361/2014, 18th December (defining entry into force at the latest, as from the commencement date of first financial year starting on or after 1 January 2015).

• IFRS 1 – Meaning of "effective IFRS"

IASB clarifies that if a new IFRS is not yet mandatory but permits early application, that IFRS 1 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. The objective of this amendment was to clarify that the portfolio exception applies to all contracts within the scope of IAS 39 or IFRS 9, regardless of whether they meet the definitions of financial assets or financial liabilities as defined in IAS 32.

• 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.

The Group had no relevant impact as a result of these improvements.

The Group decided to opt for not having an early application of the following standards endorsed by EU but not yet mandatory effective

IAS 19 (Revised) – Defined Benefit Plans: Employee Contributions

The IASB issued this amendment on 21th November 2013, effective (with retrospective application) for annual periods beginning on or after 1st July 2014. This amendment was endorsed by EU Commission Regulation 29/2015, 17th December 2014 (defining entry into force at the latest, as from the commencement date of first financial year starting on or after 1 February 2015).

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 recognize 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.

The Group expects no impact from the adoption of this amendment on its 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, IAS 16, IAS 24 and IAS 38. These amendments were endorsed by EU Commission Regulation 28/2015, 17th December 2014 (defining entry into force at the latest, as from the commencement date of first financial year starting on or after 1 February 2015).

• IFRS 2 – Definition of vesting condition

The amendment clarifies the definition of 'vesting conditions' in Appendix A of IFRS 2 Share-based Payment, by separating 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 clarifies 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 39 AG79, 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 and 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: (a) the determination of the accumulated depreciation (or amortization) does not depend on the selection of the valuation technique; and, (b) 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.

The Group expects no impact from the adoption of these amendments on its financial statements.

Improvements to IFRS (2012-2014)

The annual improvements cycle 2012-2014, issued by IASB on 25th September 2014, introduce amendments, with effective date on, or after, 1st January 2016, to the standards IFRS 5, IFRS 7, IAS 19 and IAS 34. These amendments were endorsed by EU Commission Regulation 2343/2015, 15th December 2015.

• IFRS 5 Non-current Assets held for Sale and Discontinued Operations: Change of Disposal Method

The Amendments to IFRS 5 clarify that if an entity reclassifies an asset (or disposal group) directly from being 'held for sale' to being 'held for distribution to owners' (or vice versa) then the change in classification is considered a continuation of the original plan of disposal. Therefore, no re-measurement gain or loss is accounted for in the statement of profit or loss or other comprehensive income due to such change.

• IFRS 7 Financial Instruments: Disclosures: Servicing contracts

The Amendments to IFRS 7 Financial Instruments: Disclosures: Servicing contracts clarify – by adding additional application guidance – when servicing contracts constitute continuing involvement for the purposes of applying the disclosure requirements in paragraph 42 C of IFRS 7.

• IFRS 7 Financial Instruments: Disclosures: Applicability of the Amendments to IFRS 7 on offsetting financial assets and financial liabilities to condensed interim financial statements

The Amendments to IFRS 7 clarify that the additional disclosures required that were introduced in December 2011 by the Amendments to IFRS 7 –Offsetting Financial Assets and Financial Liabilities – are not required in interim periods after the year of their initial application unless IAS 34 Interim Financial Reporting requires those disclosures.

• IAS 19 Employee Benefits: Discount rate: regional market issue

The Amendments to IAS 19 Employee Benefits clarify that the high quality corporate bonds used to estimate the discount rate should be determined considering the same currency in which the benefits are to be paid. Consequently, the depth of the market for high quality corporate bonds should be assessed at currency level rather than at country level. If such a deep market does not exist, the market yield on government bonds denominated in that currency shall be used.

• IAS 34 Interim Financial Reporting: Disclosure of information 'elsewhere in the interim financial report'

The Amendments clarify that the 'other disclosures' required by paragraph 16A of IAS 34 shall be presented either in the interim financial statements or incorporated by cross-reference from the interim financial statements to some other statement (such as management commentary or a risk report) that is available to users of the financial statements on the same terms as the interim financial statements and at the same time.

The Amendments to IAS 34 also clarify that if users of the financial statements do not have access to the information incorporated by cross-reference on the same terms and at the same time, the interim financial report is incomplete.

The Group expects no impact from the adoption of these amendments on its financial statements.

IAS 27: Equity Method in Separate Financial Statements

IASB issued on August 12, 2014, amendments to IAS 27, with an effective date of application for periods beginning on or after January 1, 2016, introducing an option for the measurement of subsidiaries, associates or joint ventures the equity method in the separate financial statements.

These amendments were endorsed by EU Commission Regulation 2441/2015, 18h December 2015.

The group has not yet taken any decision on a possible adoption of this option in the Group separate financial statements.

Recently Issued pronouncements that are not yet effective for the Group

IFRS 9 Financial instruments (issued in 2009 and revised in 2010, 2013 and 2014)

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. IFRS 9 (2014) introduces 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 three measurement categories for financial assets: amortized, fair value through other comprehensive income (FVTOCI) and fair value through profit and loss (FVTPL). A financial asset would be measured at amortized 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 (SPPI) on the principal outstanding. If the debt instrument that are SPPI are held under a business model whose objective achieved both by collecting contractual cash flows and by selling, the measurement would be at fair value through other comprehensive income (FVOCI), keeping the revenue from interest presenting in profit or loss.

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 (FVOCI). Those amounts recognized in OCI would ever be reclassified to profit or loss at a later date. However, dividends on such investments would be recognized in profit or loss, rather than OCI, unless they clearly represent a partial recovery of the cost of the investment.

All other financial assets, either the financial assets held under a business model of trading, either other financial instruments, which do not comply with SPPI criteria, would be measured at fair value through profit and loss (FVTPL).

This situation includes investments in equity instruments in respect of which an entity does not elect to present fair value changes in OCI that would be measured at fair value with changes in fair value recognized in profit or loss (FVTPL).

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, confirming that exist embedded derivatives, it should be measured at fair value through profit and loss (FVTPL).

The standard eliminates the existing IAS 39 categories of held-to-maturity, available-for-sale and loans and receivables.

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.

IFRS 9 (2014) established a new impairment model base on "expected losses" that replace the current "incurred losses" in IAS 39.

As a result, loss event will no longer need to occur before an impairment allowance is recognized. This new model will accelerate recognition of losses for impairment on debt instruments held that are measured at amortized cost or FVOCI.

If the credit risk of financial asset has not increased significantly since its initial recognition, the financial asset will attract a loss allowance equal to 12-month expected credit losses. If its credit risk has increased significantly, it will attract an allowance equal to lifetime expected credit losses thereby increasing the amount of impairment recognized.

As soon as the loss event occur (what is current define as "objective evidence of impairment"), the impairment allowance would be allocated directly to the financial asset affected, which provide the same accounting treatment, similar to the current IAS 39, including the treatment of interest revenue.

The mandatory effective date of IFRS 9 is 1 January 2018.

The Group has started the process of evaluating the potential effect of this standard. Given the nature of the Group's operations, this standard is expected to have a pervasive impact on the Group's financial statements.

IFRS 15 – Revenue from Contracts with Customers

The IASB issued, on 28th May 2014, IFRS 15 Revenue from Contracts with Costumers, effective (with early application) for annual periods beginning on or after 1st July 2017. This standard will revoke IAS 11 - Construction Contracts, IAS 18 – Revenue, IFRIC 13 – Customer Loyalty Programs, IFRIC 15 – Agreements for the Construction of Real Estate, IFRIC 18 – Transfers of Assets from Customers and SIC 31 – Revenue- Barter Transactions Involving Advertising Services.

IFRS 15 provides a model based on 5 steps of analysis in order to determine when revenue should be recognized and the amount. The model specifies that the revenue should be recognized when an entity transfers goods or services to the customer, measured by the amount that the entity expects to be entitled to receive. Depending on the fulfilment of certain criteria, revenue is recognized:

- at a time when the control of the goods or services is transferred to the customer; or
- over the period, to the extent that represents the performance of the entity.

The Group is still evaluating the impact from the adoption of this standard.

IFRS 14 – Regulatory Deferral Accounts

The IASB issued on 30th January 2014 a standard that defines interim measures for those adopting IFRS for the first time and has activity with regulated tariff.

This standard is not applicable to the group.

IFRS 16 - Leases

The IASB, issued on 13th January 2016, IFRS 16 Leases, effective (with early application if applied at the same time IFRS 15) for annual periods beginning on or after 1st July 2019. This new standard replaces IAS 17 Leases. IFRS 16 removes the classification of leases as either operating leases or finance leases (for the lessee—the lease customer), treating all leases as finance leases. Short-term leases (less than 12 months) and leases of low-value assets (such as personal computers) are exempt from the requirements.

The group has not carry out a full analysis of the application of the impact of this standard yet.

Other Amendments

It was also issued by IASB in 2014, and applicable effective by 1 January 2016, the following amendments:

- Amendments to IAS 16 and IAS 41: Bearer Plants (issued on 30 June 2014 and was endorsed by EU Commission Regulation 2113/2015, 23th November);
- Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation (issued on 12 May 2014 and was endorsed by EU Commission Regulation 2231/2015, 2nd December);
- Amendments to IFRS 11: Accounting for Acquisitions of Interests in Joint Operations (issued on 6 May 2014 and was endorsed by EU Commission Regulation 2173/2015, 24th November);
- Amendments to IFRS 10, IFRS 12 and IAS 28: Investment Entities: Applying the Consolidation Exception (issued on 18 December)
- Amendments to IAS 1 - Disclosure initiative (issued on 18 December).

The Group expects no impact from the adoption of these amendments on its financial statements.

56. Contingencies and commitments

1. 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 Legal Framework for 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”.

The proceedings continued and by a Decision issued on 9 June 2015, the Lisbon Court of Appeal partly approved the Bank's Appeal and declared that part of the offences of alleged provision of false information to the Bank of Portugal had reached a statute of limitation, thereby acquitting the Bank of the remaining offences (that did not reach the statute). It further acquitted the Bank of two alleged offences of falsifying accounting records. The Lisbon Court of Appeal confirmed the sentence of the Bank for two other alleged offences of falsifying accounting records. Therefore, the Lisbon Court of Appeal decreased the fine imposed to the Bank, from Euros 4,000,000 to Euros 750,000. The bank and one of the defendants (individual) appealed this Judgment to the Constitutional Court but these appeals were denied. The Judgment of the Lisbon Court of Appeal became definitive and final.

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 a civil indemnity.

Through a sentence issued on 2 May 2014, three of the four defendants were sentenced to suspended 2-year prison sentences and to the payment of fines amounting to between Euros 300,000 and Euros 600,000 for the crime of market manipulation, with the disqualification for the exercise of banking functions and publication of the sentence in a widely-read newspaper. In its decision dated of 25 February 2015, the Lisbon Court of Appeal confirmed in full the terms of the aforementioned sentence. According to the information available, the appellate court's final decision has not yet been delivered as final.

3. In December of 2013, the company Sociedade de Renovação Urbana Campo Pequeno, S.A., in which the Bank holds a 10% stake as a result of a conversion of credits, filed a lawsuit against the Bank for Euros 75,735,026.50 claiming (i) the acknowledgement that the loan agreement entered into by such company and the Bank on 29 May 2005 constitutes a shareholders loan instead of a pure bank loan; (ii) for the reimbursement of the loaned amount to be made according to the existent shareholders agreement; (iii) the nullification of several mortgages established in favour of the defendant between 1999 and 2005 and (iv) the statement of non-existence of a debt represented by a promissory note (held by the company) acting as security.

The Bank is convinced that, having in consideration the facts argued by the Plaintiff, the suit shall be deemed unfounded.

One of the creditors of the plaintiff requested its bankruptcy and the Bank claimed credits amounting to Euros 82,253,962.77. Thus, the proceedings mentioned above is suspended.

4. In 2012, the Portuguese Competition Authority initiated an administrative proceeding relating to competition restrictive practices. During the investigations, on 6 March 2013, several searches were conducted to the Bank’s premises, as well as to at least 8 other credit institutions, where documentation was seized in order to check for signs of privileged commercial information in the Portuguese banking market.

The Portuguese Competition Authority has declared that the administrative proceedings are to stay under judicial secrecy, once it considered that the interests dealt with in the investigation, as well as the parties’ rights, would not be compatible with the publicity of the process.

The Bank received on 2 June 2015, the notice of an illicit act issued by the Competition Authority relating to the administrative offence proceedings nr. 2012/9, and was charged of taking part in the exchange of information amongst Banks of the system relating to pricing already approved and mortgage and consumption loan operations already approved or granted. Concerning the charges brought forward, the Bank will present its reply to the notice and afterwards, if need be, will present its legal objections. We must point out that a notice of an illicit act does not imply the making of a final decision concerning the proceedings. If the Competition Authority were to issue a conviction, the Bank could be sentenced to pay a fine within the limits set forth by the law, which foresees a maximum amount equivalent to 10% of the consolidated annual turnover registered in the year prior to the making of the decision. Notwithstanding, such a decision may be contested in court."

5. On 20 October 2014, Bank Millennium Poland was notified of a class action against the Bank that aims to assess the "illicit" gains of the Bank taking into account certain clauses in mortgage loan agreements in CHF. Customers question a set of clauses notably on the bid-offer spread between PLN and CHF for conversion of credits. On 28 May 2015, the Regional Court of Warsaw dismissed the proceedings. On 3 July 2015 the Claimant filed an appeal against this decision, and the Court of Appeal upheld the appeal by refusing the dismissal of the claim. Currently, the Bank waits for the next hearing to be scheduled.

On 3 December 2015 the Bank received notice of a class action lawsuit lodged by a group of 454 borrowers represented by the Municipal Consumer Ombudsman in Olsztyn pertaining to low down payment insurance used with CHF - indexed mortgage loans. The plaintiffs demand the payment of the amount of PLN 3.5 million claiming for some clauses of the agreements pertaining to low down payment insurance to be declared null and void. The Bank already contested demanding that the lawsuit be dismissed.

6. On 1 October 2015, a set of entities connected to a group with past due loans to the Bank worth Euros 170 million, resulting from a loan agreement signed in 2009 - debts already fully provisioned in the Bank's accounts -, filed against the Bank, after receiving the Bank's notice for mandatory payment, a lawsuit aiming to:

a) deny the obligation to settle those debts to the Bank, arguing that the respective agreement is null, but without the corresponding obligation of returning the amounts already paid;

b) have the Bank sentenced to pay amounts of around Euros 90 million and Euros 34 million for other debts owed by those entities to other banking institutions, as well as other amounts, totalling around Euros 26 million, supposedly already paid by the debtors within the scope of the loan agreements;

c) have the Bank be given ownership of the object of the pledges associated to the aforementioned loan agreements, around 340 million shares of the Bank, allegedly purchased on behalf of the Bank, at its request and in its interest.

The Bank presented its defense arguments and considers that, in view of the facts, there is a strong chance that the proceedings will be dismissed.

7. Resolution Fund

In accordance with Decree-Law No. 24/2013 which establishes the modus operandi of the Resolution Fund ('RF'), the Bank has made the mandatory contributions, as provided for in that law, since 2013. Thus, since the inception of the RF, the Bank made the initial contribution, pursuant to Article 3 of that Decree-Law and the periodical contributions in 2013 and 2014, under Article 4 of that Decree-Law.

On 3 November 2015, the Bank of Portugal issued a Circular Letter under which it was clarified that the periodic contribution to the RF should be recognized as an expense at the time of the occurrence of the event which creates the obligation to pay the contribution, i.e. on the last day of April of each year, as stipulated in Article 9 of Decree-Law No. 24/2013, of 19 February. The Bank is recognizing as an expense the contribution to the RF in the year in which it becomes due.

The Resolution Fund issued, on 15 November 2015, a public statement declaring: "it is further clarified that it is not expected that the Resolution Fund will propose the setting up of a special contribution to finance the resolution measure applied to BES. Therefore, the eventual collection of a special contribution appears to be unlikely."

Subsequently, after issuance by the RF of such statement, in the scope of the resolution process of Banco Espírito Santo, S.A., the Bank of Portugal decided, as announced on 29 December 2015, to transfer to the RF the responsibilities arising from the "... possible negative effects of future decisions, resulting from the resolution process (of Banco Espírito Santo, SA), which result in liabilities or contingencies". According to publicly available information, the volume of litigation associated with this process is high, not being duly clarified which amount of losses the RF may incur with these litigations or with the sale of Novo Banco, S.A..

Additionally, the Bank of Portugal decided on 19 and 20 December 2015, to apply a resolution measure to Banif - Banco Internacional do Funchal, SA ('BANIF'), not being clear which amount of losses the RF may incur with this process.

Accordingly, as at 31 December 2015, there is no estimate on the amount of potential losses arising from the sale of Novo Banco, S.A., the above referred litigations associated with the resolution process of BES or potential losses to be incurred by the RF following the resolution of BANIF and the way in which these losses are likely to affect the Bank, as to the amount and timing of future contributions to the RF, or on the reimbursement of the loans granted to RF.

In 2015, following the establishment of the European Resolution Fund, the Group had to make an initial contribution in the amount of Euros 31,364,000, as referred in note 9. The European Resolution Fund does not cover undergoing situations with the National Resolution Fund as at 31 December 2015.

57. Sovereign debt of European Union countries subject to bailout

As at 31 December 2015, the Group's exposure to sovereign debt of European Union countries subject to bailout, is as follows:

	2015					
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
Greece						
Financial assets held for trading	259	259	-	0.00%	0.0	1

As at 31 December 2014, the Group's exposure to sovereign debt of European Union countries subject to bailout, is as follows:

	2014					
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
Greece						
Financial assets held for trading	1,024	1,024	-	0.00%	0.0	1

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 acquired 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 to the companies under the Portuguese Law.

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 junior 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 provided.

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 does not hold substantially all the risks and rewards.

Considering that it does not hold control and does not exercise significant influence on the funds or companies management, the Group performed, under the scope of IAS 39.20 c, the derecognition of the assets transferred and the recognition of the assets received as follows:

	Values associated to transfers of assets					
	2015			2014		
	Net assets transferred Euros '000	Received value Euros '000	Income / (loss) resulting from the transfer Euros '000	Net assets transferred Euros '000	Received value Euros '000	Income / (loss) resulting from the transfer Euros '000
Fundo Recuperação Turismo FCR	268,318	294,883	26,565	266,079	292,644	26,565
Fundo Reestruturação Empresarial FCR	82,566	83,212	646	82,566	83,212	646
FLIT	399,900	383,821	(16,079)	399,900	383,821	(16,079)
Vallis Construction Sector Fund	200,105	235,656	35,551	200,105	235,656	35,551
Fundo Recuperação FCR	242,972	232,173	(10,799)	242,972	232,173	(10,799)
Fundo Aquarius FCR	124,723	132,635	7,912	98,840	106,736	7,896
Discovery Real Estate Fund	152,155	138,187	(13,968)	152,155	138,187	(13,968)
Fundo Vega FCR	113,633	109,567	(4,066)	-	-	-
	1,584,372	1,610,134	25,762	1,442,617	1,472,429	29,812

As at 31 December 2015, the amount of this account is comprised of:

	2015					
	Senior securities Euros '000	Junior securities Euros '000	Total Euros '000	Impairment for seniors Euros '000	Impairment for juniors Euros '000	Net value Euros '000
Fundo Recuperação Turismo FCR	287,929	30,808	318,737	(34,431)	(30,808)	253,498
Fundo Reestruturação Empresarial FCR	83,319	-	83,319	(1,214)	-	82,105
FLIT	297,850	41,094	338,944	(2,862)	(41,094)	294,988
Vallis Construction Sector Fund	228,765	35,441	264,206	-	(35,441)	228,765
Fundo Recuperação FCR	222,737	75,130	297,867	(54,848)	(75,130)	167,889
Fundo Aquarius FCR	136,111	-	136,111	(1,944)	-	134,167
Discovery Real Estate Fund	145,624	-	145,624	(940)	-	144,684
Fundo Vega FCR	46,067	63,519	109,586	-	(63,518)	46,068
	1,448,402	245,992	1,694,394	(96,239)	(245,991)	1,352,164

As at 31 December 2014, the amount of this account is comprised of:

	2014					
	Senior securities Euros '000	Junior securities Euros '000	Total Euros '000	Impairment for seniors Euros '000	Impairment for juniors Euros '000	Net value Euros '000
Fundo Recuperação Turismo FCR	282,615	-	282,615	(30,593)	-	252,022
Fundo Reestruturação Empresarial FCR	89,327	-	89,327	(1,716)	-	87,611
FLIT	291,632	40,064	331,696	(5,846)	(40,064)	285,786
Vallis Construction Sector Fund	218,749	35,441	254,190	-	(35,441)	218,749
Fundo Recuperação FCR	219,423	72,793	292,216	(41,982)	(72,793)	177,441
Fundo Aquarius FCR	106,433	-	106,433	-	-	106,433
Discovery Real Estate Fund	143,635	-	143,635	(4,606)	-	139,029
	1,351,814	148,298	1,500,112	(84,743)	(148,298)	1,267,071

The junior securities correspond to supplementary capital contributions in the amount of Euros 210,550,000 (31 December 2014: Euros 112,857,000), as referred in note 33 and Participation units in the amount of Euros 35,441,000 (31 December 2014: 35,441,000) as referred in note 24.

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 all assets transferred by financial institutions involved, through the holding of participation units of the funds (denominated in the table as senior securities).

Additionally are booked in loans and advances to customer's portfolio, financing operations associated with the following transfers of assets:

	2015			2014		
	Received value Euros '000	**Impairment Euros '000**	**Net value Euros '000**	**Received value Euros '000**	**Impairment Euros '000**	**Net value Euros '000**
Fundo Recuperação Turismo FCR	-	-	-	27,450	27,450	-
Fundo Recuperação FCR	14,769	14,769	-	14,555	14,555	-
Fundo Aquarius FCR	20,772	19,571	1,201	19,094	18,513	581
	35,541	34,340	1,201	61,099	60,518	581

59. Discontinued operations

Under the restructuring plan, the Group concluded in May 2015, the sale of Millennium bcp Gestão de Activos, SA As at 31 December 2014, the total assets and liabilities of this subsidiary are recognized in the consolidated balance while in the respective lines and the costs and profits for the year were presented in a single line called profit from discontinued operations.

The main items of the balance sheet, related to this discontinued operation, are analysed as follows:

	2014 Euros '000
Cash and deposits at credit institutions	961
Loans and advances to credit institutions	3,000
Other assets	1,867
Total assets	5,828
Other liabilities	1,917
Total Liabilities	1,917
Share capital	1,000
Reserves and retained earnings	2,911
Total Equity	3,911
Total Equity and liabilities	5,828

The main items of the income statement, related to this discontinued operation, are analysed as follows:

	2014 Euros '000
Net interest income	36
Net fees and commissions income	7,064
Other operating income	533
Total operating income	7,633
Staff costs	2,273
Other administrative costs	1,730
Depreciation	8
Total operating expense	4,011
Net operating income / (loss)	3,622
Net gain from the sale of subsidiaries and other assets	20
Income tax	(991)
Net income /(loss) for the year	2,651

60. List of subsidiary and associated companies of Banco Comercial Português Group

As at 31 December 2015 the Group's subsidiary companies included in the consolidated accounts using the full consolidation method were as follows:

Subsidiary companies	Head office	Share capital	Currency	Activity	Group % control	Group % held	Bank % held
Banco de Investimento Imobiliário, S.A.	Lisbon	17,500,000	EUR	Banking	100.0	100.0	100.0
Banco ActivoBank, S.A.	Lisbon	17,500,000	EUR	Banking	100.0	100.0	–
Banco Millennium Angola, S.A.	Luanda	4,009,893,495	AOA	Banking	50.1	50.1	–
Bank Millennium, S.A.	Warsaw	1,213,116,777	PLN	Banking	50.1	50.1	50.1
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	90,911,319	EUR	Investment	100.0	34.1	–
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	50.1	–
Millennium BCP - Escritório de Representações e Serviços, Ltda.	Sao Paulo	49,545,986	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	682,965,800	EUR	Holding company	100.0	100.0	100.0
Bitalpart, B.V.	Amsterdam	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	37.1	–
Enerparcela - Empreendimentos Imobiliários, S.A.	Alverca	8,850,000	EUR	Real-estate management	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.	Oeiras	10,706,743	EUR	Real-estate management	100.0	100.0	–
Sadamora - Investimentos Imobiliários, S.A.	Oeiras	11,337,399	EUR	Real-estate management	100.0	100.0	–
Millennium bcp - Prestação de Serviços, A. C. E.	Lisbon	331,000	EUR	Services	93.9	93.6	81.0
Millennium bcp Teleserviços - Serviços de Comércio Electrónico, S.A.	Lisbon	50,004	EUR	Videotext services	100.0	100.0	100.0

Subsidiary companies	Head office	Share capital	Currency	Activity	Group % control	Group % held	Bank % held
Millennium Dom Maklerski, S.A.	Warsaw	16,500,000	PLN	Brokerage services	100.0	50.1	–
Millennium Leasing, Sp.z o.o.	Warsaw	48,195,000	PLN	Leasing	100.0	50.1	–
Millennium Service, Sp.z o.o.	Warsaw	1,000,000	PLN	Services	100.0	50.1	–
Millennium Telecomunication, Sp.z o.o.	Warsaw	100,000	PLN	Brokerage services	100.0	50.1	–
Millennium TFI - Towarzystwo Funduszy Inwestycyjnych, S.A.	Warsaw	10,300,000	PLN	Investment fund management	100.0	50.1	–
MBCP REO I, LLC	Delaware	1,389,835	USD	Real-estate management	100.0	100.0	–
MBCP REO II, LLC	Delaware	2,847,869	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	Lisbon	5,000	EUR	Real-estate company	52.7	52.7	52.7
QPR Investimentos, S.A. (*)	Oeiras	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	50.1	–
Irgossai - Urbanização e construção, S.A. (*)	Lisbon	50,000	EUR	Construction and sale of real estate projects	100.0	100.0	100.0
Imábida - Imobiliária da Arrábida, S.A. (*)	Oeiras	1,750,000	EUR	Real-estate management	100.0	100.0	100.0

(*) - Companies classified as non-current assets held for sale

As at 31 December 2015 the BCP Group's subsidiary insurance companies included in the consolidated accounts under the full consolidation method were as follows:

Subsidiary companies	Head office	Share capital	Currency	Activity	Group % control	Group % held	Bank % 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	–

As referred in the accounting policy presented in note 1 b), 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", "Grand Urban Investment Fund - Fundo Especial de Investimento Imobiliário Fechado", "Fundial – Fundo Especial de Investimento Imobiliário Fechado","DP Invest – Fundo Especial de Investimento Imobiliário Fechado" and "Fundipar – Fundo Especial de Investimento Imobiliário Fechado".

During 2015, was sold the investment held in Millennium bcp Gestão de Activos, SA and it was included in the consolidation perimeter the fund "Fundipar – Fundo Especial de Investimento Imobiliário Fechado". During 2015 were liquidated the companies BII Investimentos International, S.A. and Flitptrell III SA.

Additionally, as part of the process of strengthening capital ratios, the Group at the end of March 2015 sold 15.41% of Bank Millennium SA (Poland), holding now 50.1% and maintaining the control.

As at 31 December 2015 the Group's associated companies included in the consolidated accounts under the equity method were as follows:

Associated companies	Head office	Share capital	Currency	Activity	Group % control	Group % held	Bank % held
Banque BCP, S.A.S.	Paris	108,941,724	EUR	Banking	19.9	19.9	19.9
Banque BCP, S.A. (**)	Luxembourg	22,250,000	EUR	Banking	7.3	7.3	–
Academia Millennium Atlântico	Luanda	47,500,000	AOA	Education	33.0	16.5	–
ACT-C-Indústria de Cortiças, S.A.	Sta.Maria Feira	17,923,610	EUR	Extractive industry	20.0	20.0	20.0
Baía de Luanda - Promoção, Montagem e Gestão de Negócios, S.A. (**)	Luanda	100,000,196	USD	Services	10.0	10.0	–
Beiranave Estaleiros Navais Beira SARL	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	–
Lubuskie Fabryki Mebli, S.A.	Swiebodzin	13,400,050	PLN	Furniture manufacturer	50.0	25.1	–
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	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

(**) Given the nature of the Group's involvement, the Board of Directors believes that the Group maintains a significant influence on these companies.

In December 2015, the Group proceeded with the sale of VSC - Aluguer de Veículos Sem Condutor, Lda. to GE Capital Holding Portugal, SGPS, Unipessoal Lda.

As at 31 December 2015 the Group's associated insurance companies included in the consolidated accounts under the equity method were as follows:

Associated companies	Head office	Share capital	Currency	Activity	Group % control	Group % held	Bank % held
Millenniumbcp Ageas Grupo Segurador, S.G.P.S., S.A.	Oeiras	775,002,375	EUR	Holding company	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 - Sociedade Gestora de Fundos de Pensões, S.A. (*)	Oeiras	1,200,000	EUR	Pension fund management	49.0	49.0	–

(*) Change of Pensõesgere, Sociedade Gestora Fundos de Pensões, S.A name

As at 31 December, 2015, the associated company Millenniumbcp Ageas Grupo Segurador, SGPS, SA holds 652,087,518 BCP shares in the amount of Euros 31,822,000.

The Group held a set of securitization transactions regarding mortgage 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 IFRS 10.

61. Subsequent events

Conversion of loans in Swiss Francs - Bank Millennium S.A. (Poland)

On 15 January 2016 a presidential proposal of legislation aimed at supporting FX mortgage borrowers was put forward, however without a preliminary assessment of the impact for the banking sector. That assessment was requested to the Polish Financial Supervision Authority which published its results on 15 March. The conclusions presented by the polish financial regulator point to very high potential losses to the banking system which, directly and in the most likely scenario, could reach a minimum amount of PLN 66.9 billion (Euros 15.7 billion) and, in more adverse scenarios, PLN 103.4 billion (Euros 24.3 billion), to which much higher costs to the public accounts and clients would be added. In this context, it is expected that new proposals will be considered. The implementation of solutions that will privilege the fx mortgage borrowers may, depending on their details and scope, significantly deteriorate the profitability and capital position of the Bank.

Previously, according to the Financial Stability Report published by the National Bank of Poland on 10 February 2016, the overall direct costs for the polish banking sector had been estimated that may reach PLN 44 billion (Euros 10.3 billion) and, in case of compulsory restructuring, a further impact of PLN 21 billion (Euros 4.9 billion) has been estimated. In these estimations are not included neither the costs of closing the currency position nor operational costs.

Banking Tax in Poland

In February 2016 was introduced a new special banking tax over the banking sector in Poland, corresponding to an 0,44% annual rate on the balance of total assets less own funds, polish Treasury bonds and PLN 4 billion (Euros 900 million) tax-exempt amount. Accordingly to the Bank Millennium Poland understanding of methodology to be applied for the tax calculation, the preliminary estimation based on balance sheet positions and own funds as at 31 December 2015, for all monthly calculations, would amount to PLN 186 million (Euros 43.6 million) of charge for entire 2016 year. This tax will be implemented on top of other taxes, which the Bank, as each bank in Poland, is regularly paying.

The amount of banking tax which that will effectively be paid in 2016, may eventually differ from the above estimates, mainly due to variable tax basis which will be used for monthly tax calculation.

Process of offers to tender notes for purchase

Banco Comercial Português, S.A. (BCP) has launched in February 2016 an invitation of offers to tender notes for purchase to holders of the issues listed below. The invitation is limited to a maximum aggregate purchase amount of Euros 300 million. The purpose of the invitation is to proactively manage the Bank's outstanding liabilities and capital base.

- Issuer: Banco Comercial Português, S.A. - Issue: Euros 500,000,000 3.375 per cent. Fixed Rate Notes due 27 February 2017 (“Senior Notes”) - Outstanding Principal Amount: Euros 500,000,000;
- Issuer: Magellan Mortgages No. 2 plc - Issue: Euros 930,000,000 Class A (Senior) Mortgage Backed Floating Rate Notes due 2036 - Outstanding Principal Amount: Euros 87,870,120;
- Issuer: Magellan Mortgages No. 3 plc Issue: Euros 1,413,750,000 Class A (Senior) Mortgage Backed Floating Rate Notes due 2058 - Outstanding Principal Amount: Euros 396,961,207.50.

The process of solicitations of offers ended on 23 February 2016. There were validly tendered for purchase Euros 378,509,996.96 in amortised principal amount outstanding of Notes (Euros 103,100,000 in respect of Senior Notes and Euros 275,409,996.96 in respect of Mortgage Backed Notes issued by Magellan Mortgages No. 2 plc e Magellan Mortgages No. 3 plc). The Bank has decided to accept for purchase Euros 85,326,455.52 (amortised principal amount outstanding) of the validly tendered notes. The following table sets out the amounts accepted for each issue and the Bank has determined that the purchase price for the Senior Notes will be 99.0 per cent of its principal amount:

- Issuer: Banco Comercial Português, S.A. - Issue: Euros 500,000,000 3.375 per cent. Fixed Rate Notes due 27 February 2017 (“Senior Notes”) - Accepted Outstanding Principal Amount: Euros 85,300,000
- Issuer: Magellan Mortgages No. 2 plc - Issue: Euros 930,000,000 Class A (Senior) Mortgage Backed Floating Rate Notes due 2036 - Accepted Outstanding Principal Amount: Euros 26,455.52;
- Issuer: Magellan Mortgages No. 3 plc Issue: Euros 1,413,750,000 Class A (Senior) Mortgage Backed Floating Rate Notes due 2058 - Accepted Outstanding Principal Amount: Euros 0.

The settlement date was on 26 February 2016.

Accounts and Notes to the Individual Accounts for 2015

BANCO COMERCIAL PORTUGUÊS, S.A.

Income Statement
for the years ended at 31 December, 2015 and 2014

	Notes	2015	2014
		(Thousands of Euros)	
Interest and similar income	3	1,305,183	1,966,827
Interest expense and similar charges	3	(641,119)	(1,541,787)
Net interest income		664,064	425,040
Dividends from equity instruments	4	154,814	374,425
Net fees and commissions income	5	428,631	441,117
Net gains / (losses) arising from trading and hedging activities	6	108,024	(61,698)
Net gains / (losses) arising from available for sale financial assets	7	324,679	357,096
Net gains / (losses) arising from financial assets held to maturity	8	-	(14,492)
Other operating income / (costs)	9	(26,495)	(12,856)
Total operating income		1,653,717	1,508,632
Staff costs	10	365,190	401,033
Other administrative costs	11	251,022	268,303
Depreciation	12	23,864	25,031
Operating expenses		640,076	694,367
Operating net income before provisions and impairments		1,013,641	814,265
Loans impairment	13	(514,285)	(1,158,366)
Other financial assets impairment	14	(96,517)	(134,986)
Other assets impairment	25, 26 and 30	(198,898)	(499,088)
Other provisions	15	(57,882)	(203,178)
Operating net (loss) / income		146,059	(1,181,353)
Gains / (losses) arising from the sale of subsidiaries and other assets	16	101,937	226,047
Net income / (loss) before income taxes		247,996	(955,306)
Income taxes			
Current	29	(5,767)	(5,641)
Deferred	29	(16,172)	276,523
Net income / (loss) for the year		226,057	(684,424)
Earnings per share (in Euros)	17		
Basic		0.004	(0.016)
Diluted		0.004	(0.016)

CHIEF ACCOUNTANT THE EXECUTIVE COMMITTEE

See accompanying notes to the individual financial statements

BANCO COMERCIAL PORTUGUÊS, S.A.

Balance Sheet as at 31 December, 2015 and 2014

	Notes	2015	2014
		(Thousands of Euros)	
Assets			
Cash and deposits at Central Banks	18	539,900	532,837
Loans and advances to credit institutions			
Repayable on demand	19	138,155	223,937
Other loans and advances	20	767,374	1,268,991
Loans and advances to customers	21	35,105,791	36,760,931
Financial assets held for trading	22	999,658	1,336,286
Other financial assets held for trading			
at fair value through profit or loss	22	152,018	-
Financial assets available for sale	22	6,772,806	5,515,871
Hedging derivatives	23	39,264	53,157
Financial assets held to maturity	24	427,363	2,311,181
Investments in subsidiaries and associated companies	25	3,697,083	4,048,111
Non-current assets held for sale	26	1,256,442	1,109,939
Property and equipment	27	209,685	212,873
Intangible assets	28	12,665	9,888
Current income tax assets		9,953	7,454
Deferred income tax assets	29	2,911,323	2,817,914
Other assets	30	1,111,637	1,197,226
Total Assets		54,151,117	57,406,596
Liabilities			
Deposits from credit institutions	31	8,280,004	10,721,087
Deposits from customers	32	35,150,754	35,055,898
Debt securities issued	33	3,979,861	4,588,188
Financial liabilities held for trading	34	644,931	806,480
Hedging derivatives	23	40,923	28,547
Provisions	35	432,124	544,756
Subordinated debt	36	1,530,190	2,019,364
Current income tax liabilities		3,276	2,917
Other liabilities	37	661,756	762,971
Total Liabilities		50,723,819	54,530,208
Equity			
Share capital	38	4,094,235	3,706,690
Share premium		16,471	-
Other equity instruments	38	2,922	9,853
Treasury stock	41	-	(1,239)
Fair value reserves	40	61,366	113,246
Reserves and retained earnings	40	(973,753)	(267,738)
Net income / (loss) for the year		226,057	(684,424)
Total Equity		3,427,298	2,876,388
		54,151,117	57,406,596

CHIEF ACCOUNTANT THE EXECUTIVE COMMITTEE

See accompanying notes to the individual financial statements

BANCO COMERCIAL PORTUGUÊS, S.A.

Cash Flows Statement
for the years ended at 31 December, 2015 and 2014

	2015	2014
	(Thousands of Euros)	
Cash flows arising from operating activities		
Interests received	1,151,745	1,634,972
Commissions received	558,787	575,631
Fees received from services rendered	66,723	60,813
Interests paid	(712,090)	(1,675,416)
Commissions paid	(176,048)	(259,783)
Recoveries on loans previously written off	25,666	12,449
Payments to suppliers and employees	(770,486)	(845,836)
Income taxes (paid) / received	(4,695)	(1,502)
	139,602	(498,672)
Decrease / (increase) in operating assets:		
Receivables from credit institutions	493,421	6,496,511
Deposits held with purpose of monetary control	27,285	969,869
Loans and advances to customers	920,718	3,627,070
Short term trading account securities	200,315	(53,119)
Increase / (decrease) in operating liabilities:		
Deposits from credit institutions repayable on demand	108,297	(135,276)
Deposits from credit institutions with agreed maturity date	(2,492,626)	(5,646,911)
Deposits from clients repayable on demand	3,452,976	237,656
Deposits from clients with agreed maturity date	(3,280,567)	(1,222,120)
	(430,579)	3,775,008
Cash flows arising from investing activities		
Sale of shares in subsidiaries and associated companies	499,305	953,962
Acquisition of shares in subsidiaries and associated companies	(483)	(829)
Dividends received	154,814	374,425
Interest income from available for sale financial assets and held to maturity financial assets	192,824	363,028
Sale of available for sale financial assets	11,832,156	16,349,924
Acquisition of available for sale financial assets	(11,354,337)	(12,886,971)
Maturity of available for sale financial assets	185,523	2,457,981
Acquisition of tangible and intangible assets	(31,511)	(16,703)
Sale of tangible and intangible assets	1,031	7,475
Decrease / (increase) in other sundry assets	(87,959)	1,032,887
	1,391,363	8,635,179
Cash flows arising from financing activities		
Issuance of subordinated debt	358	2,088
Reimbursement of subordinated debt	(111,265)	(3,893,915)
Issuance of debt securities	44,497	3,487,528
Reimbursement of debt securities	(818,385)	(11,621,839)
Issuance of commercial paper and other securities	120,558	99,563
Reimbursement of commercial paper and other securities	(5,240)	(19,060)
Share capital increase	-	2,241,690
Increase / (decrease) in other sundry liabilities	(242,741)	(3,262,541)
	(1,012,218)	(12,966,486)
Net changes in cash and equivalents	(51,434)	(556,299)
Cash and equivalents at the beginning of the year	539,744	1,096,043
Cash (note 18)	350,155	315,807
Other short term investments (note 19)	138,155	223,937
Cash and equivalents at the end of the year	488,310	539,744

See accompanying notes to the individual financial statements

BANCO COMERCIAL PORTUGUÊS, S.A.

Statement of Changes in Equity
for the years ended at 31 December, 2015 and 2014

(Amounts expressed in thousands of Euros)

	Total equity	Share capital	Other equity instruments	Share premium	Legal and statutory reserves	Fair value reserves	Other reserves and retained earnings	Treasury stock
Balance on 1 January, 2014	1,774,286	3,500,000	9,853	-	223,270	71,683	(2,029,311)	(1,209)
Other comprehensive income								
Fair value reserves (note 40)	41,563	-	-	-	-	41,563	-	-
Actuarial losses for the year (note 46):								
Gross value	(471,177)	-	-	-	-	-	(471,177)	-
Taxes	33,452	-	-	-	-	-	33,452	-
Amortization of the transition adjustment related to pensions (Regulation no.12/01)	(13,375)	-	-	-	-	-	(13,375)	-
Net income / (loss) for the year	(684,424)	-	-	-	-	-	(684,424)	-
Total comprehensive income for the year	(1,093,961)	-	-	-	-	41,563	(1,135,524)	-
Share capital decrease (note 38)	-	(2,035,000)	-	-	-	-	2,035,000	-
Share capital increase (note 38)	2,241,690	2,241,690	-	-	-	-	-	-
Costs related to the share capital increase	(57,718)	-	-	-	-	-	(57,718)	-
Tax related to costs arising from the share capital increase	12,121	-	-	-	-	-	12,121	-
Treasury stock	(30)	-	-	-	-	-	-	(30)
Balance on 31 December, 2014	2,876,388	3,706,690	9,853	-	223,270	113,246	(1,175,432)	(1,239)
Other comprehensive income								
Fair value reserves (note 40)	(51,880)	-	-	-	-	(51,880)	-	-
Actuarial losses for the year (note 46):								
Gross value	(108,670)	-	-	-	-	-	(108,670)	-
Taxes	86,230	-	-	-	-	-	86,230	-
Net income / (loss) for the year	226,057	-	-	-	-	-	226,057	-
Total comprehensive income for the year	151,737	-	-	-	-	(51,880)	203,617	-
Share capital increase by securities exchange (note 38 and 44)	397,085	387,545	(6,931)	16,471	-	-	-	-
Costs related to the share capital increase	(1,173)	-	-	-	-	-	(1,173)	-
Tax related to costs arising from the share capital increase	247	-	-	-	-	-	247	-
Treasury stock	3,014	-	-	-	-	-	1,775	1,239
Balance on 31 December, 2015	3,427,298	4,094,235	2,922	16,471	223,270	61,366	(970,966)	-

See accompanying notes to the individual financial statements

BANCO COMERCIAL PORTUGUÊS, S.A.

Statement of Comprehensive income
for the years ended at 31 December, 2015 and 2014

	Notes	2015	2014
		(Thousands of Euros)	
Items that may be reclassified to the income statement			
Fair value reserves		(75,457)	57,658
Taxes		23,577	(16,095)
		(51,880)	41,563
Items that will not be reclassified to the income statement			
Actuarial losses for the year			
Gross amount	46	(108,670)	(471,177)
Taxes		86,230	33,452
		(22,440)	(437,725)
Amortization of the transition adjustment to pensions (Regulation no.12/01)			
Gross amount		-	(16,930)
Taxes		-	3,555
		-	(13,375)
Other comprehensive (loss) / income after taxes		(74,320)	(409,537)
Net income / (loss) for the year		226,057	(684,424)
Total comprehensive income / (loss) for the year		151,737	(1,093,961)

See accompanying notes to the individual financial statements

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, 2015 and 2014.

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 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 financial statements presented were approved on 28 March 2016 by the Bank's Board of Directors. 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, 2015 were prepared in terms of recognition and measurement in accordance with the NCA's, established by the Bank of Portugal and effective on that date.

The Bank has adopted IFRS and interpretations mandatory for accounting periods beginning on or after 1 January, 2015, as referred in note 50.

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, with the changes arising from the adoption of the following standards: IFRIC 21 – Levies.

IFRIC 21 – Levies

The IASB issued this interpretation on 20th May 2013, effective (with retrospective application) for annual periods beginning on or after 1st January 2014. This interpretation was endorsed by EU Commission Regulation no. 634/2014, 13th June (defining entry into force at the latest, as from the commencement date of first financial year starting on or after 17 June 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 recognizes a liability for a levy when – and only when – the triggering event specified in the legislation occurs.

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 and financial assets available for sale, 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 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 ab).

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 customers.

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, being presented in the balance sheet net of 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 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 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 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 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. 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 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 disposal of financial assets included in this category that does not occur close to the maturity of the assets, or if it is not framed in the exceptions stated by the rules, 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 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, an assessment is made 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 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 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.

d) Derivatives hedge accounting

(i) Hedge accounting

The Bank 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 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 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, as well as changes in currency risk of the monetary items.

(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 highly 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.

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.

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) 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.

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 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 subsidiaries 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.

Subsidiaries are entities controlled by the Bank (including structure entities and investment funds). The Bank controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity (de facto control). The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Investments in associates

Investments in associated companies are consolidated by the equity method from the date that the Bank acquires significant influence until the date it ceases to exist. Associates are those entities in which the Bank has significant influence but not control over the financial and operating policy decisions of the investee. It is assumed that the Bank has significant influence when it holds, directly or indirectly, 20% or more of the voting rights of the investee. If the Bank holds, directly or indirectly less than 20% of the voting rights of the investee, it is presumed that the Bank does not have significant influence, unless such influence can be clearly demonstrated.

The existence of significant influence by the Bank 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 Bank and the investee;
- interchange of the management team; or
- provision of essential technical information.

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 fair 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 and when 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, 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 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 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 Bank.

The subsequent measurement of these assets is determined based on the lower of the carrying amount and the corresponding fair value less costs to sell. 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 Bank 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, 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 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 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 Bank's 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 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 capitalise 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 capitalise 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 loans and advances to credit institutions.

Cash and cash equivalents exclude restricted balances with Central Banks.

t) Offsetting

Financial assets and liabilities are offset and the net amount is recorded 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 pension's 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 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 (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 Pension Plan's assets.

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 2015, the Bank has two defined contribution plans. One plan covers employees who were hired before 1 July, 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) distributable profits or reserves exist 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 2015 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, whenever it is attributed.

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. An operating 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 or reinsurance mediation services

The Banco Comercial Português and Banco ActivoBank are entities authorized by the Autoridade de Supervisão de Seguros e Fundos de Pensões (Portuguese Insurance Regulation) to practice the activity of insurance intermediation 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 intermediation services, the Bank performs the sale of insurance contracts. As compensation for services rendered for insurance intermediation, 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 intermediation 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.

ab) Accounting estimates and judgments 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 Bank'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 Bank'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 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 financial assets available for sale

The Bank 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 Bank evaluates among other factors, the volatility in the prices of the financial assets. According to the Bank's policies, 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.

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 (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 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 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, 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.

Entities included in the consolidation perimeter

For the purposes of determining entities to include in the consolidation perimeter, the Group assess whether it is exposed to, or has rights to, the variable returns from its involvement with the entity (de facto control).

The decision if an entity needs to be consolidated by the Group requires the use of judgment, estimates and assumptions to determine what extend the Group is exposed to the variable returns and its ability to use its power to affect those returns.

Different estimates and assumptions could lead the Group to a different scope of consolidation perimeter with a direct impact in net income.

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 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.

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:

	2015 Euros '000	2014 Euros '000
Net interest income	664,064	425,040
Net gains / (losses) from trading and hedging activities	108,024	(61,698)
Net gains / (losses) from available for sale activities	324,679	357,096
Net gains / (losses) from financial assets held to maturity	-	(14,492)
	1,096,767	705,946

3. Net interest income

The amount of this account is comprised of:

	2015 Euros '000	2014 Euros '000
Interest and similar income		
Interest on loans and advances	1,100,919	1,229,727
Interest on trading securities	7,419	15,637
Interest on other financial assets valued at fair value through profit and loss account	6,061	-
Interest on available for sale financial assets	112,650	237,978
Interest on held to maturity financial assets	29,929	115,990
Interest on hedging derivatives	21,872	34,726
Interest on derivatives associated to financial instruments at fair value through profit and loss account	15,275	29,846
Interest on deposits and other investments	11,058	302,923
	1,305,183	1,966,827
Interest expense and similar charges		
Interest on deposits and other resources	326,910	674,088
Interest on securities issued	178,295	582,941
Interest on subordinated debt		
Hybrid instruments eligible as core tier 1 (CoCos) underwritten by the Portuguese State	65,352	180,027
Others	48,431	82,944
Interest on hedging derivatives	4,345	7,713
Interest on derivatives associated to financial instruments at fair value through profit and loss account	17,786	14,074
	641,119	1,541,787
	664,064	425,040

The balance Interest on loans and advances includes the amount of Euros 50,453,000 (2014: Euros 52,881,000) related to commissions and other gains / losses which are accounted according to the effective interest method, as referred in the accounting policy described in note 1m).

The balance Net interest income includes the amount of Euros 153,910,000 (2014: Euros 199,786,000) related with interest income arising from customers with signs of impairment.

The balance Interest on securities issued includes the amount of Euros 87,572,000 (2014: Euros 154,175,000) related to commissions and other losses which are accounted according to 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:

	2015 Euros '000	2014 Euros '000
Dividends from financial assets available for sale	9,047	2,313
Dividends from subsidiaries and associated companies	145,767	372,112
	154,814	374,425

The balance Dividends from financial assets available for sale includes, in 2015, dividends and income from investment fund units received during the year.

The balance Dividends from subsidiaries and associated companies includes, in 2015, the amount of Euros 136,246,000 related to the distribution of dividends from the company BCP Investment B.V.

The balance Dividends from subsidiaries and associated companies also included in 2014 the amount of Euros 322,417,000 related to the distribution of dividends from the company Millennium bcp Participações, S.G.P.S., Sociedade Unipessoal, Lda.

5. Net fees and commissions income

The amount of this account is comprised of:

	2015 Euros '000	2014 Euros '000
Fees and commissions received		
From guarantees	58,718	60,894
From credit and commitments	2,938	1,909
From banking services	278,808	285,342
From securities operations	58,684	64,232
From management and maintenance of accounts	84,247	76,470
From other services	27,278	33,838
	510,673	522,685
Fees and commissions paid		
From guarantees	6,385	4,422
From banking services	51,656	59,096
From securities operations	7,700	8,131
From other services	16,301	9,919
	82,042	81,568
	428,631	441,117

The balance Fees and commissions received - From banking services includes the amount of Euros 74,881,000 (2014: Euros 72,474,000) related to insurance mediation commissions.

6. Net gains / (losses) arising from trading and hedging activities

The amount of this account is comprised of:

	2015 Euros '000	2014 Euros '000
Gains arising on trading and hedging activities		
Foreign exchange activity	399,330	269,804
Transactions with financial instruments recognised at fair value through profit and loss account		
Held for trading		
Securities portfolio		
Fixed income	664	34,742
Variable income	21	3
Certificates and structured securities issued	53,908	71,834
Derivatives associated to financial instruments at fair value through profit and loss account	50,192	56,581
Other financial instruments derivatives	596,042	548,240
Other financial instruments at fair value through profit and loss account		
Securities portfolio		
Fixed income	29	-
Other financial instruments	8,351	14,142
Repurchase of own issues	40,826	39,157
Hedging accounting		
Hedging derivatives	84,441	74,446
Hedged item	19,837	25,091
Other activity	103,738	34,660
	1,357,379	1,168,700
Losses arising on trading and hedging activities		
Foreign exchange activity	402,085	256,095
Transactions with financial instruments recognised at fair value through profit and loss account		
Held for trading		
Securities portfolio		
Fixed income	4,887	50
Variable income	799	959
Certificates and structured securities issued	57,648	69,039
Derivatives associated to financial instruments at fair value through profit and loss account	53,467	66,489
Other financial instruments derivatives	606,487	606,561
Other financial instruments at fair value through profit and loss account		
Securities portfolio		
Fixed income	734	-
Other financial instruments	4,652	14,515
Repurchase of own issues	3,755	1,726
Hedging accounting		
Hedging derivatives	99,730	44,513
Hedged item	7,032	47,229
Other activity	8,079	123,222
	1,249,355	1,230,398
	108,024	(61,698)

As mentioned in note 44, the approval of the exchange offer of subordinated securities for shares originated, in 2015, a gain of Euros 34,420,000 in Net gains / (losses) arising from trading and hedging activities - Repurchase of own issues.

The result of repurchase of own issues is determined in accordance with the accounting policy described in note 1 c).

The caption Net gains arising from trading and hedging activities includes, in 2015, for Deposits from customers - Deposits at fair value through profit and loss, a loss of Euros 1,302,000 (2014: loss of Euros 4,642,000) related with the fair value changes arising from changes in own credit risk (spread), as referred in note 32.

This caption also includes in 2015, for Debt securities at fair value through profit or loss, a loss of Euros 6,342,000 (2014: gain of Euros 644,000) and for derivatives associated to financial instruments a loss of Euros 8,491,000 (2014: loss of Euros 11,376,000), related with the fair value changes arising from changes in own credit risk (spread), as referred in note 33.

7. Net gains / (losses) arising from financial assets available for sale

The amount of this account is comprised of:

	2015 Euros '000	2014 Euros '000
Gains arising from financial assets available for sale		
Fixed income	354,604	354,568
Variable income	12,328	2,767
Losses arising from financial assets available for sale		
Fixed income	(41,573)	(234)
Variable income	(680)	(5)
	324,679	357,096

The caption Gains arising from financial assets available for sale - Fixed income - includes, in 2015, the amount of Euros 345,811,000 (2014: Euros 234,084,000) related to gains resulting from the sale of Portuguese public debt.

As mentioned in note 22 and in accordance with the accounting policy 1 e), during 2015 were transferred to the portfolio of financial assets available for sale Euros 1,742,354,000, the whole Portuguese public debt portfolio previously recorded in the portfolio financial assets held to maturity in order to arrange for its disposal.

8. Net gains / (losses) arising from financial assets held to maturity

The amount of this account is comprised of:

	2015 Euros '000	2014 Euros '000
Losses arising from financial assets held to maturity	-	(14,492)

9. Other operating income / (costs)

The amount of this account is comprised of:

	2015 Euros '000	2014 Euros '000
Operating income		
Income from services	31,758	30,819
Cheques and others	11,492	11,316
Other operating income	17,717	19,932
	60,967	62,067
Operating costs		
Indirect taxes	9,651	9,462
Donations and contributions	2,996	2,972
Contribution over the banking sector	22,053	31,622
Contribution for the resolution fund	5,777	6,911
Contribution for the single resolution fund	30,843	-
Other operating expenses	16,142	23,956
	87,462	74,923
	(26,495)	(12,856)

The caption Contribution over 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.

The item Contribution to the Resolution Fund corresponds to the periodic contributions that must be paid to the Fund by the member credit institutions, as stipulated in Decree-Law No 24/2013. The periodic contributions are determined by a base rate, established by the Bank of Portugal through regulatory instruments, to be applied in each year and which may be adjusted to the credit institution's risk profile. The period contributions focus on the liabilities of the member credit institutions, as per the article 10 of the referred Decree-Law, deducted from the liability elements that are part of the Tier 1 and Tier 2 capital and from the deposits covered by the Deposit Guarantee Fund.

The item Contribution for the Single Resolution Fund corresponds to the annual contribution collected in 2015 by the Resolution Fund, in accordance with the article 153-H (1) of the Legal Framework of Credit Institutions and Financial Companies (Regime Geral das Instituições de Crédito e Sociedades Financeiras – RGICSF), which translated the articles 100 (4) (a) and 103 (1) of the Directive 2015/59/EU of the European Parliament and of the Council of 15 May 2014, and of article (20) of the Commission Delegated Regulation (EU) 2015/63 of 21 October 2014 (Delegated Regulation). This contribution was determined by the Bank of Portugal, in its quality of National Resolution Authority, based in the methodology defined in the Delegated Regulation in accordance with its articles 4, 13 and 20. In the scope of the Single Resolution Mechanism this contribution will be transferred to the Single Resolution Fund up to 31 January 2016, as stipulated in article 3 (3) of the Agreement for the transfer of the contributions to the Single Resolution Fund signed in Brussels on 21 May 2014.

10. Staff costs

The amount of this account is comprised of:

	2015 Euros '000	2014 Euros '000
Salaries and remunerations	260,472	288,568
Mandatory social security charges		
Pension Fund and other benefits		
Service cost	(1,918)	(4,353)
Net interest cost / (income) in the liability coverage balance	5,706	3,116
	3,788	(1,237)
Other mandatory social security charges	74,650	81,645
	78,438	80,408
Voluntary social security charges	22,372	28,086
Seniority premium	2,208	3,731
Other staff costs	1,700	240
	365,190	401,033

The fixed remunerations and social charges paid to members of the Board of Directors and Key management elements are analysed as follows:

	Board of Directors					
	Executive Committee		Non-executive directors		Key management members	
	2015 Euros '000	2014 Euros '000	2015 Euros '000	2014 Euros '000	2015 Euros '000	2014 Euros '000
Remunerations	2,073	2,080	578	577	5,394	7,757
Supplementary retirement pension	1,205	702	-	-	-	-
Pension Fund	19	25	-	-	61	43
Other mandatory social security charges	531	468	137	152	1,479	1,918
Seniority premium	44	-	-	-	143	181
	3,872	3,275	715	729	7,077	9,899

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 2015, the amount of remuneration paid to the Executive Committee, includes Euros 103,000 (2014: Euros 101,000), which were supported by subsidiaries or companies whose governing bodies represent the Group's interests, and has been regularised at the beginning of 2016, the amount of Euros 63,000, as mentioned in paragraph 77 of the "Corporate Governance Report".

During 2015 and 2014, no variable remuneration was attributed to the members of the Executive Committee.

During 2015, were paid Euros 4,729,000 (2014: Euros 929,000) of severance pay to some key management members.

The average number of employees by professional category, at service in the Bank, is analysed as follows by category:

	2015	2014
Top Management	1,006	1,117
Intermediary Management	1,685	1,768
Specific/Technical functions	2,868	3,103
Other functions	1,866	2,121
	7,425	8,109

11. Other administrative costs

The amount of this account is comprised of:

	2015 Euros '000	2014 Euros '000
Water, electricity and fuel	11,565	12,510
Consumables	2,848	3,136
Rents	31,690	39,245
Communications	14,848	15,885
Travel, hotel and representation costs	4,538	4,457
Advertising	11,476	10,302
Maintenance and related services	11,825	16,205
Credit cards and mortgage	1,941	1,651
Advisory services	10,247	10,433
Information technology services	12,361	13,414
Outsourcing	97,304	99,267
Other specialised services	14,933	15,154
Training costs	1,010	814
Insurance	3,541	3,633
Legal expenses	5,614	6,228
Transportation	6,753	6,642
Other supplies and services	8,528	9,327
	251,022	268,303

The caption Rents includes the amount of Euros 28,783,000 (2014: Euros 35,847,000) related to rents paid regarding buildings used by the Bank as lessee.

The Bank has various operating leases 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:

	2015			2014		
	Properties Euros '000	Vehicles Euros '000	Total Euros '000	Properties Euros '000	Vehicles Euros '000	Total Euros '000
Until 1 year	18,289	1,258	19,547	22,140	1,835	23,975
1 to 5 years	6,420	915	7,335	5,837	1,557	7,394
Over 5 years	6,536	18	6,554	6,376	7	6,383
	31,245	2,191	33,436	34,353	3,399	37,752

The caption Other specialised services includes the fees billed (VAT excluded) by the Bank's Statutory Auditor within its statutory functions, as well as other functions, are as follows:

	2015 Euros '000	2014 Euros '000
Legal certification	1,600	1,689
Other assurance services	1,068	874
Other services	684	527
	3,352	3,090

12. Depreciation

The amount of this account is comprised of:

	2015 Euros '000	2014 Euros '000
Intangible assets:		
Software	5,829	6,031
Other intangible assets	31	28
	5,860	6,059
Property, plant and equipment:		
Land and buildings	10,392	12,307
Equipment		
Furniture	904	877
Machinery	138	134
Computer equipment	3,257	3,081
Interior installations	772	743
Motor vehicles	1,462	721
Security equipment	1,058	1,087
Other equipment	21	22
	18,004	18,972
	23,864	25,031

13. Loans impairment

The amount of this account is comprised of:

	2015 Euros '000	2014 Euros '000
Loans and advances to credit institutions:		
For country risk		
Impairment charge for the year	7,766	5,667
	7,766	5,667
Loans and advances to customers:		
For overdue loans and credit risks		
Impairment charge for the year	544,866	1,164,886
Write-back for the year	(12,321)	-
For country risk		
Impairment charge for the year	-	262
Write-back for the year	(360)	-
Recovery of loans and interest charged-off	(25,666)	(12,449)
	506,519	1,152,699
	514,285	1,158,366

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).

14. Other financial assets impairment

The amount of this account is comprised of:

	2015 Euros '000	2014 Euros '000
Impairment of financial assets available for sale		
Charge for the year	96,532	137,014
Write-back for the year	(15)	(2,028)
	96,517	134,986

The caption Impairment of financial assets available for sale - Charge for the year includes the impairment losses on shares and on participation units held by the Bank in the amount of Euros 61,494,000 (2014: Euros 123,919,000), related to the investments held in restructuring funds, as described in note 53.

15. Other provisions

The amount of this account is comprised of:

	2015 Euros '000	2014 Euros '000
Provision for credit risks		
Charge for the year	37,451	161,779
Write-back for the year	(9,670)	(3,272)
Provision for country risk		
Charge for the year	779	1,753
Other provisions for liabilities and charges		
Charge for the year	29,322	42,935
Write-back for the year	-	(17)
	57,882	203,178

16. Gains / (losses) arising from the sale of subsidiaries and other assets

The amount of this account is comprised of:

	2015 Euros '000	2014 Euros '000
Sale of subsidiaries	98,258	242,147
Sale of other assets	3,679	(16,100)
	101,937	226,047

The balance Sale of subsidiaries corresponds in 2015 to the gain generated on the sale of 15.41% of the share capital held by the Bank in Bank Millennium, S.A. (Poland) and to the gain generated on the sale of the whole investment held by the Bank in Millennium bcp Gestão de Activos - Sociedade Gestora de Fundos de Investimento, S.A.

The balance Sale of subsidiaries corresponded in 2014 to the gain generated on the sale of the investment held by the Bank in Banco Millennium Angola to BCP África, S.G.P.S., S.A.

The balance Sale of other assets corresponds to the gains and losses arising from the sale and revaluation of assets held by the Bank and classified as non-current assets held for sale.

17. Earnings per share

The earnings per share are calculated as follows:

	2015 Euros '000	2014 Euros '000
Net income / (loss) for the year	226,057	(684,424)
Adjusted net income / (loss)	226,057	(684,424)
Average number of shares	56,888,944,247	42,829,744,183
Basic earnings per share (Euros)	0.004	(0.016)
Diluted earnings per share (Euros)	0.004	(0.016)

The Bank's share capital, amounts to Euros 4,094,235,361.88 and is represented by 59,039,023,275 ordinary, book-entry and nominate shares, without nominal value, which is fully paid.

On June 2015, the Bank carried out an increase in its share capital from Euros 3,706,690,253.08 to Euros 4,094,235,361.88, by the issuance of 4,844,313,860 new ordinary, book-entry shares without nominal value, as a result of the partial and voluntary public tender offer for the acquisition of securities (preferred shares, perpetual securities and subordinated bonds) for exchange of new shares issued at the issue price of Euros 0.0834 per share (of which Euros 0.08 corresponds to the unitary issue value and Euros 0.0034 to share premium) and listing of the new ordinary shares on Euronext Lisbon.

On July 2014, the Bank registered a share capital increase from Euros 1,465,000,000 to Euros 3,706,690,253.08 through the issuance of new 34,487,542,355 ordinary, book-entry and nominate shares, without nominal value, which were offered to the Bank's shareholders for subscription through the exercise of their pre-emptive subscription rights. In June 2014, the Bank had registered a decrease of the share capital from Euros 3,500,000,000 to Euros 1,465,000,000 without changing the number of existing shares without nominal value.

As at 31 December 2015 and 2014 in the calculation of diluted earnings per share, the qualifying hybrid instruments as common equity tier 1 issued in June 2012 and subscribed fully by the State (CoCos), were not considered, in 2014, by presenting an antidilutive effect and in 2015 it is not defined the conversion value of the shares to be issued according to the decree 150-A / 2012 of 17 May which will be the basis for determining this effect.

18. Cash and deposits at Central Banks

This balance is analysed as follows:

	2015 Euros '000	2014 Euros '000
Cash	350,155	315,807
Central Banks	189,745	217,030
	539,900	532,837

The balance Central Banks includes deposits with the Central Bank to satisfy the legal requirements to maintain a cash calculated based on the value of deposits and other liabilities. According to the European Central Bank System for Euro Zone, the cash reserve requirements 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.

19. Loans and advances to credit institutions repayable on demand

This balance is analysed as follows:

	2015 Euros '000	2014 Euros '000
Credit institutions in Portugal	483	376
Credit institutions abroad	42,114	31,135
Amounts due for collection	95,558	192,426
	138,155	223,937

The balance Amounts due for collection represents essentially cheques due for collection on other financial institutions.

20. Other loans and advances to credit institutions

This balance is analysed as follows:

	2015 Euros '000	2014 Euros '000
Other loans and advances to credit institutions in Portugal	89,374	143,364
Other loans and advances to credit institutions abroad	702,233	1,142,094
	791,607	1,285,458
Impairment for other loans and advances to credit institutions	(24,233)	(16,467)
	767,374	1,268,991

As at 31 December, 2015, the balance Other loans and advances to credit institutions abroad includes the amount of Euros 105,067,000 (31 December 2014: Euros 30,537,000) regarding loans and advances to companies controlled by members of the Board of Directors, as mentioned in note 47 b).

Following the signed agreements of derivative financial transactions with institutional counterparties, the Bank has the amount of Euros 325,020,000 (31 December 2014: Euros 351,075,000) of Loans and advances to credit institutions granted as collateral on the mentioned transactions.

This balance is analysed by the period to maturity, as follows:

	2015 Euros '000	2014 Euros '000
Up to 3 months	651,669	973,780
3 to 6 months	4,988	-
6 to 12 months	24,032	40,000
1 to 5 years	95,672	236,678
Over 5 years	15,246	35,000
	791,607	1,285,458

The changes occurred in impairment for other loans and advances to credit institutions are analysed as follows:

	2015 Euros '000	2014 Euros '000
Provision for country risk for loans and advances to credit institutions:		
Balance on 1 January	16,467	10,800
Impairment charge for the year	7,766	5,667
Balance on 31 December	24,233	16,467

The balance Provision for country risk for loans and advances to credit institutions, includes as of 31 December 2015, the amount of Euros 23,022,000 (31 December 2014: Euros 15,888,000) regarding provisions to loans granted to resident entities in Angola.

21. Loans and advances to customers

This balance is analysed as follows:

	2015 Euros '000	2014 Euros '000
Public sector	1,064,563	1,177,440
Asset-backed loans	20,860,262	20,315,611
Personal guaranteed loans	7,053,471	8,718,681
Unsecured loans	1,341,911	1,448,117
Foreign loans	2,181,609	2,507,121
Factoring	1,062,903	1,069,188
Finance leases	2,179,201	2,215,806
	35,743,920	37,451,964
Overdue loans - less than 90 days	54,604	78,164
Overdue loans - Over 90 days	3,741,966	3,817,540
	39,540,490	41,347,668
Impairment for credit risk	(4,434,699)	(4,586,737)
	35,105,791	36,760,931

As at 31 December 2015, the balance Loans and advances to customers includes the amount of Euros 11,678,762,000 (31 December 2014: Euros 11,903,237,000) regarding mortgage loans which are allocated as a collateral for seven asset-back securities, issued by the Bank.

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.

As referred in note 48, 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 include loans and advances to customers.

As at 31 December 2015 and as referred in note 53, the Bank performed a set of sales of loans and advances to customers for Specialized Loan Funds in the amount of Euros 1,534,604,000 (31 December 2014: Euros: 1,443,739,000). During 2015, the loans sold amounted to Euros 90,865,000 (2014: Euros 336,130,000).

As at 31 December 2015, shareholders holding individually or together with their affiliates, 2% or more of the share capital, described in the Executive Board of Directors report and in note 38, and to which the Group provides loans and/or guarantees represents in aggregate 20.55% of the share capital (31 December 2014: 32.2%).

As at 31 December 2015, the Bank granted credit to qualifying shareholders and entities controlled by them, in the amount of Euros 63,536,000 (31 December 2014: Euros 70,465,000), as referred in note 47 a). The business conducted between the company and qualifying shareholders or natural or legal persons related to them, pursuant to article 20 of the Securities Code, regardless of the amount, is always subject to appraisal and deliberation by the Board of Directors, through a proposal by the Credit Committee and the Executive Committee, supported by an analysis and technical opinion issued by the Internal Audit Division, and after a prior opinion has been obtained from the Audit Committee. The amount of provisions recognised for these contracts is null as at 31 December 2015 and 2014.

The analysis of loans and advances to customers, by type of credit, is as follows:

	2015 Euros '000	2014 Euros '000
Loans not represented by securities		
Discounted bills	260,281	298,508
Current account credits	1,793,438	2,152,942
Overdrafts	771,183	870,093
Loans	11,079,974	11,430,258
Mortgage loans	16,627,514	17,355,967
Factoring	1,062,903	1,069,188
Finance leases	2,179,201	2,215,806
	33,774,494	35,392,762
Loans represented by securities		
Commercial paper	1,655,569	1,729,210
Bonds	313,857	329,992
	1,969,426	2,059,202
	35,743,920	37,451,964
Overdue loans - less than 90 days	54,604	78,164
Overdue loans - Over 90 days	3,741,966	3,817,540
	39,540,490	41,347,668
Impairment for credit risk	(4,434,699)	(4,586,737)
	35,105,791	36,760,931

The analysis of loans and advances to customers by sector of activity is as follows:

	2015 Euros '000	2014 Euros '000
Agriculture	325,591	326,079
Mining	47,343	53,032
Food, beverage and tobacco	325,685	340,033
Textiles	451,880	472,372
Wood and cork	161,823	143,715
Paper, printing and publishing	172,016	168,303
Chemicals	587,427	492,891
Machinery, equipment and basic metallurgical	596,311	601,199
Electricity, water and gas	802,446	938,691
Construction	2,997,461	3,235,060
Retail business	915,468	894,893
Wholesale business	1,218,655	1,204,966
Restaurants and hotels	944,628	1,151,819
Transports and communications	1,483,423	1,337,261
Services	8,986,792	9,803,778
Consumer credit	2,376,755	2,473,252
Mortgage credit	16,358,710	16,867,617
Other domestic activities	7,731	7,864
Other international activities	780,345	834,843
	39,540,490	41,347,668
Impairment for credit risk	(4,434,699)	(4,586,737)
	35,105,791	36,760,931

The analysis of loans and advances to customers, by maturity and by sector of activity as at 31 December, 2015 is as follows:

	2015				
	Due within 1 year Euros '000	**1 year to 5 years Euros '000**	**Over 5 years Euros '000**	**Undetermined maturity Euros '000**	**Total Euros '000**
Agriculture	113,137	75,609	113,827	23,018	325,591
Mining	23,441	8,233	5,309	10,360	47,343
Food, beverage and tobacco	182,998	69,379	59,605	13,703	325,685
Textiles	215,814	89,328	114,433	32,305	451,880
Wood and cork	66,761	33,332	43,466	18,264	161,823
Paper, printing and publishing	50,967	62,010	49,009	10,030	172,016
Chemicals	302,443	115,119	100,854	69,011	587,427
Machinery, equipment and basic metallurgical	231,151	187,947	125,738	51,475	596,311
Electricity, water and gas	91,245	145,074	562,108	4,019	802,446
Construction	983,534	284,991	712,827	1,016,109	2,997,461
Retail business	344,695	208,242	219,382	143,149	915,468
Wholesale business	516,119	312,637	216,288	173,611	1,218,655
Restaurants and hotels	103,159	182,398	535,097	123,974	944,628
Transports and communications	361,973	284,214	529,109	308,127	1,483,423
Services	2,784,614	2,126,577	2,961,027	1,114,574	8,986,792
Consumer credit	530,783	768,725	585,462	491,785	2,376,755
Mortgage credit	7,617	169,664	16,003,810	177,619	16,358,710
Other domestic activities	9	10	3	7,709	7,731
Other international activities	210,085	169,038	393,494	7,728	780,345
	7,120,545	5,292,527	23,330,848	3,796,570	39,540,490

The analysis of loans and advances to customers, by type of credit and by maturity as at 31 December, 2015, is as follows:

	2015				
	Due within 1 year Euros '000	**1 year to 5 years Euros '000**	**Over 5 years Euros '000**	**Undetermined maturity Euros '000**	**Total Euros '000**
Public sector	1,064,563	-	-	-	1,064,563
Asset-backed loans	1,759,732	3,284,555	15,815,975	2,088,172	22,948,434
Personal guaranteed loans	1,164,497	1,311,340	4,577,634	408,508	7,461,979
Unsecured loans	1,341,911	-	-	1,098,112	2,440,023
Foreign loans	706,961	289,367	1,185,281	58,931	2,240,540
Factoring	1,062,903	-	-	16,344	1,079,247
Finance leases	19,978	407,265	1,751,958	126,503	2,305,704
	7,120,545	5,292,527	23,330,848	3,796,570	39,540,490

The analysis of loans and advances to customers, by maturity and by sector of activity as at 31 December, 2014 is as follows:

	2014				
	Due within 1 year Euros '000	**1 year to 5 years Euros '000**	**Over 5 years Euros '000**	**Undetermined maturity Euros '000**	**Total Euros '000**
Agriculture	136,042	64,498	104,735	20,804	326,079
Mining	30,826	7,936	5,523	8,747	53,032
Food, beverage and tobacco	194,654	66,968	61,612	16,799	340,033
Textiles	235,840	91,342	106,888	38,302	472,372
Wood and cork	56,511	31,935	20,778	34,491	143,715
Paper, printing and publishing	44,181	61,899	48,008	14,215	168,303
Chemicals	188,182	131,640	114,081	58,988	492,891
Machinery, equipment and basic metallurgical	226,617	156,427	160,587	57,568	601,199
Electricity, water and gas	135,264	198,463	589,770	15,194	938,691
Construction	1,132,155	466,535	704,207	932,163	3,235,060
Retail business	308,084	212,716	206,696	167,397	894,893
Wholesale business	519,547	302,887	202,181	180,351	1,204,966
Restaurants and hotels	148,531	176,849	560,669	265,770	1,151,819
Transports and communications	310,524	332,737	580,529	113,471	1,337,261
Services	3,803,680	2,142,431	2,647,628	1,210,039	9,803,778
Consumer credit	553,425	817,343	529,231	573,253	2,473,252
Mortgage credit	9,437	160,963	16,535,620	161,597	16,867,617
Other domestic activities	104	229	288	7,243	7,864
Other international activities	197,777	253,261	364,493	19,312	834,843
	8,231,381	5,677,059	23,543,524	3,895,704	41,347,668

The analysis of loans and advances to customers, by type of credit and by maturity as at 31 December, 2014, is as follows:

	2014				
	Due within 1 year Euros '000	**1 year to 5 years Euros '000**	**Over 5 years Euros '000**	**Undetermined maturity Euros '000**	**Total Euros '000**
Public sector	1,177,440	-	-	-	1,177,440
Asset-backed loans	272,273	3,519,762	16,523,576	1,922,798	22,238,409
Personal guaranteed loans	3,240,405	1,398,568	4,079,708	698,353	9,417,034
Unsecured loans	1,448,117	-	-	981,459	2,429,576
Foreign loans	1,007,050	347,366	1,152,705	91,433	2,598,554
Factoring	1,069,188	-	-	23,044	1,092,232
Finance leases	16,908	411,363	1,787,535	178,617	2,394,423
	8,231,381	5,677,059	23,543,524	3,895,704	41,347,668

As at 31 December 2015, the securitization operations are detailed as follows:

Caravela SME No. 3

The synthetic securitization "Caravela SME No.3" amounts to Euros 2,417,154,000.

Caravela SME No. 4

The synthetic securitization "Caravela SME No.4" amounts to Euros 1,060,382,000.

The balance Loans and advances to customers includes the following amounts related to finance leases contracts:

	2015 Euros '000	**2014 Euros '000**
Gross amount	2,532,397	2,613,060
Interest not yet due	(353,196)	(397,254)
Net book value	2,179,201	2,215,806

The analysis of the financial lease contracts by type of client, is presented as follows:

	2015 Euros '000	2014 Euros '000
Individuals		
Home	61,458	65,144
Consumer	19,122	20,996
Others	127,790	143,737
	208,370	229,877
Companies		
Equipment	261,355	247,231
Mortgage	1,709,476	1,738,698
	1,970,831	1,985,929
	2,179,201	2,215,806

Regarding operational leasing, the Bank does not present relevant contracts as leasor.

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:

	2015 Euros '000	2014 Euros '000
Agriculture	1,283	1,674
Mining	19	35
Food, beverage and tobacco	81	164
Textiles	222	194
Wood and cork	10,079	304
Paper, printing and publishing	94	10
Chemicals	245	101
Machinery, equipment and basic metallurgical	-	304
Construction	3,451	5,204
Retail business	924	1,014
Wholesale business	19,493	19,577
Restaurants and hotels	571	678
Transports and communications	481	354
Services	6,415	2,917
Consumer credit	40,562	24,577
Other domestic activities	26	9
Other international activities	126	135
	84,072	57,251

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 associated to these operations amounts to Euros 39,582,000 (31 December 2014: Euros 22,523,000).

The analysis of overdue loans, by sector of activity, is as follows:

	2015 Euros '000	2014 Euros '000
Agriculture	23,018	20,804
Mining	10,360	8,747
Food, beverage and tobacco	13,703	16,799
Textiles	32,305	38,302
Wood and cork	18,264	34,491
Paper, printing and publishing	10,030	14,215
Chemicals	69,011	58,988
Machinery, equipment and basic metallurgical	51,475	57,568
Electricity, water and gas	4,019	15,194
Construction	1,016,109	932,163
Retail business	143,149	167,397
Wholesale business	173,611	180,351
Restaurants and hotels	123,974	265,770
Transports and communications	308,127	113,471
Services	1,114,574	1,210,039
Consumer credit	491,785	573,253
Mortgage credit	177,619	161,597
Other domestic activities	7,709	7,243
Other international activities	7,728	19,312
	3,796,570	3,895,704

The analysis of overdue loans, by type of credit, is as follows:

	2015 Euros '000	2014 Euros '000
Asset-backed loans	2,088,172	1,922,798
Personal guaranteed loans	408,508	698,353
Unsecured loans	1,098,112	981,459
Foreign loans	58,931	91,433
Factoring	16,344	23,044
Finance leases	126,503	178,617
	3,796,570	3,895,704

The changes occurred in impairment for credit risk are analysed as follows:

	2015 Euros '000	2014 Euros '000
Impairment for overdue loans and for other credit risks:		
Balance on 1 January	4,583,265	4,211,907
Transfers	71,822	(157,170)
Impairment charge for the year	544,866	1,164,886
Write-back for the year	(12,321)	-
Loans charged-off	(754,352)	(636,358)
Balance on 31 December	4,433,280	4,583,265
Impairment for country risk:		
Balance on 1 January	3,472	3,210
Transfers	(1,693)	-
Impairment charge for the year	-	262
Write-back for the year	(360)	-
Balance on 31 December	1,419	3,472
	4,434,699	4,586,737

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 balance Impairment for overdue loans and for other credit risks includes, as at 31 December 2015, the amount of Euros 1,419,000 (31 December 2014: Euros 3,472,000) 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 impairment, by sector of activity, is as follows:

	2015 Euros '000	2014 Euros '000
Agriculture	23,894	23,706
Mining	12,002	9,562
Food, beverage and tobacco	14,862	19,175
Textiles	34,969	41,443
Wood and cork	30,739	40,047
Paper, printing and publishing	11,846	13,753
Chemicals	94,302	69,365
Machinery, equipment and basic metallurgical	51,156	57,733
Electricity, water and gas	46,231	37,433
Construction	1,003,523	900,812
Retail business	153,865	174,747
Wholesale business	181,531	196,144
Restaurants and hotels	198,748	300,753
Transports and communications	314,499	76,013
Services	918,413	1,127,334
Consumer credit	531,497	716,999
Mortgage credit	760,359	716,984
Other domestic activities	43,082	47,631
Other international activities	9,181	17,103
	4,434,699	4,586,737

The impairment for credit risk, by type of credit, is analysed as follows:

	2015 Euros '000	2014 Euros '000
Asset-backed loans	2,385,894	2,319,285
Personal guaranteed loans	436,428	747,371
Unsecured loans	1,297,490	1,134,208
Foreign loans	121,884	154,063
Factoring	15,886	21,314
Finance leases	177,117	210,496
	4,434,699	4,586,737

The analysis of loans charged-off, by sector of activity, is as follows:

	2015 Euros '000	2014 Euros '000
Agriculture	2,964	475
Mining	270	239
Food, beverage and tobacco	3,770	6,837
Textiles	10,325	12,299
Wood and cork	9,433	10,020
Paper, printing and publishing	5,692	23,426
Chemicals	3,723	46,738
Machinery, equipment and basic metallurgical	7,109	10,058
Electricity, water and gas	290	157
Construction	95,753	187,181
Retail business	29,946	46,579
Wholesale business	43,531	47,209
Restaurants and hotels	35,822	13,468
Transports and communications	10,291	8,251
Services	369,409	145,178
Consumer credit	112,259	77,320
Mortgage credit	114	6
Other domestic activities	10,467	755
Other international activities	3,184	162
	754,352	636,358

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 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:

	2015 **Euros '000**	**2014** **Euros '000**
Asset-backed loans	65,169	41,373
Personal guaranteed loans	21,053	31,764
Unsecured loans	647,396	500,062
Foreign loans	19,858	61,548
Finance leases	876	1,611
	754,352	636,358

The analysis of recovered loans and interest, during 2015 and 2014, by sector of activity, is as follows:

	2015 **Euros '000**	**2014** **Euros '000**
Agriculture	83	76
Mining	1	80
Food, beverage and tobacco	269	141
Textiles	486	248
Wood and cork	270	203
Paper, printing and publishing	8	197
Chemicals	315	243
Machinery, equipment and basic metallurgical	470	1,102
Electricity, water and gas	6	-
Construction	17,210	1,504
Retail business	423	689
Wholesale business	875	1,053
Restaurants and hotels	67	241
Transports and communications	110	238
Services	1,569	2,597
Consumer credit	3,328	3,648
Mortgage credit	8	-
Other domestic activities	168	189
	25,666	12,449

The analysis of recovered loans and interest during 2015 and 2014, by type of credit, is as follows:

	2015 **Euros '000**	**2014** **Euros '000**
Unsecured loans	25,555	12,277
Foreign loans	68	119
Finance leases	43	53
	25,666	12,449

22. Financial assets held for trading, Other financial assets held for trading at fair value through profit or loss and Financial assets available for sale

The balance Financial assets held for trading, Other financial assets held for trading at fair value through profit or loss and Financial assets available for sale is analysed as follows:

	2015 Euros '000	2014 Euros '000
Bonds and other fixed income securities		
Issued by public entities	3,294,591	2,405,462
Issued by other entities	1,553,649	1,297,071
	4,848,240	3,702,533
Overdue securities	4,075	4,077
Impairment for overdue securities	(4,075)	(4,077)
	4,848,240	3,702,533
Shares and other variable income securities	2,229,490	2,181,064
	7,077,730	5,883,597
Trading derivatives	846,752	968,560
	7,924,482	6,852,157

The balance Trading derivatives included, as at 31 December 2015, the valuation of the embedded derivatives separated from the host contracts in accordance with the accounting policy 1 c) in the amount of Euros 46,000 (31 December 2014: null amount Euros).

The portfolio of Financial assets held for trading, Other financial assets held for trading at fair value through profit or loss and Financial assets available for sale securities, net of impairment, as at 31 December 2015, is analysed as follows:

	2015			
	Trading Euros '000	Other financial assets at fair value through profit or loss Euros '000	Available for sale Euros '000	Total Euros '000
Fixed income:				
Bonds issued by public entities				
Portuguese issuers	27,573	152,018	2,193,395	2,372,986
Foreign issuers	38,280	-	2,495	40,775
Bonds issued by other entities				
Portuguese issuers	17,007	-	1,139,881	1,156,888
Foreign issuers	69,465	-	331,371	400,836
Treasury bills and other				
Government bonds	-	-	880,830	880,830
	152,325	152,018	4,547,972	4,852,315
Impairment for overdue securities	-	-	(4,075)	(4,075)
	152,325	152,018	4,543,897	4,848,240
Variable income:				
Shares in Portuguese companies	308	-	71,097	71,405
Shares in foreign companies	1	-	18,624	18,625
Investment fund units	14	-	2,139,188	2,139,202
Other securities	258	-	-	258
	581	-	2,228,909	2,229,490
Trading derivatives	846,752	-	-	846,752
	999,658	152,018	6,772,806	7,924,482
of which:				
Level 1	218,347	152,018	4,271,090	4,641,455
Level 2	609,055	-	184,727	793,782
Level 3	172,256	-	2,253,838	2,426,094
Financial assets at cost	-	-	63,151	63,151

The portfolio of Financial assets held for trading, Other financial assets held for trading at fair value through profit or loss and Financial assets available for sale securities, net of impairment, as at 31 December 2014, is analysed as follows:

	2014			
	Trading	**Other financial assets at fair value through profit or loss**	**Available for sale**	**Total**
	Euros '000	**Euros '000**	**Euros '000**	**Euros '000**
Fixed income:				
Bonds issued by public entities				
Portuguese issuers	193,972	-	1,316,544	1,510,516
Foreign issuers	73,379	-	6,621	80,000
Bonds issued by other entities				
Portuguese issuers	1,072	-	884,739	885,811
Foreign issuers	97,919	-	317,418	415,337
Treasury bills and other				
Government bonds	-	-	814,946	814,946
	366,342	-	3,340,268	3,706,610
Impairment for overdue securities	-	-	(4,077)	(4,077)
	366,342	-	3,336,191	3,702,533
Variable income:				
Shares in Portuguese companies	332	-	83,634	83,966
Shares in foreign companies	9	-	462	471
Investment fund units	20	-	2,095,584	2,095,604
Other securities	1,023	-	-	1,023
	1,384	-	2,179,680	2,181,064
Trading derivatives	968,560	-	-	968,560
	1,336,286	-	5,515,871	6,852,157
of which:				
Level 1	439,791	-	3,100,089	3,539,880
Level 2	896,495	-	208,710	1,105,205
Level 3	-	-	2,127,157	2,127,157
Financial assets at cost	-	-	79,915	79,915

As referred in IFRS 13, financial instruments are measured according to the levels of valuation described in note 45.

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 at 31 December 2015, the amount of fair value reserves of Euros 85,340,000 (31 December 2014: Euros 160,078,000) is presented net of impairment losses in the amount of Euros 452,898,000 (31 December 2014: Euros 379,443,000).

As referred in the accounting policy note 1 e) the Bank performed reclassifications of Financial instruments, during the first semester of 2010.

For instruments classified within level 3, according to note 7, during 2015 were recorded in Gains arising from financial assets available for sale the amount of Euros 5,834,000 (31 December 2014: Euros: 935,000). As at 31 December of 2015 were not recorded in Losses arising from financial assets available for sale any amount (31 December 2014: Euros: 1,000).

During 2015, in accordance with the accounting policy 1 e), the Bank reclassified Government bonds, from the portfolio of financial assets held to maturity to the portfolio of financial assets available for sale, in the amount of Euros 1,742,354,000, whose market value, at the date of the transfer, was Euros 2,024,570,000. The decision comes as part of the process of strengthening the Group's capital ratios, according to the strategy set by the Board of Directors to meet the challenges posed by the prudential determinations of the ECB and implied the reclassification on the date of decision, of all the securities portfolio of public debt recorded at the portfolio of securities held to maturity. Under the scope of IAS 39, considering its characteristics and the applicable framework (IAS 39 AG22 point e)), this situation did not imply the tainting of the remaining held to maturity portfolio. During 2015, and as mentioned in note 7, part of these securities were sold.

As mentioned in note 53, the balance Variable income - investment fund units includes the amount of Euros 1,352,163,000 (31 December 2014: Euros 1,267,071,000) related to participation units of funds specialized in recovery loans, acquired under the sale of loans and advances to customers (net of impairment). The amount of Euros 35,441,000 (31 December 2014: Euros 35,441,000) refers to junior tranches (bonds with a more subordinated nature), which are fully provided. The instruments are valued according to the quotations published by Funds Management Companies.

The portfolio of financial assets available for sale, as at 31 December 2015, is analysed as follows:

	2015					
	Amortised cost Euros '000	Impairment Euros '000	Amortised cost net of impairment Euros '000	Fair value reserves Euros '000	Fair value hedge adjustments Euros '000	Total Euros '000
Fixed income:						
Bonds issued by public entities						
Portuguese issuers	2,265,367	-	2,265,367	(90,546)	18,574	2,193,395
Foreign issuers	2,472	-	2,472	23	-	2,495
Bonds issued by other entities						
Portuguese issuers	1,178,788	(91,193)	1,087,595	48,211	-	1,135,806
Foreign issuers	318,990	(19,719)	299,271	31,879	221	331,371
Treasury bills and other						
Government bonds	881,107	-	881,107	(277)	-	880,830
	4,646,724	(110,912)	4,535,812	(10,710)	18,795	4,543,897
Variable income:						
Shares in Portuguese companies	151,974	(85,002)	66,972	4,125	-	71,097
Shares in foreign companies	272	(150)	122	18,502	-	18,624
Investment fund units	2,322,599	(256,834)	2,065,765	73,423	-	2,139,188
	2,474,845	(341,986)	2,132,859	96,050	-	2,228,909
	7,121,569	(452,898)	6,668,671	85,340	18,795	6,772,806

The portfolio of financial assets available for sale, as at 31 December 2014, is analysed as follows:

	2014					
	Amortised cost Euros '000	Impairment Euros '000	Amortised cost net of impairment Euros '000	Fair value reserves Euros '000	Fair value hedge adjustments Euros '000	Total Euros '000
Fixed income:						
Bonds issued by public entities						
Portuguese issuers	1,282,622	-	1,282,622	20,978	12,944	1,316,544
Foreign issuers	6,440	-	6,440	181	-	6,621
Bonds issued by other entities						
Portuguese issuers	892,563	(69,566)	822,997	57,132	533	880,662
Foreign issuers	295,705	-	295,705	21,448	265	317,418
Treasury bills and other						
Government bonds	815,107	-	815,107	(161)	-	814,946
	3,292,437	(69,566)	3,222,871	99,578	13,742	3,336,191
Variable income:						
Shares in Portuguese companies	162,310	(82,589)	79,721	3,913	-	83,634
Shares in foreign companies	243	(15)	228	234	-	462
Investment fund units	2,266,504	(227,273)	2,039,231	56,353	-	2,095,584
	2,429,057	(309,877)	2,119,180	60,500	-	2,179,680
	5,721,494	(379,443)	5,342,051	160,078	13,742	5,515,871

The portfolio of Financial assets held for trading, Other financial assets held for trading at fair value through profit or loss and Financial assets available for sale, net of impairment, as at 31 December 2015, by valuation levels, is analysed as follows:

	2015				
	Level 1 Euros '000	**Level 2 Euros '000**	**Level 3 Euros '000**	**Financial instruments at cost Euros '000**	**Total Euros '000**
Fixed income:					
Bonds issued by public entities					
Portuguese issuers	2,356,135	-	-	16,851	2,372,986
Foreign issuers	40,775	-	-	-	40,775
Bonds issued by other entities					
Portuguese issuers	976,997	103,949	71,866	4,076	1,156,888
Foreign issuers	291,191	80,551	29,094	-	400,836
Treasury bills and other					
Government bonds	880,830	-	-	-	880,830
	4,545,928	184,500	100,960	20,927	4,852,315
Impairment for overdue securities	-	-	-	(4,075)	(4,075)
	4,545,928	184,500	100,960	16,852	4,848,240
Variable income:					
Shares in Portuguese companies	24,204	1,147	13,548	32,506	71,405
Shares in foreign companies	-	322	18,277	26	18,625
Investment fund units	4,368	14	2,121,053	13,767	2,139,202
Other securities	258	-	-	-	258
	28,830	1,483	2,152,878	46,299	2,229,490
Trading derivatives	66,697	607,799	172,256	-	846,752
	4,641,455	793,782	2,426,094	63,151	7,924,482

The portfolio of Financial assets held for trading, Other financial assets held for trading at fair value through profit or loss and Financial assets available for sale, net of impairment, as at 31 December 2014, by valuation levels, is analysed as follows:

	2014				
	Level 1 Euros '000	**Level 2 Euros '000**	**Level 3 Euros '000**	**Financial instruments at cost Euros '000**	**Total Euros '000**
Fixed income:					
Bonds issued by public entities					
Portuguese issuers	1,510,516	-	-	-	1,510,516
Foreign issuers	80,000	-	-	-	80,000
Bonds issued by other entities					
Portuguese issuers	679,326	196,583	5,825	4,077	885,811
Foreign issuers	363,781	20,332	31,224	-	415,337
Treasury bills and other					
Government bonds	814,946	-	-	-	814,946
	3,448,569	216,915	37,049	4,077	3,706,610
Impairment for overdue securities	-	-	-	(4,077)	(4,077)
	3,448,569	216,915	37,049	-	3,702,533
Variable income:					
Shares in Portuguese companies	4,055	982	10,623	68,306	83,966
Shares in foreign companies	9	300	-	162	471
Investment fund units	4,672	-	2,079,485	11,447	2,095,604
Other securities	1,023	-	-	-	1,023
	9,759	1,282	2,090,108	79,915	2,181,064
Trading derivatives	81,552	887,008	-	-	968,560
	3,539,880	1,105,205	2,127,157	79,915	6,852,157

As referred in IFRS 13, financial instruments are measured according to the levels of valuation described in note 45.

During 2015, reclassifications were made from level 2 to level 1 in the amount of Euros 93,716,000 (31 December 2014: Euros 79,419,000) related to securities that became complied with the requirements of this level, as described in note 45.

The instruments classified as level 3 have associated unrealized gains and losses in the positive amount of Euros 92,092,000 (31 December 2014: positive amount of Euros 38,280,000) recorded in fair value reserves. The amount of impairment associated to these securities amounts to Euros 360,952,000 as at 31 December 2015 (31 December 2014: Euros 238,781,000) and were not generated capital gains or losses in the year. Were not made transfers to and from this level.

The assets included in level 3, in the amount of Euros 2,121,053,000 (31 December 2014: Euros 2,079,485,000) 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. It 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 212,105,000 (31 December 2014: Euros 207,949,000) in Equity (Fair value reserves).

In addition, the assets classified as level 3 also include the value of the investment held by the Banco Comercial Português, S.A. in Visa Europe Limited in the amount of Euros 18,276,000, as a result of their valuation for the current transaction Visa International, as referred in notes 40 and 44.

The reclassifications performed in prior years until 31 December 2015, are analysed as follows:

	At the reclassification date		**2015**		
	Book value Euros '000	**Fair value Euros '000**	**Book value Euros '000**	**Fair value Euros '000**	**Difference Euros '000**
From Financial assets held for trading to:					
Financial assets available for sale	196,800	196,800	18,879	18,879	-
Financial assets held to maturity	2,144,892	2,144,892	236,866	230,475	(6,391)
From Financial assets available for sale to:					
Loans represented by securities	2,592,280	2,592,280	4,375	4,375	-
Financial assets held to maturity	627,492	627,492	73,533	81,442	7,909
			333,653	335,171	1,518

The amounts accounted in the income statement and in fair value reserves, as at 31 December 2015 related to reclassified financial assets are analysed as follows:

	Income statement	**Changes**	
	Interests Euros '000	**Fair value reserves Euros '000**	**Equity Euros '000**
From Financial assets held for trading to:			
Financial assets available for sale	487	(1,558)	(1,071)
Financial assets held to maturity	9,140	-	9,140
From Financial assets available for sale to:			
Loans represented by securities	130	-	130
Financial assets held to maturity	3,508	252	3,760
	13,265	(1,306)	11,959

If the reclassifications described previously had not occurred, the additional amounts recognised in equity as at 31 December 2015, would be as follows:

	Income statement			
	Fair value changes Euros '000	**Retained earnings Euros '000**	**Fair value reserves Euros '000**	**Equity Euros '000**
From Financial assets held for trading to:				
Financial assets available for sale	(1,558)	1,613	(55)	-
Financial assets held to maturity	(53,746)	47,355	-	(6,391)
From Financial assets available for sale to:				
Financial assets held to maturity	-	-	7,909	7,909
	(55,304)	48,968	7,854	1,518

As at 31 December 2014, this reclassification is analysed as follows:

	At the reclassification date		2014		
	Book value Euros '000	Fair value Euros '000	Book value Euros '000	Fair value Euros '000	Difference Euros '000
From Financial assets held for trading to:					
Financial assets available for sale	196,800	196,800	18,213	18,213	-
Financial assets held to maturity	2,144,892	2,144,892	698,421	745,776	47,355
From Financial assets available for sale to:					
Loans represented by securities	2,592,280	2,592,280	4,375	4,375	-
Financial assets held to maturity	627,492	627,492	73,151	80,294	7,143
			794,160	848,658	54,498

The amounts accounted in the income statement and in fair value reserves, as at 31 December 2014 related to reclassified financial assets are analysed as follows:

	Income statement	Changes	
	Interests Euros '000	Fair value reserves Euros '000	Equity Euros '000
From Financial assets held for trading to:			
Financial assets available for sale	826	4,411	5,237
Financial assets held to maturity	30,443	-	30,443
From Financial assets available for sale to:			
Loans represented by securities	436	-	436
Financial assets held to maturity	10,418	(6,709)	3,709
	42,123	(2,298)	39,825

If the reclassifications described previously had not occurred, the additional amounts recognised in equity as at 31 December 2014, would be as follows:

	Income statement			
	Fair value changes Euros '000	Retained earnings Euros '000	Fair value reserves Euros '000	Equity Euros '000
From Financial assets held for trading to:				
Financial assets available for sale	4,411	(2,798)	(1,613)	-
Financial assets held to maturity	81,930	(34,575)	-	47,355
From Financial assets available for sale to:				
Financial assets held to maturity	-	-	7,143	7,143
	86,341	(37,373)	5,530	54,498

The changes occurred in impairment for financial assets available for sale are analysed as follows:

	2015 Euros '000	2014 Euros '000
Balance on 1 January	379,444	323,670
Transfers	5,640	52,201
Charges/(Reversals) through Fair value reserves	7,577	(8,158)
Charge for the year	96,517	137,013
Write-back for the year	-	(2,027)
Loans charged-off	(36,281)	(123,255)
Balance on 31 December	452,897	379,444

The Bank 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 judgment in which the Bank 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, Other financial assets held for trading at fair value through profit or loss and Financial assets available for sale by sector of activity, as at 31 December 2015 is as follows:

	2015					
	Up to 3 months Euros '000	**3 months to 1 year Euros '000**	**1 year to 5 years Euros '000**	**Over 5 years Euros '000**	**Undetermined Euros '000**	**Total Euros '000**
Fixed income:						
Bonds issued by public entities						
Portuguese issuers	2,329	1,757	502,588	1,866,312	-	2,372,986
Foreign issuers	43	-	38,378	2,354	-	40,775
Bonds issued by other entities						
Portuguese issuers	11,085	1,468	639,512	500,748	4,075	1,156,888
Foreign issuers	1,790	3,594	126,460	268,992	-	400,836
Treasury bills and other						
Government bonds	356,573	524,257	-	-	-	880,830
	371,820	531,076	1,306,938	2,638,406	4,075	4,852,315
Impairment for overdue securities	-	-	-	-	(4,075)	(4,075)
	371,820	531,076	1,306,938	2,638,406	-	4,848,240
Variable income:						
Companies' shares						
Portuguese companies					71,405	71,405
Foreign companies					18,625	18,625
Investment fund units					2,139,202	2,139,202
Other securities					258	258
					2,229,490	2,229,490
	371,820	531,076	1,306,938	2,638,406	2,229,490	7,077,730

The analysis of Financial assets held for trading, Other financial assets held for trading at fair value through profit or loss and Financial assets available for sale by sector of activity, as at 31 December 2014 is as follows:

	2014					
	Up to 3 months Euros '000	**3 months to 1 year Euros '000**	**1 year to 5 years Euros '000**	**Over 5 years Euros '000**	**Undetermined Euros '000**	**Total Euros '000**
Fixed income:						
Bonds issued by public entities						
Portuguese issuers	21	82,644	896,155	531,696	-	1,510,516
Foreign issuers	10	5,131	74,489	370	-	80,000
Bonds issued by other entities						
Portuguese issuers	7,176	86,719	511,910	275,929	4,077	885,811
Foreign issuers	1,366	20,812	70,654	322,505	-	415,337
Treasury bills and other						
Government bonds	36,123	778,823	-	-	-	814,946
	44,696	974,129	1,553,208	1,130,500	4,077	3,706,610
Impairment for overdue securities	-	-	-	-	(4,077)	(4,077)
	44,696	974,129	1,553,208	1,130,500	-	3,702,533
Variable income:						
Companies' shares						
Portuguese companies					83,966	83,966
Foreign companies					471	471
Investment fund units					2,095,604	2,095,604
Other securities					1,023	1,023
					2,181,064	2,181,064
	44,696	974,129	1,553,208	1,130,500	2,181,064	5,883,597

The analysis of Financial assets held for trading, Other financial assets held for trading at fair value through profit or loss and Financial assets available for sale by sector of activity as at 31 December 2015 is as follows:

	2015				
	Bonds Euros '000	Shares Euros '000	Other Financial Assets Euros '000	Overdue Securities Euros '000	Gross Total Euros '000
Textiles	-	-	-	361	361
Wood and cork	-	-	-	998	998
Paper, printing and publishing	13,240	11	-	-	13,251
Chemicals	25,000	-	-	-	25,000
Machinery, equipment and basic metallurgical	-	4	-	-	4
Construction	-	941	-	2,540	3,481
Wholesale business	-	852	-	176	1,028
Restaurants and hotels	-	14,293	-	-	14,293
Transport and communications	480,875	28,901	-	-	509,776
Services	1,034,534	45,028	2,139,202	-	3,218,764
Other international activities	-	-	258	-	258
	1,553,649	90,030	2,139,460	4,075	3,787,214
Government and Public securities	2,413,761	-	880,830	-	3,294,591
Impairment for overdue securities	-	-	-	(4,075)	(4,075)
	3,967,410	90,030	3,020,290	-	7,077,730

The analysis of Financial assets held for trading, Other financial assets held for trading at fair value through profit or loss and Financial assets available for sale by sector of activity as at 31 December 2014 is as follows:

	2014				
	Bonds Euros '000	Shares Euros '000	Other Financial Assets Euros '000	Overdue Securities Euros '000	Gross Total Euros '000
Textiles	-	-	-	361	361
Wood and cork	-	501	-	998	1,499
Paper, printing and publishing	13,040	11	-	-	13,051
Machinery, equipment and basic metallurgical	-	4	-	-	4
Electricity, water and gas	-	8	-	-	8
Construction	-	952	-	2,540	3,492
Wholesale business	-	983	-	176	1,159
Restaurants and hotels	-	69	-	-	69
Transport and communications	365,060	41,366	-	-	406,426
Services	918,971	40,543	2,095,604	2	3,055,120
Other domestic activities	-	-	1,023	-	1,023
	1,297,071	84,437	2,096,627	4,077	3,482,212
Government and Public securities	1,590,516	-	814,946	-	2,405,462
Impairment for overdue securities	-	-	-	(4,077)	(4,077)
	2,887,587	84,437	2,911,573	-	5,883,597

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 trading derivatives by maturity as at 31 December 2015, is as follows:

	2015					
	Notional (remaining term)				Fair value	
	Up to 3 months Euros '000	3 months to 1 year Euros '000	Over 1 year Euros '000	Total Euros '000	Assets Euros '000	Liabilities Euros '000
Interest rate derivatives:						
OTC Market:						
Interest rate swaps	966,802	1,326,731	10,547,812	12,841,345	513,663	479,483
Interest rate options (purchase)	825	20,309	146,688	167,822	1,373	-
Interest rate options (sale)	1	219,709	146,688	366,398	-	596
Other interest rate contracts	-	26,250	53,212	79,462	44,040	45,817
	967,628	1,592,999	10,894,400	13,455,027	559,076	525,896
Stock Exchange transactions:						
Interest rate futures	31,022	55,112	-	86,134	-	-
Currency derivatives:						
OTC Market:						
Forward exchange contract	56,792	39,100	199	96,091	917	1,285
Currency swaps	1,777,642	561,144	-	2,338,786	14,687	19,561
Currency options (purchase)	13,680	22,828	-	36,508	804	-
Currency options (sale)	11,344	24,586	-	35,930	-	841
	1,859,458	647,658	199	2,507,315	16,408	21,687
Shares/debt instruments derivatives:						
OTC Market:						
Shares/indexes swaps	360,291	1,794,535	1,544,975	3,699,801	3,625	15,666
Shares/indexes options (sale)	-	-	1	1	-	4,500
Other shares/indexes options (purchase)	-	-	-	-	12,194	-
	360,291	1,794,535	1,544,976	3,699,802	15,819	20,166
Stock exchange transactions:						
Shares futures	420,661	-	-	420,661	-	-
Shares/indexes options (purchase)	-	82,289	-	82,289	66,697	-
Shares/indexes options (sale)	-	82,300	-	82,300	-	62,211
	420,661	164,589	-	585,250	66,697	62,211
Commodity derivatives:						
Stock exchange transactions:						
Commodities futures	86,888	-	-	86,888	-	-
Credit derivatives:						
OTC Market:						
Credit Default Swaps	242,800	921,150	1,635,250	2,799,200	188,706	14,971
Other credit derivatives (sale)	-	-	11,164	11,164	-	-
	242,800	921,150	1,646,414	2,810,364	188,706	14,971
Total financial instruments traded in:						
OTC Market	3,430,177	4,956,342	14,085,989	22,472,508	780,009	582,720
Stock exchange	538,571	219,701	-	758,272	66,697	62,211
Embedded derivatives					46	-
	3,968,748	5,176,043	14,085,989	23,230,780	846,752	644,931

The analysis of trading derivatives by maturity as at 31 December 2014, is as follows:

	2014					
	Notional (remaining term)				Fair value	
	Up to 3 months Euros '000	3 months to 1 year Euros '000	Over 1 year Euros '000	Total Euros '000	Assets Euros '000	Liabilities Euros '000
Interest rate derivatives:						
OTC Market:						
Interest rate swaps	337,888	1,005,129	11,712,245	13,055,262	645,283	624,379
Interest rate options (purchase)	-	130,200	216,782	346,982	429	-
Interest rate options (sale)	-	130,200	215,936	346,136	-	1,752
Other interest rate contracts	4,777	20,453	105,027	130,257	48,170	48,170
	342,665	1,285,982	12,249,990	13,878,637	693,882	674,301
Stock Exchange transactions:						
Interest rate Futures	16,473	15,649	-	32,122	-	-
Currency derivatives:						
OTC Market:						
Forward exchange contract	64,959	32,712	402	98,073	2,394	2,748
Currency swaps	2,006,412	544,439	-	2,550,851	42,582	11,641
Currency options (purchase)	6,264	1,429	-	7,693	27	-
Currency options (sale)	4,846	1,429	-	6,275	-	17
	2,082,481	580,009	402	2,662,892	45,003	14,406
Shares/debt instruments derivatives:						
OTC Market:						
Shares/indexes swaps	123,731	680,084	1,133,972	1,937,787	4,347	11,673
Shares/indexes options (sale)	2,696	-	-	2,696	-	-
Other shares/indexes contracts	-	-	-	-	8,316	-
	126,427	680,084	1,133,972	1,940,483	12,663	11,673
Stock exchange transactions:						
Shares futures	323,450	-	-	323,450	-	-
Shares/indexes options (purchase)	-	8,000	88,387	96,387	81,552	-
Shares/indexes options (sale)	-	8,000	88,400	96,400	-	81,568
	323,450	16,000	176,787	516,237	81,552	81,568
Commodity derivatives:						
Stock exchange transactions:						
Commodities futures	30,312	-	-	30,312	-	-
Credit derivatives:						
OTC Market:						
Credit Default Swaps	10,000	-	2,803,640	2,813,640	135,460	24,478
Other credit derivatives (sale)	-	-	13,216	13,216	-	-
	10,000	-	2,816,856	2,826,856	135,460	24,478
Total financial instruments traded in:						
OTC Market	2,561,573	2,546,075	16,201,220	21,308,868	887,008	724,858
Stock exchange	370,235	31,649	176,787	578,671	81,552	81,568
Embedded derivatives					-	54
	2,931,808	2,577,724	16,378,007	21,887,539	968,560	806,480

23. Hedging derivatives

This balance is analysed as follows:

	2015		2014	
	Assets Euros '000	Liabilities Euros '000	Assets Euros '000	Liabilities Euros '000
Hedging instruments				
Swaps	39,094	40,923	53,157	28,547
Others	170	-	-	-
	39,264	40,923	53,157	28,547

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 applies 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 forecast transactions.

For the hedging relationships which comply with the hedging requirements of IAS 39, the Bank adopts the hedge accounting method mainly interest rate derivatives. The fair value hedge model is adopted for debt securities and deposits and loans granted with fixed rate. The cash flows hedge model is adopted to cover dynamic changes in cash flows from loans granted.

The relationships that follow the fair value hedge model recorded ineffectiveness for the year of a negative amount of Euros 2,484,000 (31 December 2014: positive amount of Euros 7,795,000) and the hedging relationships that follow the cash flows model recorded no ineffectiveness.

During 2015, reclassifications were made from fair value reserves to results, related to cash flow hedge relationships, in a positive amount of Euros 912,000. In 2014, no reclassifications were made from fair value reserves to results, related to cash flow hedge relationships.

The accumulated adjustment on financial risks covered performed on the assets and liabilities which includes hedged items is analysed as follows:

Hedged item	2015 Euros '000	2014 Euros '000
Loans	4,772	1,632
Deposits	(32,530)	(34,277)
Debt issued	(68,026)	(95,854)
	(95,784)	(128,499)

The analysis of hedging derivatives portfolio by maturity as at 31 December 2015 is as follows:

	2015					
	Notional (remaining term)				Fair value	
	Up to 3 months Euros '000	3 months to 1 year Euros '000	Over 1 year Euros '000	Total Euros '000	Assets Euros '000	Liabilities Euros '000
Fair value hedging derivatives related to interest rate risk changes:						
OTC Market:						
Interest rate swaps	4,040	139,291	2,891,016	3,034,347	32,171	40,923
Others	150,000	-	-	150,000	170	-
	154,040	139,291	2,891,016	3,184,347	32,341	40,923
Cash flow hedging derivatives related to interest rate risk changes:						
OTC Market:						
Interest rate swaps	-	-	5,700,000	5,700,000	6,923	-
	154,040	139,291	8,591,016	8,884,347	39,264	40,923

The analysis of hedging derivatives portfolio by maturity as at 31 December 2014 is as follows:

	2014					
	Notional (remaining term)				Fair value	
	Up to 3 months Euros '000	3 months to 1 year Euros '000	Over 1 year Euros '000	Total Euros '000	Assets Euros '000	Liabilities Euros '000
Fair value hedging derivatives related to interest rate risk changes:						
OTC Market:						
Interest rate swaps	59,596	720,901	1,362,693	2,143,190	50,305	28,547
Cash flow hedge derivatives with interest rate risk:						
OTC Market:						
Interest rate Swaps	-	-	2,000,000	2,000,000	2,852	-
	59,596	720,901	3,362,693	4,143,190	53,157	28,547

24. Financial assets held to maturity

The balance Financial assets held to maturity is analysed as follows:

	2015 Euros '000	2014 Euros '000
Bonds and other fixed income securities		
Issued by Government and public entities	50,597	1,917,366
Issued by other entities	376,766	393,815
	427,363	2,311,181

As at 31 December 2015, the balance Financial assets held to maturity also includes the amount of Euros 236,866,000 (31 December 2014: Euros 698,421,000) related to non derivatives financial assets (bonds) reclassified in previous years 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 22.

As at 31 December 2015, the balance Financial assets held to maturity also includes the amount of Euros 73,533,000 (31 December 2014: Euros 73,151,000) related to non derivatives financial assets (bonds) reclassified in previous years 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 22.

During 2015, the Group reclassified Government bonds, from the portfolio of financial assets held to maturity for the portfolio of financial assets available for sale, in the amount of Euros 1,742,354,000, whose market value, at the date of transfer, was Euros 2,024,570,000. The decision comes as part of the process of strengthening the Group's capital ratios, according to the strategy set by the Board of Directors to meet the new challenges posed by the prudential determinations of the ECB and implied the reclassification on the date of decision, of all the securities portfolio of public debt recorded in the portfolio of securities held to maturity. Under the scope of IAS 39, considering its characteristics and the applicable framework (IAS 39 AG22 e)), this situation did not imply the tainting of the remaining held to maturity portfolio. During 2015, and as mentioned in note 7, part of these securities were sold.

As at 31 December 2015, the Financial assets held to maturity portfolio is analysed as follows:

Description	Country	Maturity date	Interest rate	Nominal value Euros '000	Book value Euros '000	Fair value Euros '000
Issued by Government and public entities:						
Btps 4.5 Pct 08/01.08.2018 Eur	Italy	August, 2018	4.500%	50,000	50,597	56,591
					50,597	56,591
Issued by other entities:						
Cp Comboios Pt 09/16.10.2019	Portugal	October, 2019	4.170%	75,000	74,190	82,100
Edia Sa 07/30.01.2027	Portugal	January, 2027	0.053%	40,000	38,968	31,773
Stcp 00/05.06.2022- 100Mios Call Semest. After 10Cpn-Min.10Mios	Portugal	June, 2022	-0.044%	100,000	98,468	90,835
Ayt Cedulas 07/21.03.2017	Spain	March, 2017	4.000%	50,000	51,337	53,780
Mbs Magellan M Series 1 Class A	Ireland	December, 2036	0.412%	69,655	69,669	68,539
Mbs Magellan M Series 1 Class B	Ireland	December, 2036	1.032%	26,300	26,313	25,794
Mbs Magellan M Series 1 Class C	Ireland	December, 2036	2.472%	17,800	17,821	14,187
					376,766	367,008
					427,363	423,599

As at 31 December 2014, the Financial assets held to maturity portfolio is analysed as follows:

Description	Country	Maturity date	Interest rate	Nominal value Euros '000	Book value Euros '000	Fair value Euros '000
Issued by Government and public entities:						
OT 3.5 Pct 10/25.03.2015	Portugal	March, 2015	3.500%	82,366	83,115	83,324
OT 3.85% 05/15.04.2021	Portugal	April, 2021	3.850%	135,000	142,109	153,460
OT 4.45 Pct 08/15.06.2018	Portugal	June, 2018	4.450%	1,436,762	1,427,953	1,628,905
OT 4.75 Pct 09/14.06.2019	Portugal	June, 2019	4.750%	10,000	10,057	11,657
OT 4.8 Pct 10/15.06.2020	Portugal	June, 2020	4.800%	150,000	150,799	177,799
OT 4.95 Pct 08/25.10.2023	Portugal	October, 2023	4.950%	50,000	52,866	59,636
Btps 4.5 Pct 08/01.08.2018 Eur	Italy	August, 2018	4.500%	50,000	50,467	57,520
					1,917,366	2,172,301
Issued by other entities:						
Cp Comboios Pt 09/16.10.2019	Portugal	October, 2019	4.170%	75,000	73,810	80,953
Edia Sa 07/30.01.2027	Portugal	January, 2027	0.311%	40,000	38,920	31,338
Stcp 00/05.06.2022- 100Mios Call Semest. a Partir 10Cpn-Min.10Mios	Portugal	June, 2022	0.183%	100,000	98,250	87,365
Ayt Cedulas 07/21.03.2017	Spain	March, 2017	4.000%	50,000	51,156	55,235
Mbs Magellan M Series 1 Class A	Ireland	December, 2036	0.622%	87,516	87,541	85,812
Mbs Magellan M Series 1 Class B	Ireland	December, 2036	1.242%	26,300	26,315	23,019
Mbs Magellan M Series 1 Class C	Ireland	December, 2036	2.682%	17,800	17,823	11,729
					393,815	375,451
					2,311,181	2,547,752

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 2015 is as follows:

	2015				
	Up to 3 months Euros '000	**3 months to 1 year Euros '000**	**1 year to 5 years Euros '000**	**Over 5 years Euros '000**	**Total Euros '000**
Fixed income:					
Bonds issued by public entities					
Foreign issuers	-	-	50,597	-	50,597
Bonds issued by other entities					
Portuguese issuers	-	-	74,191	137,436	211,627
Foreign issuers	-	-	51,337	113,802	165,139
	-	-	176,125	251,238	427,363

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 2014 is as follows:

	2014				
	Up to 3 months Euros '000	**3 months to 1 year Euros '000**	**1 year to 5 years Euros '000**	**Over 5 years Euros '000**	**Total Euros '000**
Fixed income:					
Bonds issued by public entities					
Portuguese issuers	83,115	-	1,438,011	345,773	1,866,899
Foreign issuers	-	-	50,467	-	50,467
Bonds issued by other entities					
Portuguese issuers	-	-	73,810	137,170	210,980
Foreign issuers	-	-	51,156	131,679	182,835
	83,115	-	1,613,444	614,622	2,311,181

The analysis of the 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:

	2015 Euros '000	**2014 Euros '000**
Transports and communications	172,658	172,060
Services	204,108	221,755
	376,766	393,815
Government and Public securities	50,597	1,917,366
	427,363	2,311,181

As part of the management process of the liquidity risk, the Bank holds a pool of eligible assets that can be used as collateral in funding operations with the European Central Bank and other Central Banks in countries were the Bank operates, in which are included fixed income securities.

25. Investments in subsidiaries and associated companies

This balance is analysed as follows:

	2015 Euros '000	**2014 Euros '000**
Portuguese credit institutions	277,348	277,348
Foreign credit institutions	673,397	878,877
Other Portuguese companies	1,377,190	1,312,451
Other foreign companies	5,291,981	5,384,495
	7,619,916	7,853,171
Impairment for investments in:		
Subsidiary companies	(3,919,248)	(3,801,475)
Associated and other companies	(3,585)	(3,585)
	(3,922,833)	(3,805,060)
	3,697,083	4,048,111

The balance Investments in subsidiaries and associated companies is analysed as follows:

	2015 Euros '000	2014 Euros '000
ACT - C - Indústria de Cortiças, S.A.	3,585	3,585
Banco de Investimento Imobiliário, S.A.	260,235	260,235
Bank Millennium S.A.	650,642	857,310
Banque BCP, S.A.S.	22,754	21,567
BCP África, S.G.P.S., Lda.	683,032	683,032
BCP Capital - Sociedade de Capital de Risco, S.A.	30,773	30,773
BCP International B.V.	1,188,247	1,102,768
BCP Investment, B.V.	2,253,669	2,432,146
BitalPart, B.V.	1,817,671	1,817,671
Caracas Financial Services, Limited	27	27
FLITPREL III, S.A.	-	25
Interfundos Gestão de Fundos de Investimento Imobiliários, S.A.	1,500	1,500
Millennium bcp - Escritório de representações e Serviços, S/C Lda.	17,830	17,347
Millennium bcp Gestão de Activos - Sociedade Gestora de Fundos de Investimento, S.A.	-	16,023
Millennium bcp Imobiliária, S.A.	341,088	341,088
Millennium bcp Participações, S.G.P.S., Sociedade Unipessoal, Lda.	302,324	221,535
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
Quinta do Furão - Sociedade de Animação Turística e Agrícola de Santana, Lda.	1,030	1,030
S&P Reinsurance Limited	14,536	14,536
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
	7,619,916	7,853,171
Impairment for investments in subsidiary and associated companies		
ACT - C - Indústria de Cortiças, S.A.	(3,585)	(3,585)
BCP África, S.G.P.S., Lda.	(80,791)	(13,953)
BCP Capital - Sociedade de Capital de Risco, S.A.	(19,264)	(20,318)
BCP Investment, B.V.	(1,414,292)	(1,363,676)
BitalPart, B.V.	(1,809,662)	(1,809,638)
Caracas Financial Services, Limited	(27)	(18)
Millennium bcp - Escritório de representações e Serviços, S/C Lda.	(17,830)	(17,347)
Millennium bcp Gestão de Activos - Sociedade Gestora de Fundos de Investimento, S.A.	-	(273)
Millennium bcp Imobiliária, S.A.	(341,088)	(341,088)
Millennium bcp Participações, S.G.P.S., Sociedade Unipessoal, Lda.	(221,930)	(221,535)
Millennium bcp Teleserviços - Serviços de Comércio Electrónico, S.A.	(781)	(725)
Nanium, S.A.	(1,421)	(905)
Propaço - Sociedade Imobiliária De Paço D'Arcos, Lda.	(3)	-
Quinta do Furão - Sociedade de Animação Turística e Agrícola de Santana, Lda.	(90)	-
S&P Reinsurance Limited	(12,069)	(11,999)
	(3,922,833)	(3,805,060)
	3,697,083	4,048,111

During 2015, the Bank sold 15.41% of share capital of Bank Millennium, S.A. (Poland), sold the investment held in Millennium bcp Gestão de Activos - Sociedade Gestora de Fundos de Investimento, S.A. and it was liquidated the investment in FLITPREL III, S.A.

During the first semester of 2014, the Bank sold the investment held in Banco Millennium Angola, S.A. to BCP África, S.G.P.S., Lda.

The movements for Impairment for investments in subsidiary and associated companies are analysed as follows:

	2015 Euros '000	2014 Euros '000
Impairment for investments in subsidiary and associated companies:		
Balance on 1 January	3,805,060	3,454,042
Impairment charge for the year	119,099	444,823
Write-back for the year	(1,054)	(93,805)
Loans charged-off	(273)	-
Exchange rate differences	1	-
Balance on 31 December	3,922,833	3,805,060

The Bank's subsidiaries and associated companies are presented in note 54.

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 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 2016 to 2020 and (ii) the following assumptions depending on the nature of the companies activities and correspondent geography:

	2015			2014		
	Discount rate Explicit period	Discount rate Perpetuity	Growth rate Perpetuity	Discount rate Explicit period	Discount rate Perpetuity	Growth rate Perpetuity
Portugal	8,750% to 10,750%	9,280% to 11,280%	-4,500% to 2,800%	9.000% to 11.000%	10.850%	-3.100% to 2.600%
Poland	9.000%	9.000%	2.500%	8.875%	9.850%	0.000%
Angola	17.500%	17.500%	n.a.	17.000%	17.000%	0.000%
Mozambique	19.000%	19.000%	9.200%	17.000%	17.000%	0.000%
Suisse	9.500%	9.905%	0.000%	9.625%	11.475%	0.000%

Based on the analysis made, the Bank recognised in 2015, impairment for a group of companies, as follows:

	Balance on 1 January Euros '000	Impairment charge Euros '000	Write-back Euros '000	Loans charged-off Euros '000	Exchange rate differences Euros '000	Balance on 31 December Euros '000
ACT - C - Indústria de Cortiças, S.A.	3,585	-	-	-	-	3,585
BCP África, S.G.P.S., Lda.	13,953	66,838	-	-	-	80,791
BCP Capital - Sociedade de Capital de Risco, S.A.	20,318	-	(1,054)	-	-	19,264
BCP Investment B.V.	1,363,676	50,616	-	-	-	1,414,292
BitalPart, B.V.	1,809,638	24	-	-	-	1,809,662
Caracas Financial Services, Limited	18	8	-	-	1	27
Millennium bcp - Escritório de representações e Serviços, S/C Lda.	17,347	483	-	-	-	17,830
Millennium bcp Gestão de Activos - Sociedade Gestora de Fundos de Investimento, S.A.	273	-	-	(273)	-	-
Millennium bcp Imobiliária, S.A.	341,088	-	-	-	-	341,088
Millennium bcp Participações, S.G.P.S., Sociedade Unipessoal, Lda.	221,535	395	-	-	-	221,930
Millennium bcp Teleserviços - Serviços de Comércio Electrónico, S.A.	725	56	-	-	-	781
Nanium, S.A.	905	516	-	-	-	1,421
Propaço - Sociedade Imobiliária De Paço D'Arcos, Lda.	-	3	-	-	-	3
Quinta do Furão - Sociedade de Animação Turística e Agrícola de Santana, Lda.	-	90	-	-	-	90
S&P Reinsurance Limited	11,999	70	-	-	-	12,069
	3,805,060	119,099	(1,054)	(273)	1	3,922,833

26. Non-current assets held for sale

This balance is analysed as follows:

	2015 Euros '000	2014 Euros '000
Real estate and other assets arising from recovered loans	1,549,353	1,400,152
Subsidiaries acquired exclusively with the purpose of short-term sale	26,883	26,883
	1,576,236	1,427,035
Impairment	(319,794)	(317,096)
	1,256,442	1,109,939

The assets included in this balance are accounted for in accordance with the accounting policy note 1 k).

The balance Real estate 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 where advertises these properties and through partnerships with the mediation of companies having more ability for the product that every time the Bank has for sale. 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 28,975,000 (31 December 2014: Euros 12,392,000).

The balance Subsidiaries acquired exclusively with the view of short-term sale corresponds to three real estate companies acquired by the Bank within the restructuring of a loan exposure that the Bank 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.

The changes occurred in impairment for non-current assets held for sale are analysed as follows:

	2015 Euros '000	2014 Euros '000
Balance on 1 January	317,096	348,550
Transfers	6,000	24,348
Impairment for the year	66,555	36,616
Loans charged-off	(69,857)	(92,418)
Balance on 31 December	319,794	317,096

27. Property and equipment

This balance is analysed as follows:

	2015 Euros '000	2014 Euros '000
Land and buildings	548,985	567,192
Equipment		
Furniture	69,713	68,968
Machinery	15,767	15,467
Computer equipment	162,987	159,575
Interior installations	95,858	96,033
Motor vehicles	7,047	4,726
Security equipment	65,536	66,367
Other equipment	3,000	3,060
Work in progress	7,613	3,136
Other tangible assets	33	33
	976,539	984,557
Accumulated depreciation		
Charge for the year	(18,004)	(18,972)
Accumulated charge for the previous years	(748,850)	(752,712)
	(766,854)	(771,684)
	209,685	212,873

The changes occurred in Property and equipment balance, during 2015, are analysed as follows:

	Balance on 1 January Euros '000	Acquisitions / Charge Euros '000	Disposals / Charged-off Euros '000	Transfers Euros '000	Exchange differences Euros '000	Balance on 31 December Euros '000
Cost:						
Land and buildings	567,192	400	(12,637)	(6,027)	57	548,985
Equipment:						
Furniture	68,968	2,196	(1,461)	-	10	69,713
Machinery	15,467	332	(81)	44	5	15,767
Computer equipment	159,575	6,227	(2,825)	-	10	162,987
Interior installations	96,033	471	(853)	205	2	95,858
Motor vehicles	4,726	2,938	(628)	-	11	7,047
Security equipment	66,367	255	(1,120)	32	2	65,536
Other equipment	3,060	-	(60)	-	-	3,000
Work in progress	3,136	10,074	(149)	(5,448)	-	7,613
Other tangible assets	33	-	-	-	-	33
	984,557	22,893	(19,814)	(11,194)	97	976,539
Accumulated depreciation:						
Land and buildings	376,350	10,392	(11,756)	(4,370)	11	370,627
Equipment:						
Furniture	66,375	904	(1,452)	-	4	65,831
Machinery	15,034	138	(81)	-	2	15,093
Computer equipment	154,775	3,257	(2,769)	-	6	155,269
Interior installations	92,088	772	(805)	(21)	-	92,034
Motor vehicles	2,378	1,462	(435)	-	6	3,411
Security equipment	61,627	1,058	(1,116)	-	-	61,569
Other equipment	3,024	21	(58)	-	-	2,987
Other tangible assets	33	-	-	-	-	33
	771,684	18,004	(18,472)	(4,391)	29	766,854

28. Intangible assets

This balance is analysed as follows:

	2015 Euros '000	2014 Euros '000
Software	28,383	23,412
Other intangible assets	189	180
	28,572	23,592
Accumulated depreciation		
Charge for the year	(5,860)	(6,059)
Accumulated charge for the previous years	(10,047)	(7,645)
	(15,907)	(13,704)
	12,665	9,888

The changes occurred in Intangible assets balance, during 2015, are analysed as follows:

	Balance on 1 January Euros '000	Acquisitions / Charge Euros '000	Disposals / Charged-off Euros '000	Transfers Euros '000	Exchange differences Euros '000	Balance on 31 December Euros '000
Cost:						
Software	23,412	8,618	(3,666)	-	19	28,383
Other intangible assets	180	-	(1)	-	10	189
	23,592	8,618	(3,667)	-	29	28,572
Accumulated depreciation:						
Software	13,653	5,829	(3,666)	-	4	15,820
Other intangible assets	51	31	-	-	5	87
	13,704	5,860	(3,666)	-	9	15,907

29. Income tax

Deferred income tax assets and liabilities generated by tax losses and by temporary differences are analysed as follows:

	2015			2014		
	Assets Euros '000	Liabilities Euros '000	Net Euros '000	Assets Euros '000	Liabilities Euros '000	Net Euros '000
Deferred taxes not depending on the future profits (a)						
Impairment losses	874,302	-	874,302	808,456	-	808,456
Employee benefits (b)	765,021	-	765,021	683,461	-	683,461
	1,639,323	-	1,639,323	1,491,917	-	1,491,917
Deferred taxes depending on the future profits						
Other tangible assets	-	3,200	(3,200)	-	3,270	(3,270)
Impairment losses	880,009	-	880,009	842,719	-	842,719
Financial assets available for sale	-	21,166	(21,166)	-	44,743	(44,743)
Tax losses carried forward	311,355	-	311,355	423,557	-	423,557
Others	149,455	44,453	105,002	150,943	43,209	107,734
	1,340,819	68,819	1,272,000	1,417,219	91,222	1,325,997
Total deferred taxes	2,980,142	68,819	2,911,323	2,909,136	91,222	2,817,914
Offset between deferred tax assets and deferred tax liabilities	(68,819)	(68,819)	-	(91,222)	(91,222)	-
Net deferred taxes	2,911,323	-	2,911,323	2,817,914	-	2,817,914

(a) Deferred tax related to expenses and negative equity variations covered by the special arrangements for deferred tax assets (Law No. 61/2014 of 26 August). Includes the amount of Euros 91,399,000 (2014: Euros 0) associated to costs and changes in equity not deducted pursuant to the application of the special regime applicable to deferred tax assets.

(b) The balance as at 31 December 2015 includes the amount of Euros 104,413,000 related to deferred tax asset associated with post-employment benefits or long-term employees in excess over the limits.

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.

Following the Law 61/2014, about the special regime applicable to deferred tax assets ('Regime'), the Bank decided at the General Meeting of 15 October, 2014 to access this regime.

The special regime applies to deferred tax assets resulting from the non deduction of expenses and negative asset variations with losses due to credit impairment and former employees benefits or long term employee benefits accounted in the tax periods starting on or after 1 January 2015, as well as to deferred tax assets recorded in the company's annual report relating to the last tax period prior to that date and to the portion of expenses and negative asset variations related.

These deferred tax assets are converted into tax credits when the institution that holds the deferred tax assets :

i) registers net losses in its individual annual accounts;
ii) enters in a liquidation process by voluntary dissolution, insolvency ordered by court decision or, when applicable, its authorization for the exercise of the activity is revoked by the competent authorities.

According to the Regime, where it was recorded a net loss for the year, the amount of deferred tax assets to be converted into tax credit is the amount corresponding to the ratio of net loss for the period and the total equity. The tax credit can be used to offset tax liabilities, including those relating to state income taxes and the assets constituting his charge and the fact giving not take place later than the date of such conversion.

The amount of tax credit that is not offset with tax debts is repaid to the taxpayer. In cases where the conversion into tax credit operate the effect of registration of a net loss for the period, the taxpayer will be a special reserve, which implies the simultaneous formation of conversion rights attached to the State.

The deferred tax rate is analysed as follows:

Description	2015 %	2014 %
Income tax (a)	21.0%	21.0%
Municipal surtax rate	1.5%	1.5%
State tax rate	7.0%	7.0%
Total (b)	29.5%	29.5%

(a) - Applicable to deferred taxes related to tax losses;
(b) - Applicable to deferred taxes related to temporary differences.

In 2014, the reduction in the income tax rate led to a deferred tax expense in the amount of Euros 167,363,000.

The caption Employee benefits includes the amount of Euros 343,549,000 (31 December 2014: Euros 408,808,000) 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, 10 and 46. The referred caption also includes the amount of Euros 37,805,000 (31 December 2014: Euros 40,506,000) 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 Bank).

The expire date of the recognised tax losses carried forward is presented as follows:

Expire date	2015 Euros '000	2014 Euros '000
2017	29,739	137,206
2018	108,634	110,693
2019 and following years	172,982	175,658
	311,355	423,557

In accordance with the accounting policy and with the requirements of IAS 12, the deferred tax assets were recognized based on the Banks's expectation of their recoverability. The assessment of the recoverability of deferred tax assets was performed for each entity included in the consolidation perimeter based on the respective business plans approved by the Board of Directors for the period 2016-2018.

The estimated financial statements of the Bank prepared under the budget procedure for 2016 and that supports the future taxable income, took into account the macroeconomic and competitive environment while incorporate the Banks's strategic priorities.

The expectation of future taxable income in Portugal is supported primarily on the positive developments:

i) net interest income, reflecting the positive impact of the reimbursement of CoCos and sustained decline in the cost of deposits from customers;
ii) the reduction in operating costs, reflecting the favorable effect of decreases in numbers of employees and branches;
iii) loans impairment charges.

The amount of unrecognised deferred taxes is as follows:

	2015 Euros '000	2014 Euros '000
Tax losses carried forward	435,145	397,385

The impact of income taxes in Net (loss) / income and other captions of Bank's equity is analysed as follows:

	2015		2014	
	Net (loss) / income Euros '000	Reserves and retained earnings Euros '000	Net (loss) / income Euros '000	Reserves and retained earnings Euros '000
Deferred taxes				
Deferred taxes not depending on the future profits (a)				
Impairment losses	65,846	-	78,855	-
Employee benefits	15,599	65,961	(55,002)	(44,913)
	81,445	65,961	23,853	(44,913)
Deferred taxes depending on the future profits				
Other tangible assets	70	-	304	-
Impairment losses	37,290	-	106,123	-
Financial assets available for sale	-	23,577	-	(16,346)
Tax losses carried forward	(132,245)	20,043	112,564	94,292
Others	(2,732)	-	33,679	-
	(97,617)	43,620	252,670	77,946
	(16,172)	109,581	276,523	33,033
Current taxes				
Actual year	(5,261)	-	(5,153)	-
Previous years corrections	(506)	-	(488)	-
	(5,767)	-	(5,641)	-
	(21,939)	109,581	270,882	33,033

(a) - Deferred tax related to expenses and negative equity variations covered by the special arrangements for deferred tax assets (Law No. 61/2014 of 26 August).

The reconciliation of the effective tax rate is analysed as follows:

	2015 Euros '000	2014 Euros '000
Net income / (loss) before income taxes	247,996	(955,306)
Current tax rate	29.5%	31.5%
Expected tax	(73,159)	300,921
Accruals for the purpose of calculating the taxable income (a)	(61,833)	(157,684)
Deductions for the purpose of calculating the taxable income (b)	72,585	195,232
Fiscal incentives not recognised in profit/loss accounts	40	748
Effect of tax rate differences and deferred tax not recognised previously (c)	40,722	(65,156)
Previous years corrections	1,399	(495)
(Autonomous tax) / Tax credits	(1,693)	(2,684)
	(21,939)	270,882
Effective rate	8.8%	28.4%

References:

(a) - Refers, essentially, to the tax associated with the additions of provision losses not deductible for tax purposes and the contribution over the banking sector;

(b) - This is mainly associated with the tax deductions of net income associated to received dividends, for the purpose of elimination of double taxation, and capital gains on the sale of investments;

(c) - Corresponds, essentially, to the recognition of deferred tax assets associated to post-employment benefits or long-term employee in excess of the limits.

30. Other assets

This balance is analysed as follows:

	2015 Euros '000	2014 Euros '000
Debtors	118,244	99,243
Supplementary capital contributions	224,832	128,935
Other financial investments	15,832	23,278
Amounts due for collection	34,280	26,037
Recoverable tax	19,426	18,833
Recoverable government subsidies on interest on mortgage loans	8,164	6,412
Associated companies	183,842	189,949
Interest and other amounts receivable	33,331	31,005
Prepayments and deferred costs	29,421	32,000
Amounts receivable on trading activity	177,439	33,897
Amounts due from customers	221,968	240,283
Supplementary capital contributions	212,128	512,684
Sundry assets	203,640	120,515
	1,482,547	1,463,071
Impairment for other assets	(370,910)	(265,845)
	1,111,637	1,197,226

As referred in note 53, the balance Supplementary capital contributions includes the amount of Euros 207,611,000 (31 December 2014: Euros 109,918,000) and the balance Sundry assets includes the amount of Euros 2,939,000 (31 December 2014: Euros 2,939,000), related to the junior securities arising from the sale of loans and advances to costumers to specialized recovery funds which are fully provided.

As at 31 December 2015, the balance Associated companies includes the amount of Euros 182,000,000 (31 December 2014: Euros 182,000,000) related to receivable dividends from subsidiary companies.

The caption Sundry assets includes in 31 December, 2015, the amount of Euros 21,898,000 regarding liabilities associated with post-employment benefits, as described in note 46.

The caption Supplementary capital contributions is analysed as follows:

	2015 Euros '000	2014 Euros '000
Millennium bcp Imobiliária, S.A.	54,195	51,295
Millennium bcp Participações, S.G.P.S., Sociedade Unipessoal, Lda.	134,225	438,761
Millennium bcp - Prestação de Serviços, A.C.E.	18,000	18,000
Others	5,708	4,628
	212,128	512,684

The changes occurred in impairment for other assets are analysed as follows:

	2015 Euros '000	2014 Euros '000
Balance on 1 January	265,845	181,066
Transfers	93,626	(24,446)
Impairment for the year	14,331	111,454
Write back for the year	(33)	-
Amounts charged-off	(2,859)	(2,229)
Balance on 31 December	370,910	265,845

31. Deposits from credit institutions

This balance is analysed as follows:

	2015			2014		
	Non interest bearing Euros '000	Interest bearing Euros '000	Total Euros '000	Non interest bearing Euros '000	Interest bearing Euros '000	Total Euros '000
Deposits from Central Banks						
Bank of Portugal	-	4,184,912	4,184,912	-	6,056,724	6,056,724
Central Banks abroad	-	353,279	353,279	-	-	-
Deposits from credit institutions in Portugal	532,899	494,393	1,027,292	421,824	197,009	618,833
Deposits from credit institutions abroad	271,322	2,443,199	2,714,521	210,990	3,834,540	4,045,530
	804,221	7,475,783	8,280,004	632,814	10,088,273	10,721,087

This balance is analysed by remaining period, as follows:

	2015 Euros '000	2014 Euros '000
Up to 3 months	5,693,002	8,131,549
3 to 6 months	180,206	429,332
6 to 12 months	186,786	106,028
1 to 5 years	1,581,002	1,608,661
Over 5 years	639,008	445,517
	8,280,004	10,721,087

Following the signed agreements of derivative financial transactions with institutional counterparties and according to the signed agreements, the Bank has, as at 31 December 2015, the amount of Euros 56,520,000 (31 December 2014: 108,190,000) regarding deposits from other credit institutions received as collateral of the mentioned transactions.

32. Deposits from customers

This balance is analysed as follows:

	2015			2014		
	Non interest bearing Euros '000	Interest bearing Euros '000	Total Euros '000	Non interest bearing Euros '000	Interest bearing Euros '000	Total Euros '000
Deposits from customers:						
Repayable on demand	13,387,148	137,036	13,524,184	9,148,696	922,495	10,071,191
Term deposits	-	15,295,861	15,295,861	-	21,542,646	21,542,646
Saving accounts	-	2,323,222	2,323,222	-	1,247,036	1,247,036
Deposits at fair value through profit and loss	-	3,617,491	3,617,491	-	1,918,419	1,918,419
Treasury bills and other assets sold under repurchase agreement	-	89,966	89,966	-	-	-
Other	203,423	96,607	300,030	184,525	92,081	276,606
	13,590,571	21,560,183	35,150,754	9,333,221	25,722,677	35,055,898

In the terms of 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 internal inputs. In accordance with the hierarchy of the valuation sources, as referred in IFRS 13, these instruments are classified in level 3. These financial liabilities are revalued against income statement, as referred in the accounting policy presented in note 1 c). As at 31 December 2015, a loss in the amount of Euros 1,302,000 was recognised (31 December 2014: loss of Euros 4,642,000) related to the fair value changes resulting from variations in the credit risk of the Bank, as referred in note 6.

As at 31 December 2015, the nominal amount of the caption Deposits from customers - Deposits at fair value through profit and loss amounts to Euros 3,605,424,000 (31 December 2014: Euros 1,902,445,000).

This balance is analysed by remaining period, as follows:

	2015 Euros '000	2014 Euros '000
Deposits from customers repayable on demand	13,524,184	10,071,191
Term deposits and saving accounts from customers:		
Up to 3 months	7,057,424	10,870,042
3 to 6 months	4,355,350	4,707,689
6 to 12 months	4,934,764	5,132,284
1 to 5 years	1,116,539	1,862,342
Over 5 years	155,006	217,325
	17,619,083	22,789,682
Deposits at fair value through profit and loss:		
Up to 3 months	326,421	166,473
3 to 6 months	529,869	142,850
6 to 12 months	1,252,055	624,166
1 to 5 years	1,509,146	984,930
	3,617,491	1,918,419
Treasury bills and other assets sold under repurchase agreement		
Up to 3 months	89,966	-
Other:		
Up to 3 months	183,530	186,606
Over 5 years	116,500	90,000
	300,030	276,606
	35,150,754	35,055,898

33. Debt securities issued

This balance is analysed as follows:

	2015 Euros '000	2014 Euros '000
Debt securities at amortised cost		
Bonds	1,426,317	1,484,626
Covered bonds	1,331,294	1,344,712
MTNs	464,032	1,114,275
	3,221,643	3,943,613
Accruals	42,620	52,132
	3,264,263	3,995,745
Debt securities at fair value through profit and loss		
Bonds	43,607	36,560
MTNs	160,150	159,960
	203,757	196,520
Accruals	3,996	3,395
	207,753	199,915
Certificates	507,845	392,528
	3,979,861	4,588,188

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 2015, a loss in the amount of Euros 6,342,000 was recognised (31 December 2014: gain of Euros 644,000) related to the fair value changes resulting from variations in the credit risk of the Bank, as referred in note 6.

The characteristics of the Bonds issued by the Bank, as at 31 December, 2015 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. I. S. Mar 06/16	March, 2006	March, 2016	Indexed to DJ EuroStoxx 50 index	1,100	1,082
BCP Cov Bonds Jun 07/17	June, 2007	June, 2017	Fixed rate of 4.750%	930,800	950,126
BCP Cov Bonds Oct 09/16	October, 2009	October, 2016	Fixed rate of 3.750%	376,550	381,168
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	2,505
BCP Ob Mil Rend M 1 Ser-Val M Nr5	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%	10,400	10,589
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%	58,541	59,759
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%	125	128
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%	31,252	31,932
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%	580	592
BCP Rend Sup M 2 S - Val Mob Sr13	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%	2,758	2,817
BCP Iln Permal Macro Hold Class D	June, 2011	June, 2021	Indexed to Permal Macro Holding Lda	240	240
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%	5,404	5,520
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%	662	676
BCP Sfe Rendim Super M 3 Sr 15	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	133
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%	310	318
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%	1,021	1,046

(continuation)

Issue	Issue date	Maturity date	Interest rate	Nominal value Euros '000	Book value Euros '000
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%	2,614	2,678
BCP Fix Jul 2016-Val Mob Sr 38	August, 2011	July, 2016	Fixed rate of 6.180%	1,750	1,750
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	1,317
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	2,624
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	2,368
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	878
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	2,598
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	7,434
BCP Fix Oct 2019-Vm Sr.44	November, 2011	October, 2019	Fixed rate of 6.875%	5,400	5,410
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	82,508
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	134,851
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	42,835
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	38,602
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	34,330
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	17,039
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	43,221
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	25,703
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	43,154
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	4,460
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	38,178
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	40,372
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	32,394
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	9,228
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	48,516
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	20,463
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	86,044
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	35,125
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	7,504
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	12,975
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	45,525
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	12,871
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	119,478

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Issue	Issue date	Maturity date	Interest rate	Nominal value Euros '000	Book value Euros '000
Bcp Float Dec 2016-Vm Sr.93-Ref.26	December, 2011	December, 2016	Euribor 3M + 0.500%	19,500	18,189
Bcp Float Dec 2017-Vm Sr.101 Ref.34	December, 2011	December, 2017	Euribor 3M + 0.500%	65,900	57,066
Bcp Float Mar 2018-Vm Sr.103 Ref.36	December, 2011	March, 2018	Euribor 3M + 0.500%	49,300	41,963
Bcp Fixa Oct 2019-Vm Sr.61	December, 2011	October, 2019	Fixed rate of 6.875%	9,500	9,479
Bcp Fixa Oct 19-Vm Sr 110	January, 2012	October, 2019	Fixed rate of 6.875%	4,000	3,971
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	7,912
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	1,676
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	8,373
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	3,429
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	25,065
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	17,093
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	4,843
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	1,464
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%	8,225	7,588
Bcp Fixa Oct 19-Vm Sr. 177	April, 2012	October, 2019	Fixed rate of 6.875%	2,000	1,945
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%	12,800	11,793
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	2,729
Bcp Fixa Oct 19-Vm Sr 193	April, 2012	October, 2019	Fixed rate of 6.875%	4,900	4,768
Bcp FRNs 5.625 Per Cent Feb 16-Emtn 843	June, 2012	February, 2016	Fixed rate of 5.625%	10,450	10,420
Bcp 4.75 Por Cento Sep -Vm Sr 279	September, 2012	September, 2020	Fixed rate of 4.750%	27,100	28,019
Mill Rend.Trim Dec 20-Vm Sr. 290	December, 2012	December, 2020	Fixed rate of 4.500%	47,182	47,182
Bcp 3.375 14/27.02.2017 Emtn 852	February, 2014	February, 2017	Fixed rate of 3.375%	448,069	451,107
Bcp Cln Brisa Fev 2023 - Epvm Sr 23	February, 2015	February, 2023	Fixed rate 2.650% - underlying asset Brisa 022023	2,000	1,994
Bcp 4.03 Maio 2021 Epvm Sr 33	August, 2015	May, 2021	Until 27 Sep 2015: Fixed rate 6.961%; after 27 Sep 2015: Fixed rate 4.030%	2,500	2,511
					3,221,643
Accruals					42,620
					3,264,263
Debt securities at fair value through profit and loss					
BCP Cln Portugal - Emtn 726	June, 2010	June, 2018	Fixed rate of 4.720% underlying asset OT - 2018/06	59,100	63,305
BCP Eur Cln Port 2Emis Jun 10/18	November, 2010	June, 2018	Fixed rate of 4.450% underlying asset OT - 2018/06	11,550	12,599
BCP Eur Cln Portugal 10/15.06.20	November, 2010	June, 2020	Fixed rate of 4.800% underlying asset OT - 2020/06	30,000	33,815
BCP Iln Seleç Merc Emerg 10 Feb 16	February, 2011	February, 2016	Indexed to MSCI Emerging Market Fund	1,005	1,142
BCP Iln Estr Global Viii/11 Eur	August, 2011	August, 2016	Fixed rate of 1.600% per year	2,260	2,601
Bcp Eur Cln Portugal 3Rd-Emtn 840	May, 2012	June, 2018	Fixed rate of 4.450% underlying asset OT - 2018/06	32,700	42,448
Part. Multisetorial Europ.-Emtn 850	June, 2013	June, 2018	Indexed to DB SALSA Sectors EUR	4,150	4,240
Inv.Zona Euro I 22012017 Epvm Sr 4	January, 2014	January, 2017	Indexed to DJ EuroStoxx 50 index	1,150	1,202
Part Acoes Zona Euro Iii - Epvm Sr 6	March, 2014	March, 2016	Indexed to DJ EuroStoxx 50 index	1,680	1,785

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Issue	Issue date	Maturity date	Interest rate	Nominal value Euros '000	Book value Euros '000
Inv Merc. Acion Zona Euro - Epvm Sr 11	June, 2014	June, 2016	Indexed to a portfolio of 2 indexes	3,960	4,081
Cab Blue Chips Z Euro Aut Epvm Sr 15	November, 2014	November, 2016	Indexed to DJ EuroStoxx 50 index	5,730	5,829
Inv Commodities Autc Epvm Sr 16	November, 2014	November, 2017	Indexed to S&P GSCI ER index	1,340	581
Bcp Reem Parc Eur Ind Xii 14 Epvm Sr 18	December, 2014	December, 2017	1st quarter=2.250%; 2nd quarter=5.400%; 2nd semester=9.000%; 2nd year=4.500%;	220	192
Bcp Rend Eur Amer Autoc I 15 Eur-Epvm 19	January, 2015	January, 2017	Indexed to a portfolio of 2 indexes	2,470	2,461
Bcp Rend Eur Amer Autoc I 15 Usd-Epvm 21	January, 2015	January, 2017	Indexed to a portfolio of 2 indexes	937	936
Bcp Reemb Parciais Eur Ind I-Epvm 20	February, 2015	January, 2018	Until 15 Apr 2015: Fixed rate 3.164%; after 15 Apr 2015 until 15 Jul 2015: Fixed rate 5.400%; after 15 Jul 2015 until 15 Jan 2016: Fixed rate 9.000%; after 15 Jan 2016 until 15 Jan 2017: Fixed rate 4.500%; after 15 Jan 2017 until 15 Jan 2018: Fixed rate 4.500%	1,790	1,493
Bcp Reemb Parciais Indic Europ Ii-Epvm 22	February, 2015	February, 2017	Until 4 May 2015: Fixed rate 1.776%; after 4 May 2015 until 4 Aug 2015: Fixed rate 3.600%; after 4 Aug 2015 until 4 Feb 2016: Fixed rate 6.000%; after 4 Feb 2016 until 6 Feb 2017: Fixed rate 2.983%	334	309
Inv Cabaz Baixa Volatilidade Iv-Epvm 27	April, 2015	April, 2016	Indexed to S&P Europe 350 Low Volatility	662	646
Bcp Reemb Parc Multi Setores Iv-Epvm 25	April, 2015	April, 2017	Until 16 jul 2015: Fixed rate 2.000%; after 16 Jul 2015 until 16 Oct 2015: Fixed rate 4.800%; after 16 Oct 2015 until 16 Apr 2016: Fixed rate 8.000%; after 16 Apr 2016 until 16 Apr 2017: Fixed rate 4.000%	314	293
Bcp Retor Ec Zona Eur Autoc Iv-Epvm 26	April, 2015	April, 2017	Indexed to DJ EuroStoxx 50	3,050	2,923
Bcp Inv Cabaz Baixa Volatil V-Epvm 28	May, 2015	May, 2017	Indexed to S&P Europe 350 Low Volatility	1,580	1,473
Bcp Indic Setor Cupao Fixo Vi-Epvm 29	June, 2015	June, 2018	1st year Fixed rate 9.000%; 2nd year and followings indexed to a portfolio of 3 indexes	2,810	2,347
Bcp Rend Indic Setor Autoc Vii-Epvm 30	July, 2015	July, 2017	Indexed to a portfolio of 3 indexes	2,180	1,948
Bcp Inv Eur Divid Autoccal. Vii-Epvm 31	July, 2015	July, 2018	Indexed to EuroStoxx Select Dividend 30	1,100	990
Bcp Rend Acoes Zon Eur Autc-Epvm 32	August, 2015	August, 2018	Indexed to EuroStoxx 50 index	1,880	1,632
Bcp Reemb Parc Indic Setor Xi-Epvm 34	November, 2015	November, 2017	Until 12 Feb 2016: Fixed rate 1.500%; after 12 Feb 2016 until 12 May 2016: Fixed rate 3.600%; after 12 May 2016 until 12 Nov 2016: Fixed rate 6.000%; after 12 Nov 2016 until 12 Nov 2017: Fixed rate 3.000%	3,360	3,265
Bcp Rend Ind Glob Autoc Xi-Epvm 36	November, 2015	November, 2017	Indexed to a portfolio of 3 indexes	1,610	1,360
Bcp Invest Bancos Zona Eur Xi-Epvm 37	November, 2015	November, 2019	Indexed to indice EuroStoxx Banks	1,000	798
Bcp Invest Eur Glob Autoc Xi-Epvm 35	November, 2015	November, 2017	Indexed to Stoxx Europe 600 index	3,200	3,092
Bcp Reemb Par Ind Setor Xii-Epvm 39	December, 2015	December, 2017	Until 11 Mar 2016: Fixed rate 1.624%; after 11 Mar 2016 until 11 Jun 2016: Fixed rate 3.900%; after 11 Jun 2016 until 11 Dec 2016: Fixed rate 6.500%; after 11 Dec 2016 until 11 Dec 2017: Fixed rate 3.250%	1,258	1,260
Bcp Rend Zon Eur Autoc Xii - Epvm 38	December, 2015	December, 2018	Indexed to EuroStoxx 50	3,060	2,711
					203,757
Accruals					3,996
					207,753

This balance, as at 31 December 2015, is analysed by the remaining period, as follows:

	2015					
	Up to 3 months Euros '000	3 months to 6 months Euros '000	6 months to 1 year Euros '000	1 year to 5 years Euros '000	Over 5 years Euros '000	Total Euros '000
Debt securities at amortised cost						
Bonds	128,472	401,702	179,911	711,487	4,745	1,426,317
Covered bonds	-	-	381,168	950,126	-	1,331,294
MTNs	12,925	-	-	451,107	-	464,032
	141,397	401,702	561,079	2,112,720	4,745	3,221,643
Debt securities at fair value through profit and loss						
Bonds	1,785	4,727	5,829	31,266	-	43,607
MTNs	1,142	-	2,601	156,407	-	160,150
	2,927	4,727	8,430	187,673	-	203,757
Certificates	-	-	-	-	507,845	507,845
	144,324	406,429	569,509	2,300,393	512,590	3,933,245

This balance, as at 31 December 2014, is analysed by the remaining period, as follows:

	2014					
	Up to 3 months Euros '000	3 months to 6 months Euros '000	6 months to 1 year Euros '000	1 year to 5 years Euros '000	Over 5 years Euros '000	Total Euros '000
Debt securities at amortised cost						
Bonds	30,286	1,567	79,352	1,296,610	76,811	1,484,626
Covered bonds	-	-	-	1,344,712	-	1,344,712
MTNs	40,374	261,093	211,197	601,611	-	1,114,275
	70,660	262,660	290,549	3,242,933	76,811	3,943,613
Debt securities at fair value through profit and loss						
Bonds	1,954	1,777	5,228	27,601	-	36,560
MTNs	3,417	2,579	-	120,977	32,987	159,960
	5,371	4,356	5,228	148,578	32,987	196,520
Certificates	-	-	-	-	392,528	392,528
	76,031	267,016	295,777	3,391,511	502,326	4,532,661

34. Financial liabilities held for trading

The balance is analysed as follows:

	2015 Euros '000	2014 Euros '000
Swaps	575,498	720,342
Options	68,148	83,336
Embedded derivatives	-	54
Forwards	1,285	2,748
	644,931	806,480
Level 1	62,211	81,568
Level 2	566,212	716,410
Level 3	16,508	8,502

As referred in IFRS 13, financial instruments are measured according to the levels of valuation described in note 45.

The balance Financial liabilities held for trading includes, as at 31 December 2014, 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 54,000. This note should be analysed together with note 22.

35. Provisions

This balance is analysed as follows:

	2015 Euros '000	2014 Euros '000
General provision for loan losses	333,073	463,141
Provision for country risk	3,069	2,290
Other provisions for liabilities and charges	95,982	79,325
	432,124	544,756

Changes in General provision for loan losses are analysed as follows:

	2015 Euros '000	2014 Euros '000
General provision for loans		
Balance on 1 January	253,609	282,794
Transfers	-	(27,187)
Charge for the year	37,451	-
Write-back for the year	(3,855)	(3,272)
Exchange rate differences	1,150	1,274
Balance on 31 December	288,355	253,609
General provision for signature credits		
Balance on 1 January	209,532	47,739
Transfers	(159,012)	-
Charge for the year	-	161,779
Write-back for the year	(5,815)	-
Exchange rate differences	13	14
Balance on 31 December	44,718	209,532
	333,073	463,141

The General provision for loan losses 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).

The balance General provision for signature credits - Transfers, corresponds mainly to transfers for impairment for credit risks.

Changes in Provision for country risk are analysed as follows:

	2015 Euros '000	2014 Euros '000
Balance on 1 January	2,290	537
Charge for the year	779	1,753
Balance on 31 December	3,069	2,290

Changes in Other provisions for liabilities and charges are analysed as follows:

	2015 Euros '000	2014 Euros '000
Balance on 1 January	79,325	40,337
Transfers	(12,623)	(1,134)
Charge for the year	29,322	42,935
Write-back for the year	-	(17)
Loans charged-off	(42)	(2,796)
Balance on 31 December	95,982	79,325

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.

36. Subordinated debt

This balance is analysed as follows:

	2015 Euros '000	2014 Euros '000
Bonds		
Non Perpetual Bonds	668,440	1,030,732
Perpetual Bonds	87,672	196,503
CoCos	759,813	762,767
	1,515,925	1,990,002
Accruals	14,265	29,362
	1,530,190	2,019,364

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. with an initial amount of Euros 3,000,000,000 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 Bank repaid in May 2014 the amount of Euros 400,000,000 of core tier I capital instruments (CoCos) issued by the Portuguese State, and in August 2014 repaid Euros 1,850,000,000 of common equity tier I capital instruments (CoCos), after having received the authorization from the Bank of Portugal, based on the regulator's analysis of the evolution of the Bank's capital ratios and as announced during the recent capital increase.

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 mentioned in note 44, it was made in June 2015 a public exchange offer of securities for shares which aimed to reinforce the Bank's share capital. This operation was led through contributions in kind, as part of new entries consisting of the subordinated securities issued by the Bank in the amount of Euros 370,632,000 and that involved the extinction of these emissions.

As at 31 December 2015, 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					
Emp. sub. BCP Finance Bank	December, 2006	December, 2016	See reference (i)	71,259	71,260
Mbcp Ob Cx Sub 1 Serie 2008-2018	September, 2008	September, 2018	See reference (ii)	73,785	73,785
Mbcp Ob Cx Sub 2 Serie 2008-2018	October, 2008	October, 2018	See reference (ii)	20,741	20,741
Bcp Ob Sub Jun 2020 - Emtn 727	June, 2010	June, 2020	See reference (iii)	16,294	16,294
Bcp Ob Sub Aug 2020 - Emtn 739	August, 2010	August, 2020	See reference (iv)	9,409	9,409
Bcp Ob Sub Mar 2021 - Emtn 804	March, 2011	March, 2021	Euribor 3M + 3.750%	114,000	114,000
Bcp Ob Sub Apr 2021 - Emtn 809	April, 2011	April, 2021	Euribor 3M + 3.750%	64,100	64,100
Bcp Ob Sub 3S Apr 2021 - Emtn 812	April, 2011	April, 2021	Euribor 3M + 3.750%	35,000	35,000
Bcp Sub 11/25.08.2019 - Emtn 823	August, 2011	August, 2019	Fixed rate of 6.383%	7,500	8,122
Bcp Subord Sep 2019 - Emtn 826	October, 2011	September, 2019	Fixed rate of 9.310%	50,000	52,176
Bcp Subord Nov 2019 - Emtn 830	November, 2011	November, 2019	Fixed rate of 8.519%	40,000	40,887
Bcp Subord Dec 2019 - Emtn 833	December, 2011	December, 2019	Fixed rate of 7.150%	26,600	26,527
Mill Bcp Subord Jan 2020 - Emtn 834	January, 2012	January, 2020	Fixed rate of 7.010%	14,000	13,488
Mbcp Subord Feb 2020 - Vm Sr. 173	April, 2012	February, 2020	Fixed rate of 9.000%	23,000	22,654
Bcp Subord Apr 2020 - Vm Sr 187	April, 2012	April, 2020	Fixed rate of 9.150%	51,000	50,311
Bcp Subord 2 Serie Apr 2020 - Vm 194	April, 2012	April, 2020	Fixed rate of 9.000%	25,000	24,545
Bcp Subordinadas Jul 20-Emtn 844	July, 2012	July, 2020	Fixed rate of 9.000%	26,250	25,141
					668,440
Perpetual Bonds					
TOPS BPSM 1997	December, 1997	-	Euribor 6M + 0.900%	23,025	23,025
BCP Leasing 2001	December, 2001	-	Euribor 3M + 2.250%	5,436	5,436
Obrigações Caixa Perpétuas					
Subord 2002/19Jun2012	June, 2002	-	See reference (v)	93	93
BCP - Euro 500 millions	June, 2004	-	See reference (vi)	43,968	43,501
Subord.debt BCP Finance Company	October, 2005	-	See reference (vii)	15,942	15,617
					87,672
CoCos					
Bcp Coco Bonds 12/29.06.2017	June, 2012	June, 2017	See reference (viii)	750,000	759,813
Accruals					14,265
					1,530,190

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) - Until 40th coupon 6.131%; After 40th coupon Euribor 3M + 2.400%;
(vi) - Until June 2014 fixed rate of 5.543%; After June 2014 Euribor 6M + 2.070%;
(vii) - Until October 2015 fixed rate of 4.239%; After October 2015 Euribor 3M + 1.950%;
(viii) - 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:

	2015 Euros '000	2014 Euros '000
Up to 1 year	71,260	-
1 to 5 years	1,143,893	1,306,090
Over 5 years	213,100	487,409
Undetermined	87,672	196,503
	1,515,925	1,990,002
Accruals	14,265	29,362
	1,530,190	2,019,364

37. Other liabilities

This balance is analysed as follows:

	2015 Euros '000	2014 Euros '000
Creditors:		
Suppliers	22,335	25,371
From factoring operations	12,117	6,132
Other creditors	172,679	216,477
Public sector	37,905	45,712
Other amounts payable	18,284	14,101
Deferred income	5,799	5,514
Holiday pay and subsidies	41,581	44,375
Amounts payable on trading activity	40,621	5,994
Other liabilities	310,435	399,295
	661,756	762,971

The balance Creditors - Other creditors includes the amount of Euros 45,368,000 (31 December 2014: Euros 46,904,000) related to the seniority premium, as described in note 44.

Additionally, this balance includes the amount of Euros 19,858,000 (31 December 2014: Euros 23,656,000) related to the actual value of benefits attributed associated with mortgage loans to employees, retirees and former employees. This balance also included, in 31 December 2014, the amount of Euros 35,164,000 regarding the restructuring provision, related to the resizing program agreed with the European Commission. This provision was used during 2015, under the restructuring process.

The balance Creditors - Other creditors also includes the amount of Euros 4,245,000 (31 December 2014: Euros 3,153,000), 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 46. These obligations are not covered by the Pension Fund and therefore, correspond to amounts payable by the Bank.

The caption Other liabilities included as at 31 December 2014, the amount of Euros 38,699,000 regarding liabilities associated with post-employment benefits, as described in note 46.

38. Share capital and other equity instruments

The Bank's share capital amounts to Euros 4,094,235,361.88 and is represented by 59,039,023,275 ordinary, book-entry and nominates shares, without nominal value, which is fully paid.

Following the authorization given in the Annual General Meeting of Shareholders of 11 May 2015, the Bank carried out an increase in its share capital from Euros 3,706,690,253.08 to Euros 4,094,235,361.88, by the issuance of 4,844,313,860 new ordinary, book-entry shares without nominal value, as a result of the partial and voluntary public tender offer for the acquisition of securities (preferred shares, perpetual securities and subordinated bonds) for exchange of new shares issued at the issue price of Euros 0.0834 per share(of which Euros 0.08 corresponds to the unitary issue value and Euros 0.0034 to share premium) and listing of the new ordinary shares on Euronext Lisbon.

The issue price or value of the Public Exchange Offer was calculated using the volume weighted average quotation of BCP in the last five days applying a discount of 7%. The difference between the issue price (Euros 0.0834 per share), and the issue value (Euros 0.08 per share), resulted in a share premium of Euros 16,470,667.11.

On 24 July 2014, the Bank had registered a share capital increase from Euros 1,465,000,000 to Euros 3,706,690,253.08 through the issuance of new 34,487,542,355 ordinary, book-entry and nominates shares, without nominal value, which were offered to the Bank's shareholders for subscription through the exercise of their pre-emptive subscription rights.

In accordance with the Shareholders General Meeting in 30 May of 2014, the bank had reduced the share capital from Euros 3,500,000,000 to Euros 1,465,000,000, without changing the number of shares without nominal value at this date, being the reduction of Euros 2,035,000,000 to cover losses on the separate financial statements of the Bank occurred in the year 2013.

The preference shares includes two issues by BCP Finance Company Ltd which considering the rules established in IAS 32 and in accordance with the accounting policy presented in note 1 h), were considered as equity instruments. The issues are analysed as follows:

- 5,000,000 Perpetual Non-cumulative Guaranteed Non-voting Preference Shares with par value of Euros 100 each, in the total amount of Euros 500,000,000, issued on 9 June 2004.

- 10,000 preference shares with par value of Euros 50,000 perpetual each without voting rights, in the total amount of Euros 500,000,000, issued on 13 October 2005.

In October 2011 and July 2015, the majority of the preference shares were exchanged for new debt instruments. As at 31 December 2015, the balance preference shares amounts to Euros 59,910,000.

The balance other equity instruments includes three issues of perpetual subordinated debt securities analysed as follows:

- In June 2009, the Bank issued Euros 300,000,000 of perpetual subordinated debt securities with conditional coupons presenting a nominal value of Euros 1,000, which were considered as capital instruments.
- In August 2009, the Bank issued Euros 600,000,000 of perpetual subordinated debt securities with conditional coupons presenting a nominal value of Euros 1,000, which were considered as capital instruments.
- In December 2009, the Bank issued Euros 100,000,000 of perpetual subordinated debt securities with conditional coupons presenting a nominal value of Euros 1,000, which were considered as capital instruments.

These issues were exchanged within the scope of the public change offerings of perpetual subordinated securities for ordinary shares, performed in 2011 and 2015. As at 31 December 2015, the balance amounts to Euros 2,922,000.

Pursuant to the conditions of the issue of Core Tier I Capital Instruments underwritten by the State, under Law no. 63-A/2008 and Implementing Order no. 150-A/2012 (CoCos), the Bank cannot distribute dividends until the issue is fully reimbursed.

As at 31 December 2015, shareholders holding individually or together with their affiliates, 2% or more of the share capital of the Bank, is as follows:

Shareholder	number of shares	% share capital	% voting rights
Sonangol - Sociedade Nacional de Combustíveis de Angola, EP	10,534,115,358	17.84%	17.84%
Sabadell Group	2,994,863,413	5.07%	5.07%
EDP Group	1,599,763,651	2.71%	2.71%
BlackRock (*)	1,308,152,656	2.22%	2.22%
Interoceânico Group	1,207,659,500	2.04%	2.04%
Total Qualified Shareholdings	17,644,554,578	29.88%	29.88%

(*) According to the latest available information (BlackRock on 24 July, 2014).

39. 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. The Bank maintained its legal reserve in the amount of Euros 193,270,000.

40. Fair value reserves, other reserves and retained earnings

This balance is analysed as follows:

	2015 Euros '000	2014 Euros '000
Fair value reserves		
Financial assets available for sale		
Potential gains and losses recognised in fair value reserves	85,340	160,078
Loans represented by securities (*)	(15)	(20)
Financial assets held to maturity (*)	(955)	(1,207)
Cash-flow hedge	1,876	2,852
	86,246	161,703
Tax		
Financial assets available for sale		
Potential gains and losses recognised in fair value reserves	(24,613)	(47,978)
Loans represented by securities	4	6
Financial assets held to maturity	282	356
Cash-flow hedge	(553)	(841)
	(24,880)	(48,457)
Fair value reserve net of taxes	61,366	113,246
Actuarial losses (net of taxes)	(2,321,972)	(2,299,532)
Amortization of the transition adjustment to pensions (Regulation no.12/01)	-	(13,375)
Legal reserve	193,270	193,270
Statutory reserve	30,000	30,000
Other reserves and retained earnings	1,124,949	1,821,899
Reserves and retained earnings	(973,753)	(267,738)

(*) Refers to the amount not accrued of the fair value reserve at the date of reclassification for securities subject to reclassification.

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 c).

The balance Statutory reserves corresponds to a reserve to steady dividends that, according to the bank's by-laws can be distributed.

The changes occurred, during 2015, in Fair value reserves for loans represented by securities, financial assets available for sale and financial assets held to maturity, are analysed as follows:

	2015					
	Balance on 1 January Euros '000	**Transfers Euros '000**	**Fair value adjustment Euros '000**	**Impairment in profit and loss Euros '000**	**Sales Euros '000**	**Balance on 31 December Euros '000**
Portuguese public debt securities	20,817	282,216	(82,214)	-	(311,641)	(90,822)
Visa Europe Limited	-	-	18,276	-	-	18,276
Others	138,034	-	(64,611)	96,532	(13,039)	156,916
	158,851	282,216	(128,549)	96,532	(324,680)	84,370

The balance Fair value adjustment includes the valuation of the investment held by the Banco Comercial Português, S.A. in Visa Europe Limited in the amount of Euros 18,276,000 as a result of their valuation for the current transaction Visa International, as referred in notes 22 and 44.

The changes occurred, during 2014, in Fair value reserves for loans represented by securities, financial assets available for sale and financial assets held to maturity, are analysed as follows:

	2014					
	Balance on 1 January Euros '000	**Transfers Euros '000**	**Fair value adjustment Euros '000**	**Impairment in profit and loss Euros '000**	**Sales Euros '000**	**Balance on 31 December Euros '000**
Portuguese public debt securities	81,386	-	179,685	-	(240,254)	20,817
BII 2014 mortgage bonds	138	-	(138)	-	-	-
Others	22,521	-	97,369	134,986	(116,842)	138,034
	104,045	-	276,916	134,986	(357,096)	158,851

41. Treasury stock

This balance is analysed as follows:

	2015			2014		
	Net book value Euros '000	**Number of securities**	**Average book value Euros**	**Net book value Euros '000**	**Number of securities**	**Average book value Euros**
Other treasury stock	-			1,239		
	-			1,239		

42. Guarantees and other commitments

This balance is analysed as follows:

	2015 Euros '000	2014 Euros '000
Guarantees granted	4,131,930	4,625,561
Guarantees received	24,335,007	24,745,316
Commitments to third parties	5,507,113	6,094,120
Commitments from third parties	11,310,949	10,442,717
Securities and other items held for safekeeping on behalf of customers	125,913,872	113,733,613
Securities and other items held under custody by the Securities Depository Authority	131,229,816	119,922,441
Other off balance sheet accounts	127,031,999	126,003,321

The amounts of Guarantees granted and Commitments to third parties are analysed as follows:

	2015 Euros '000	2014 Euros '000
Guarantees granted:		
Guarantees	2,985,233	3,236,055
Stand-by letters of credit	66,474	67,600
Open documentary credits	290,967	245,087
Bails and indemnities	427,581	505,906
Other liabilities	361,675	570,913
	4,131,930	4,625,561
Commitments to third parties:		
Irrevocable commitments		
Term deposits contracts	-	36,417
Irrevocable credit lines	528,441	946,394
Other irrevocable commitments	123,627	122,496
Revocable commitments		
Revocable credit lines	4,043,469	3,977,308
Bank overdraft facilities	811,576	1,011,505
	5,507,113	6,094,120

The Guarantees granted may be related to loan transactions, where the Bank 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 since 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.

43. 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 and custody are analysed as follows:

	2015 Euros '000	2014 Euros '000
Wealth management	1,915,490	1,534,264
Assets under deposit	122,359,479	110,474,251
	124,274,969	112,008,515

44. Relevant events occurred during 2015

Increase of the Bank's Share Capital from Euros 3,706,690,253.08 to Euros 4,094,235,361.88

In June 2015, Banco Comercial Português, S.A carried out an increase in its share capital from Euros 3,706,690,253.08 to Euros 4,094,235,361.88, by the issuance of 4,844,313,860 new ordinary, book-entry shares without nominal value, as a result of the partial and voluntary public tender offer for the acquisition of securities (preferred shares, perpetual securities and subordinated bonds) for exchange of new shares issued at the issue price of Euros 0.0834 per share (of which Euros 0.08 corresponds to the unitary issue value and Euros 0.0034 to share premium) and listing of the new ordinary shares on Euronext Lisbon.

The issue price or value of the Public Exchange Offer was calculated using the volume weighted average quotation of BCP in the last five days applying a discount of 7%. The difference between the issue price (Euros 0.0834 per share), and the issue value (Euros 0.08 per share), resulted in a share premium of Euros 16,470,667.11.

Conclusion of the sale of the whole share capital of Millennium bcp Gestão de Activos – Sociedade Gestora de Fundos de Investimento, S.A.

Banco Comercial Português, S.A concluded, in May 2015, the sale of the whole share capital of Millennium bcp Gestão de Activos – Sociedade Gestora de Fundos de Investimento, S.A. to Corretaje e Información Monetária y de Divisas, S.A. (CIMD Group).

The Bank will continue to sell investment funds managed by MGA, which is the depositary

Resolutions of the Annual General Meeting

Banco Comercial Português, S.A. concluded, on 11 May 2015, the Annual General Meeting of Shareholders, with 46.63% of the share capital represented and the following resolutions:

i) – Approval of the individual and consolidated annual reports, balance sheet and financial statements for 2014;

ii) – Approval of the appropriation of the net losses on the individual balance sheet for “Retained Earnings”;

(iii) – Approval of a vote of trust and praise addressed to the Board of Directors, including to the Executive Committee and to the Audit Committee and each one of their members, as well as to the Chartered Accountant and its representative;

(iv) – Approval of the statement on the remuneration policy of the Members of the Management and Supervision Bodies;

(v) – Approval of the policy for the selection and evaluation of the adequacy of the Members of the Management and Supervision Bodies;

(vi) – Approval of the cooptation of a non executive member of the Board of Directors to exercise functions in the triennial 2012/2014;

(vii) – Approval of the election of the members of the Board of Directors and of the Audit Committee to exercise functions in the triennial 2015/2017;

(viii) – Approval of the election of the members of the International Strategic Board to exercise functions in the triennial 2015/2017;

(ix) – Approval of the election of the members of the Remuneration and Welfare Board to exercise functions in the triennial 2015/2017, and of their remuneration;

(x) – Approval of the appointment of a firm of independent statutory auditors, to, pursuant to article 28 of the Companies Code, make a report on the contributions in kind to be made within the scope of the subscription of shares to be issued by new contributions in kind object of Item Eleven of the Agenda of the general meeting;

(xi) – Approval of the launching of a public offer for the exchange of subordinated securities and consequent increase of the share capital by contributions in kind up to 428,000,000.00 Euros, made through the issue of up to 5,350,000,000 new shares without nominal value, under which:

a) the new contributions will be composed of securities issued by the Bank and by the subsidiary company BCP Finance Company Ltd with the ISIN PTBCPMOM0002, PTBCLWXE0003, PTBCPZOE0023, PTBIPNOM0062, PTBCTCOM0026, XS0194093844 and XS0231958520, and

b) these new shares will be issued with an issue price per share corresponding to 93% of the weighted average per volumes of the BCP share price in the regulated market Euronext Lisbon, in the five trading days immediately before the exchange public offer is launched, and, without prejudice to the minimum amount required by law, the issue price of up to 0.08 Euros per share corresponding to the issue value and the remaining amount corresponding to the premium, and on the consequent alteration of the articles of association (article 4.1);

(xii) – Approval of the acquisition and sale of own shares or bonds.

Sale of 15.41% of the share capital of Bank Millennium S.A. (Poland)

At the end of March 2015, as part of an accelerated placement operation, the Bank sold to institutional investors 186,979,631 shares of Bank Millennium, S.A. (Poland), representing 15.41% of the share capital of the Bank for the amount of approximately Euros 304 million (PLN 1,240 million).

Following this transaction, the Bank now holds a 50.1% stake in the share capital of the Bank maintaining control in accordance with IFRS 10. This operation generated a gain of Euros 30,988,000 on a consolidated basis, which had no impact on profit and loss because the transaction did not imply change of control of the subsidiary

Assessment process scenarios for ActivoBank

On 24 February 2015, Banco Comercial Português, S.A. informed about the process of evaluation of various strategic scenarios that promote the appreciation of ActivoBank, the online reference bank in Portugal.

In March 2016, BCP has decided to select Cabot Square Capital LLP, a financial services specialist private equity firm, to a phase of negotiations on an exclusive basis, however no final decision has yet been made regarding the sale of ActivoBank.

Merger of Banco Millennium Angola, S.A. with Banco Privado Atlântico, S.A.

Banco Comercial Português, S.A. (BCP) agreed to carry out a merger of Banco Millennium Angola, S.A. with Banco Privado Atlântico, S.A., thereby creating the conditions for growth in adverse conditions and simultaneously adapting the bank to the implications of recent changes in supervisory equivalence.

BCP signed, on 8 October, a memorandum of understanding with the main shareholder of Banco Privado Atlântico, S.A. (Global Pactum – Gestão de Ativos, S.A.), to merge Banco Millennium Angola, S.A. with Banco Privado Atlântico, S.A., resulting in the second-largest private sector bank in terms of loans to the economy, with a market share of approximately 10% by business volume.

According to the terms of the process, BCP will have significant influence over the new entity, and as a result, will be accounted for by the equity method.

Proposal of acquisition of Visa Europe Ltd. by Visa Inc

It was announced on 2 November 2015 by Visa Inc. a proposal of acquisition of Visa Europe Ltd by Visa Inc. In accordance with the information published by Visa Inc., the value of the transaction includes Euros 16,500 million paid up-front to the beneficiaries and, in addition, potentially up to Euros 4,700 million, as an earn-out payable following the fourth anniversary of completion of the transaction, totaling a transaction amount of up to Euros 21,200 million. The upfront amount considers a cash payment of Euros 11,500 million and Euros 5,000 million of preference shares convertible into ordinary Visa Inc. class A common shares.

Both BCP and Bank Millennium, as key members of Visa Europe Ltd will benefit from this transaction.

On this basis and as referred in notes 22 and 40, the investment were valued based on the estimated values. These amounts are not final and are subject to adjustments until the determination of final amounts, which is expected to occur during the first quarter of 2016. Also, in accordance with the indicative time-table, the upfront payments are expected to occur until the end of the first semester of 2016, but terms and implementation of the upfront payment are subject to regulatory approvals.

Both Banks may also receive earn-outs after the fourth anniversary of the completion of the transaction. The amount of each earn-out will depend on each Bank's share in Visa's business in the four consecutive years counting from the completion of the transaction.

The initially estimated amounts regarding the cash payments were recognised in Fair Value Reserves in 2015. Until this date, the asset was carried at cost considering that there was no reliability in the determination of fair value.

45. 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 Bank.

Thus, the fair value obtained is influenced by the parameters used in the evaluation model that, have some degree of judgment 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 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 is 0.05% as at 31 December 2015 (31 December 2014: 0.05%).

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 period). As at 31 December 2015, the average discount rate was 1.22% for loans and advances, -1.60% for Repos and 0.05% for deposits. As at 31 December 2014 the rates were 0.42%, -1.31% and 0.37%, 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 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 period) and the spread used at the date of the report, which was calculated from the average production of the three most recent months. The average discount rate was 3.86% as at 31 December 2015 and 3.76% as at 31 December 2014. 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 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 period) and the spread of the Bank at the date of the report, which was calculated from the average production of the three most recent months. As at 31 December 2015, the average discount rate was 0.75% and as at 31 December 2014 was 0.96%.

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 credit risk and trading margin, the latter only in the case of issues placed on 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 Euros and used in the calculation of the fair value of own securities was 5.74% (31 December, 2014: 6.79%) for subordinated debt placed on the institutional market. Regarding the subordinated issues placed on the retail market it was determined a discount rate of 6.07% (31 December, 2014: 7.20%). The average discount rate calculated for senior issues (including the Government guaranteed and asset-backed) was 0.75% (31 December 2014: 1.61%) and 2.89% (31 December 2014: 2.76%) 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 2015 is a positive amount of Euros 82,256,000 (31 December 2014: a positive amount of Euros 107,614,000), and includes a receivable amount of Euros 46,000 (31 December 2014: a payable amount of Euros 54,000) which reflects the fair value of embedded derivatives and are recorded in financial assets and liabilities held for trading.

As at 31 December 2015, 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	-0.30%	0.55%	0.47%	1.50%
7 days	-0.30%	0.56%	0.48%	1.50%
1 month	-0.23%	0.63%	0.54%	1.55%
2 months	-0.20%	0.67%	0.62%	1.59%
3 months	-0.17%	0.75%	0.70%	1.62%
6 months	-0.10%	0.94%	0.83%	1.67%
9 months	-0.04%	1.12%	0.96%	1.68%
1 year	-0.06%	0.85%	1.10%	1.58%
2 years	-0.03%	1.15%	1.09%	1.65%
3 years	0.06%	1.38%	1.30%	1.74%
5 years	0.33%	1.70%	1.58%	1.99%
7 years	0.62%	1.93%	1.79%	2.21%
10 years	1.00%	2.17%	2.00%	2.43%
15 years	1.40%	2.40%	2.17%	2.71%
20 years	1.57%	2.51%	2.20%	2.73%
30 years	1.61%	2.60%	2.16%	2.73%

The following table shows the fair value of financial assets and liabilities of the Bank, as at 31 December 2015:

	2015				
	Fair value through profit or loss Euros '000	**Fair value through reserves Euros '000**	**Amortised cost Euros '000**	**Book value Euros '000**	**Fair value Euros '000**
Cash and deposits at Central Banks	-	-	539,900	539,900	539,900
Loans and advances to credit institutions					
Repayable on demand	-	-	138,155	138,155	138,155
Other loans and advances	-	-	767,374	767,374	791,435
Loans and advances to customers	-	-	35,105,791	35,105,791	34,831,924
Financial assets held for trading	999,658	-	-	999,658	999,658
Other financial assets held for trading at fair value through profit or loss	152,018	-	-	152,018	152,018
Financial assets available for sale	-	6,772,806	-	6,772,806	6,772,806
Hedging derivatives	39,264	-	-	39,264	39,264
Held to maturity financial assets	-	-	427,363	427,363	423,599
	1,190,940	6,772,806	36,978,583	44,942,329	44,688,759
Deposits from credit institutions	-	-	8,280,004	8,280,004	8,437,741
Amounts owed to customers	3,617,491	-	31,533,263	35,150,754	35,776,428
Debt securities	715,598	-	3,264,263	3,979,861	4,062,117
Financial liabilities held for trading	644,931	-	-	644,931	644,931
Hedging derivatives	40,923	-	-	40,923	40,923
Subordinated debt	-	-	1,530,190	1,530,190	1,436,318
	5,018,943	-	44,607,720	49,626,663	50,398,458

The following table shows the fair value of financial assets and liabilities of the Bank, as at 31 December 2014:

	2014				
	Fair value through profit or loss Euros '000	**Fair value through reserves Euros '000**	**Amortised cost Euros '000**	**Book value Euros '000**	**Fair value Euros '000**
Cash and deposits at Central Banks	-	-	532,837	532,837	532,837
Loans and advances to credit institutions					
Repayable on demand	-	-	223,937	223,937	223,937
Other loans and advances	-	-	1,268,991	1,268,991	1,289,985
Loans and advances to customers	-	-	36,760,931	36,760,931	36,464,452
Financial assets held for trading	1,336,286	-	-	1,336,286	1,336,286
Financial assets available for sale	-	5,515,871	-	5,515,871	5,515,871
Hedging derivatives	53,157	-	-	53,157	53,157
Held to maturity financial assets	-	-	2,311,181	2,311,181	2,547,752
	1,389,443	5,515,871	41,097,877	48,003,191	47,964,277
Deposits from other credit institutions	-	-	10,721,087	10,721,087	10,873,588
Amounts owed to customers	1,918,419	-	33,137,479	35,055,898	35,820,671
Debt securities	592,443	-	3,995,745	4,588,188	4,695,802
Financial liabilities held for trading	806,480	-	-	806,480	806,480
Hedging derivatives	28,547	-	-	28,547	28,547
Subordinated debt	-	-	2,019,364	2,019,364	2,237,936
	3,345,889	-	49,873,675	53,219,564	54,463,024

The following table shows, by valuation levels, the fair value of financial assets and liabilities of the Bank, as at 31 December 2015:

	2015				
	Level 1	**Level 2**	**Level 3**	**Financial instruments at cost**	**Total**
	Euros '000	**Euros '000**	**Euros '000**	**Euros '000**	**Euros '000**
Cash and deposits at Central Banks	539,900	-	-	-	539,900
Loans and advances to credit institutions					
Repayable on demand	138,155	-	-	-	138,155
Other loans and advances	-	-	791,435	-	791,435
Loans and advances to customers	-	-	34,831,924	-	34,831,924
Financial assets held for trading	218,347	609,055	172,256	-	999,658
Other financial assets held for trading at fair value through profit or loss	152,018	-	-	-	152,018
Financial assets available for sale	4,271,090	184,727	2,253,838	63,151	6,772,806
Hedging derivatives	-	39,264	-	-	39,264
Held to maturity financial assets	56,591	367,008	-	-	423,599
	5,376,101	1,200,054	38,049,453	63,151	44,688,759
Deposits from credit institutions	-	-	8,437,741	-	8,437,741
Amounts owed to customers	-	-	35,776,428	-	35,776,428
Debt securities	507,845	3,554,272	-	-	4,062,117
Financial liabilities held for trading	62,211	566,212	16,508	-	644,931
Hedging derivatives	-	40,923	-	-	40,923
Subordinated debt	-	1,436,318	-	-	1,436,318
	570,056	5,597,725	44,230,677	-	50,398,458

The following table shows, by valuation levels, the fair value of financial assets and liabilities of the Bank, as at 31 December 2014:

	2014				
	Level 1	**Level 2**	**Level 3**	**Financial instruments at cost**	**Total**
	Euros '000	**Euros '000**	**Euros '000**	**Euros '000**	**Euros '000**
Cash and deposits at Central Banks	532,837	-	-	-	532,837
Loans and advances to credit institutions					
Repayable on demand	223,937	-	-	-	223,937
Other loans and advances	-	-	1,289,985	-	1,289,985
Loans and advances to customers	-	-	36,464,452	-	36,464,452
Financial assets held for trading	439,791	896,495	-	-	1,336,286
Financial assets available for sale	3,100,089	208,710	2,127,157	79,915	5,515,871
Hedging derivatives	-	53,157	-	-	53,157
Held to maturity financial assets	2,172,301	375,451	-	-	2,547,752
	6,468,955	1,533,813	39,881,594	79,915	47,964,277
Deposits from credit institutions	-	-	10,873,588	-	10,873,588
Amounts owed to customers	-	-	35,820,671	-	35,820,671
Debt securities	392,528	4,303,274	-	-	4,695,802
Financial liabilities held for trading	81,568	716,410	8,502	-	806,480
Hedging derivatives	-	28,547	-	-	28,547
Subordinated debt	-	2,237,936	-	-	2,237,936
	474,096	7,286,167	46,702,761	-	54,463,024

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 used and review processes to test the accuracy of the values obtained.

The Bank considers an active market in which transactions of the financial instrument occur with sufficient frequency and volume to provide prices information on an ongoing basis, and for this purpose should verify the following 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.

46. 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 in accordance with accounting policy described in note 1 v).

As at 31 December 2015 and 2014, the number of participants in the Pension Fund of Banco Comercial Português covered by this pension plan and other benefits is analysed as follows:

	2015	2014
Number of participants		
Pensioners	16,419	16,323
Former Attendees Acquired Rights	3,216	3,065
Employees	7,546	7,857
	27,181	27,245

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:

	2015 Euros '000	2014 Euros '000
Projected benefit obligations		
Pensioners	1,860,726	1,831,928
Former Attendees Acquired Rights	206,892	183,598
Employees	1,041,416	1,086,910
	3,109,034	3,102,436
Pension Fund Value	(3,130,932)	(3,063,737)
Net (Assets) / Liabilities in balance sheet	(21,898)	38,699
Accumulated actuarial losses recognised in Other comprehensive income	3,016,496	2,907,826

The change in the projected benefit obligations is analysed as follows:

	2015			2014
	Pension benefit obligations Euros '000	**Extra-Fund Euros '000**	**Total Euros '000**	**Total Euros '000**
Balance as at 1 January	2,759,893	342,543	3,102,436	2,512,776
Service cost	(2,117)	199	(1,918)	(4,353)
Interest cost / (income)	68,204	8,291	76,495	96,705
Actuarial (gains) and losses				
Not related to changes in actuarial assumptions	(687)	49	(638)	887
Arising from changes in actuarial assumptions	-	-	-	566,596
Transfers of the Fund's liabilities (death subsidy)	18,233	(18,233)	-	-
Payments	(65,571)	(21,852)	(87,423)	(79,198)
Early retirement programmes	6,769	(123)	6,646	1,234
Contributions of employees	8,557	-	8,557	9,574
Transfer to other plans	4,879	-	4,879	(1,785)
Balance at the end of the year	2,798,160	310,874	3,109,034	3,102,436

As at 31 December 2015 the value of the benefits paid by the Pension Fund, excluding other benefits included on Extra-fund, amounts to Euros 65,571,000 (31 December 2014: Euros 57,177,000).

The liabilities with health benefits are fully covered by the Pension Fund and correspond, as at 31 December 2015, to the amount of Euros 328,543,000 (31 December 2014: Euros 296,814,000).

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 2015 amounts to Euros 74,453,000 (31 December 2014: Euros 78,406,000), 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.

Ocidental Vida is 100% owned by Ageas Group and Ageas Group is 49% owned by the BCP Group.

The change in the value of plan's assets is analysed as follows:

	2015 Euros '000	**2014 Euros '000**
Balance as at 1 January	3,063,737	2,525,239
Expected return on plan assets	70,789	93,589
Actuarial gains and (losses)	(109,308)	96,306
Contributions to the Fund	151,800	395,200
Payments	(65,571)	(57,177)
Amount transferred to the Fund resulting from acquired rights unassigned related to the Complementary Plan	5,853	2,791
Employees' contributions	8,557	9,574
Transfers to other plans	5,075	(1,785)
Balance at the end of the year	3,130,932	3,063,737

The elements of the Pension Fund's assets are analysed as follows:

	2015 Euros '000	**2014 Euros '000**
Shares	647,208	738,674
Bonds and other fixed income securities	1,305,349	898,878
Participations units in investment funds	122,664	188,294
Participation units in real estate funds	238,123	271,856
Properties	299,634	299,173
Loans and advances to credit institutions and others	517,954	666,862
	3,130,932	3,063,737

The balance Properties includes buildings owned by the Fund and used by the Bank's companies which as at 31 December 2015, amounts to Euros 298,958,000 (31 December 2014: Euros 298,497,000).

The securities issued by Group's companies accounted in the portfolio of the Fund are analysed as follows:

	2015 Euros '000	2014 Euros '000
Bonds and other fixed income securities	128,900	128,694
Loans and advances to credit institutions and others	520,176	643,547
	649,076	772,241

The evolution of net (assets) / liabilities in the balance sheet is analysed as follows:

	2015 Euros '000	2014 Euros '000
Balance as at 1 January	38,699	(12,463)
Recognised in the income statement:		
Service cost	(1,918)	(4,353)
Interest cost / (income)	5,706	3,116
Cost with early retirement programs	6,646	1,234
Amount transferred to the Fund resulting from acquired rights unassigned related to the Complementary Plan	(5,853)	(2,791)
Recognised in the Statement of Comprehensive Income:		
Actuarial (gains) and losses		
Not related to changes in actuarial assumptions		
Return of the fund	109,308	(96,306)
Difference between expected and effective obligations	(638)	887
Arising from changes in actuarial assumptions	-	566,596
Contributions to the fund	(151,800)	(395,200)
Payments	(22,048)	(22,021)
Balance at the end of the year	(21,898)	38,699

As at 31 December 2015, the sum of the balance Cost with early retirement programs in the amount of Euros 6,646,000 (31 December 2014: Euros 1,234,000), and balance Amount transferred to the Fund resulting from acquired rights unassigned related to the Complementary Plan, a gain of Euros 5,853,000 (31 December 2014: a gain of Euros 2,791,000), were recognised against the restructuring provision, as referred in note 37.

As at 31 December 2015, the Bank made contributions in cash to the Pension Fund in the amount of Euros 151,800,000 (31 December 2014: Euros 395,200,000).

In accordance with IAS 19, as at 31 December 2015, the Bank accounted post-employment benefits as a cost in the amount of Euros 3,788,000 (31 December 2014: income of Euros 1,237,000), which is analysed as follows:

	2015 Euros '000	2014 Euros '000
Service cost	(1,918)	(4,353)
Net interest cost / (income) in the liability coverage balance	5,706	3,116
(Income) / Cost of the year	3,788	(1,237)

As the Board Members Retirement Regulation establish that the pensions are increased annually, and as it is not common in 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 4,245,000 (31 December 2014: Euros 3,153,000). As referred in note 37, the changes occurred resulted from the future updates in the retirement pensions of the former members of the Executive Board of Directors, following the agreements established between the parties.

The changes occurred in responsibilities with retirement pensions payable to former members of the Executive Board of Directors, included in the balance Other liabilities, are analysed as follows:

	2015 Euros '000	2014 Euros '000
Balance as at 1 January	3,153	4,176
Charge / (Write-back)	1,092	(1,023)
Balance at the end of the year	4,245	3,153

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:

	Banco Comercial Português Fund	
	2015	2014
Increase in future compensation levels	0.75% until 2017 1.00% after 2017	0.75% until 2017 1.00% after 2017
Rate of pensions increase	0.00% until 2017 0.50% after 2017	0.00% until 2017 0.50% after 2017
Projected rate of return of plan assets	2.50%	2.50%
Discount rate	2.50%	2.50%
Mortality tables		
Men	TV 73/77 - 2 years	TV 73/77 - 2 years
Women	TV 88/90 - 3 years	TV 88/90 - 3 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, two years for men and three years for women, which results in a higher average life expectancy.

The assumptions used on the calculation of the employee 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 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 taking into consideration (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, determined a growth rate of wages progressive of 0.75% by 2017 and 1.00% from 2017 and a growth rate of pensions from 0.00% by 2017 and 0.50% from 2017.

In accordance with the requirements of IAS 19, the rate of return on plan assets considered in the calculation of the present value of the liabilities, corresponds to the discount rate.

However, the estimated expected return for 2016 is presented below, based on the 31 December 2015 portfolio:

	Portfolio %	Estimated return
Shares	20.67%	8.90%
Bonds and other fixed income securities	41.69%	1.38%
Participation units in investment funds	3.92%	2.91%
Participation units in real estate funds	7.61%	0.06%
Properties	9.57%	6.58%
Loans and advances to credit institutions and others	16.54%	1.06%
Total income expected		3.34%

Net actuarial losses amounts to Euros 108,670,000 (31 December 2014: net actuarial losses of Euros 471,177,000) 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			
	2015		2014	
	Values effectively verified in %	Euros '000	Values effectively verified in %	Euros '000
Deviation between expected and actual liabilities:				
Increase in future compensation levels	0.00%	-	0.74%	(2,452)
Disability	0.00%	-	0.12%	2,935
Mortality deviations	0.00%	-	0.24%	6,025
Others	0.00%	(638)	-0.22%	(5,621)
Changes on the assumptions:				
Discount rate	0.00%	-	2.50%	758,899
Increase in future compensation levels	-	-	-	(120,352)
Pensions increase rate	-	-	-	(150,273)
Mortality tables		-		78,322
Return on Plan assets	0.46%	109,308	8.14%	(96,306)
		108,670		471,177

In accordance with IAS 19, the sensitivity analysis to changes in assumptions, is as follows:

	Impact resulting from changes in financial assumptions			
	2015		2014	
	- 0.25% Euros '000	+ 0.25% Euros '000	- 0.25% Euros '000	+ 0.25% Euros '000
Discount rate	137,976	(129,552)	134,082	(127,443)
Pensions increase rate	(129,673)	136,710	(104,916)	111,426
Increase in future compensation levels	(43,166)	45,327	(48,152)	50,707

	Impact resulting from changes in demographic assumptions			
	2015		2014	
	- 1 year Euros '000	+ 1 year Euros '000	- 1 year Euros '000	+ 1 year Euros '000
Mortality Table	92,120	(92,703)	91,089	(91,668)

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%) and a negative variation (from 6.5% to 5.5%) in health benefit costs, which impact is analysed as follows:

	2015		2014	
	Euros '000		Euros '000	
	Positive variation of 1% (6.5% to 7.5%)	Negative variation of 1% (6.5% to 5.5%)	Positive variation of 1% (6.5% to 7.5%)	Negative variation of 1% (6.5% to 5.5%)
Pension cost impact	549	(549)	573	(573)
Liability impact	49,827	(49,827)	50,606	(50,606)

The liabilities related to the seniority premium are not covered by the Bank's Pension Fund because they are not considered post-employment liabilities. As at 31 December, 2015, the liabilities associated with the seniority premium amounts to Euros 45,368,000 (31 December 2014: Euros 46,904,000) and are covered by provisions in the same amount.

For 2015 and 2014, the cost of the seniority premium is analysed as follows:

	2015 Euros '000	2014 Euros '000
Service cost	2,368	2,449
Interest costs	1,124	1,832
Actuarial (gains) and losses	(1,284)	(550)
Cost of the year	2,208	3,731

47. Related parties

As defined by IAS 24, are considered related parties of the Bank, the companies detailed in note 54 - List of subsidiary and associated companies of Banco Comercial Português S.A., the Pension Fund, the members of the Board of Directors and key management members. The key management members are the first line Directors. Beyond the members of the Board of Directors and key management members, are also considered related parties people who are close to them (family relationships) and entities controlled by them or in whose management they have significant influence.

According to Portuguese law, in particular under Articles 109 of the General Law for Credit Institutions and Financial Companies, are also considered related parties, the shareholders with more than 2% of the share capital or voting rights of Banco Comercial Português, S.A. and individuals related to these categories and entities controlled by them or in whose management they have significant influence. The list of the qualified shareholders is detailed in note 38.

a) Transactions with qualified shareholders

As at 31 December 2015, the transactions with qualified shareholders, are as follows:

	2015			
	Loans and advances to customers	**Financial assets (Securities and derivatives)**	**Deposits from credit institutions**	**Deposits from customers**
	Euros '000	**Euros '000**	**Euros '000**	**Euros '000**
Sonangol Group	3	-	-	414
Sabadell Group	-	29,087	810	-
EDP Group	63,533	94,556	-	12,596
	63,536	123,643	810	13,010

As at 31December 2014, transactions with qualified shareholders, are as follows:

	2014						
	Loans and advances to customers	**Financial assets (Securities and derivatives)**	**Deposits from credit institutions**	**Deposits from customers**	**Debt securities issued**	**Financial Liabilities (Derivatives)**	**Subordinated debt**
	Euros '000	**Euros '000**	**Euros '000**	**Euros '000**	**Euros '000**	**Euros '000**	**Euros '000**
Sonangol Group	800	-	-	735	-	-	-
Sabadell Group	1	35,997	101,408	-	-	-	-
EDP Group	69,007	22,214	-	191,958	-	-	-
Interoceânico Group	14	-	-	350	-	-	-
Ageas Group	643	51,437	-	625,109	1,730,090	152,327	476,205
	70,465	109,648	101,408	818,152	1,730,090	152,327	476,205

As at 31December 2014, the Bank had an amount of Euros 12,952 in the balance Other Assets related to Ageas Group.

As at 31 December 2015 and 2014, the balances with qualified shareholders, reflected in income items of the Income Statement, are as follows:

	Interest and similar income		Commissions income	
	2015 Euros '000	2014 Euros '000	2015 Euros '000	2014 Euros '000
Sonangol Group	7	15	31	14
Sabadell Group	1,765	1,919	88	96
EDP Group	3,540	10,247	1,959	3,028
Interoceânico Group	-	-	-	164
Ageas Group	-	-	-	61,682
	5,312	12,181	2,078	64,984

As at 31 December 2015 and 2014, the balances with qualified shareholders, reflected in expenses items of the Income Statement, are as follows:

	Interest and similar expenses		Commissions expenses	
	2015 Euros '000	2014 Euros '000	2015 Euros '000	2014 Euros '000
Sonangol Group	7	20	1	1
Sabadell Group	-	1	-	-
EDP Group	832	9,931	36	9
Ageas Group	-	90,055	-	-
	839	100,007	37	10

As at 31 December 2015 and 2014, the balances with qualified shareholders, reflected in the guarantees granted and credit lines revocable and irrevocable, are as follows:

	Guarantees granted		Revocable credit lines		Irrevocable credit lines	
	2015 Euros '000	2014 Euros '000	2015 Euros '000	2014 Euros '000	2015 Euros '000	2014 Euros '000
Sonangol Group	1,522	3	157	110	-	-
Sabadell Group	8,668	8,838	10	9	-	-
EDP Group	29,366	173,824	53,804	64,397	150,000	-
Interoceânico Group	-	3,178	-	11,088	-	-
Ageas Group	-	548	-	23,250	-	-
	39,556	186,391	53,971	98,854	150,000	-

b) Transactions with members of the Board of Directors and Key management members

As at 31 December 2015, the balances with related parties discriminated in the following table, included in asset items on the balance sheet, are analysed as follows:

	2015			
	Loans and advances to credit institutions Euros '000	Loans and advances to customers Euros '000	Financial assets (Derivatives) Euros '000	Total Euros '000
Board of Directors				
Non-executive directors	-	26	-	26
Executive Committee	-	159	-	159
Closely related people	-	20	-	20
Controlled entities	105,067	-	27	105,094
Key management members				
Key management members	-	6,950	-	6,950
Closely related people	-	272	-	272
Controlled entities	-	302	-	302
	105,067	7,729	27	112,823

As at 31 December 2014, the balances with related parties discriminated in the following table, included in asset items on the balance sheet, are analysed as follows:

	2014		
	Loans and advances to credit institutions Euros '000	**Loans and advances to customers Euros '000**	**Total Euros '000**
Board of Directors			
Non-executive directors	-	20	20
Executive Committee	-	129	129
Closely related people	-	7	7
Controlled entities	30,537	994	31,531
Key management members			
Key management members	-	8,274	8,274
Closely related people	-	293	293
Controlled entities	-	22	22
	30,537	9,739	40,276

As at 31 December 2015 and 2014, the balances with related parties discriminated in the following table, included in liabilities items in the balance sheet, are analysed as follows:

	Deposits from credit institutions		Deposits from customers		Financial Liabilities (Derivatives)	
	2015 Euros '000	**2014 Euros '000**	**2015 Euros '000**	**2014 Euros '000**	**2015 Euros '000**	**2014 Euros '000**
Board of Directors						
Non-executive directors	-	-	3,454	2,759	-	-
Executive Committee	-	-	1,336	391	-	-
Closely related people	-	-	1,825	1,879	-	-
Controlled entities	39,510	155,809	3,846	500	9	553
Key management members						
Key management members	-	-	3,152	3,960	-	-
Closely related people	-	-	1,327	1,096	-	-
Controlled entities	-	-	174	198	-	-
	39,510	155,809	15,114	10,783	9	553

As at 31 December 2015 and 2014, the balances with related parties discriminated in the following table, included in income items of the income statement, are as follows:

	Interest and similar income		Commissions income	
	2015 Euros '000	**2014 Euros '000**	**2015 Euros '000**	**2014 Euros '000**
Board of Directors				
Non-executive directors	-	-	99	73
Executive Committee	-	-	21	15
Closely related people	-	-	19	8
Controlled entities	1,087	911	513	333
Key management members				
Key management members	59	69	49	72
Closely related people	10	20	13	15
Controlled entities	4	1	10	2
	1,160	1,001	724	518

As at 31 December 2015 and 2014, the balances with related parties discriminated in the following table, included in cost items of the income statement, are as follows:

	Interest and similar expense		Commissions expense	
	2015 Euros '000	2014 Euros '000	2015 Euros '000	2014 Euros '000
Board of Directors				
Non-executive directors	39	69	2	1
Executive Committee	17	30	1	-
Closely related people	20	14	1	-
Controlled entities	142	187	13	2
Key management members				
Key management members	97	148	2	2
Closely related people	14	22	1	4
Controlled entities	4	2	3	1
	333	472	23	10

As at 31 December 2015 and 2014, Guarantees and Commitments to third parties granted by the Bank to the following related parties are as follows:

	Guarantees granted		Revocable credit lines		Irrevocable credit lines	
	2015 Euros '000	2014 Euros '000	2015 Euros '000	2014 Euros '000	2015 Euros '000	2014 Euros '000
Board of Directors						
Non-executive directors	-	-	126	201	-	35
Executive Committee	-	-	124	121	-	-
Closely related people	-	-	126	78	-	5
Controlled entities	-	412	55	87	-	-
Key management members						
Key management members	-	-	515	642	74	41
Closely related people	-	-	172	227	-	-
Controlled entities	-	-	14	5	-	-
	-	412	1,132	1,361	74	81

The fixed remunerations and social charges paid to members of the Board of Directors and Key management members are analysed as follows:

	Board of Directors					
	Executive Committee		Non-executive directors		Key management members	
	2015 Euros '000	2014 Euros '000	2015 Euros '000	2014 Euros '000	2015 Euros '000	2014 Euros '000
Remunerations	2,073	2,080	578	577	5,394	7,757
Supplementary retirement pension	1,205	702	-	-	-	-
Pension Fund	19	25	-	-	61	43
Other mandatory social security charges	531	468	137	152	1,479	1,918
Seniority premium	44	-	-	-	143	181
	3,872	3,275	715	729	7,077	9,899

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.

During 2015, the amount of remuneration paid to the Executive Committee, includes Euros 103,000 (2014: Euros 101,000), which were supported by subsidiaries or companies whose governing bodies represent the Group's interests, and has been regularized in early 2016, the amount of Euro 63,000, as mentioned in paragraph 77 of the "Corporate Governance Report".

During 2015 and 2014, no variable remuneration was attributed to the members of the Executive Committee.

During 2015, were paid Euros 4,729,000 (2014: Euros 929,000) of severance pay to some key management members.

The shareholder and bondholder position of members of the Board of Directors, Top management and persons closely related to the previous categories, is as follows:

Shareholders / Bondholders	Security	Number of securities at		Changes during 2015			
		31/12/2015	31/12/2014	Acquisitions	Disposals	Date	Unit Price Euros
Members of Board of Directors							
António Vítor Martins Monteiro (i)	BCP Shares	18,119	18,119				
Carlos José da Silva	BCP Shares	1,165,812	1,165,812				
	Obrig BCP Ret Sem Cresc III/12EUR 3/2013	0	30		30	13-Mar-15	
Nuno Manuel da Silva Amado	BCP Shares	3,824,650	3,824,650				
Álvaro Roque de Pinho de Bissaia Barreto	BCP Shares	0	0				
André Magalhães Luiz Gomes	BCP Shares	53,451	53,451				
António Henriques Pinho Cardão (ii)	BCP Shares	772,843	772,843				
António Luís Guerra Nunes Mexia	BCP Shares	11,330	11,330				
Bernardo de Sá Braamcamp Sobral Sottomayor	BCP Shares	0	0				
Cidália Maria Mota Lopes	BCP Shares	10,247	10,247				
Jaime de Macedo Santos Bastos	BCP Shares	4,037	4,037				
João Bernardo Bastos Mendes Resende	BCP Shares	0	0				
João Manuel Matos Loureiro	BCP Shares	13,180	13,180				
José Jacinto Iglésias Soares	BCP Shares	1,156,004	1,056,004	100,000		14-Sep-15	0.0492
José Miguel Bensliman Schorcht da Silva Pessanha	BCP Shares	20,879	20,879				
José Rodrigues de Jesus	BCP Shares	0	0				
Maria da Conceição Mota Soares de Oliveira Callé Lucas	BCP Shares	275,002	275,002				
Miguel de Campos Pereira de Bragança	BCP Shares	1,715,485	1,715,485				
Miguel Maya Dias Pinheiro	BCP Shares	1,694,099	1,694,099				
Raquel Rute da Costa David Vunge (iii)	BCP Shares	0	0				
Rui Manuel da Silva Teixeira (iv)	BCP Shares	170,389	170,389				
Top management							
Albino António Carneiro de Andrade	BCP Shares	0	0				
Américo João Pinto Carola (v)	BCP Shares	37,745	37,745				
Ana Isabel dos Santos de Pina Cabral (vi)	BCP Shares	182,953	182,953				
Ana Maria Jordão F. Torres Marques Tavares (vii)	BCP Shares	713,055	713,055				
Ana Sofia Costa Raposo Preto	BCP Shares	9,553	9,553				
André Cardoso Meneses Navarro	BCP Shares	1,255,739	1,255,739				
António Augusto Amaral de Medeiros	BCP Shares	200,000	200,000				
António Ferreira Pinto Júnior	BCP Shares	100,000	56,307	18,693		6-Jul-15	0.0720
				25,000		2-Sep-15	0.0610
António Luís Duarte Bandeira (viii)	BCP Shares	500,008	480,008	10,000		1-Apr-15	0.0890
				10,000		9-Sep-15	0.0540
Artur Frederico Silva Luna Pais	BCP Shares	1,503,611	1,503,611				
Belmira Abreu Cabral	BCP Shares	90,458	90,458				
Carlos Alberto Alves	BCP Shares	500.002	500.002				
Diogo Cordeiro Crespo Cabral Campello	BCP Shares	137,500	137,500				
Dulce Maria Pereira Cardoso Mota Jorge Jacinto	BCP Shares	143,335	143,335				
Filipe Maria de Sousa Ferreira Abecasis	BCP Shares	0	0				
Francisco António Caspa Monteiro	BCP Shares	222,365	222,365				
Gonçalo Nuno Belo de Almeida Pascoal	BCP Shares	275	275				
Henrique Raul Ferreira Leite Pereira Cernache	BCP Shares	10,683	10,683				
Jorge Filipe Nogueira Freire Cortes Martins	BCP Shares	7,518	7,518				
Jorge Manuel Machado de Sousa Góis	BCP Shares	0	0				

(continues)

(continuation)

Shareholders / Bondholders	Security	Number of securities at 31/12/2015	Number of securities at 31/12/2014	Changes during 2015 Acquisitions	Disposals	Date	Unit Price Euros
José Guilherme Potier Raposo Pulido Valente	BCP Shares	4,080,000	0	4,080,000		15-Sep-15	0.0488
Luis Miguel Manso Correia dos Santos	BCP Shares	100,000	100,000				
Maria Manuela Correia Duro Teixeira	BCP Shares	0	0				
Maria Manuela de Araujo Mesquita Reis	BCP Shares	390,000	250,000	20,000		28-Jan-15	0.0625
	BCP Shares				20,000	27-Feb-15	0.0825
	BCP Shares			20,000		3-Sep-15	0.0591
	BCP Shares			10,000		3-Sep-15	0.0577
	BCP Shares			10,000		4-Sep-15	0.0565
	BCP Shares			10,000		7-Sep-15	0.0551
	BCP Shares			50,000		14-Sep-15	0.0506
	BCP Shares			20,000		28-Sep-15	0.0462
	BCP Shares			20,000		10-Nov-15	0.0451
Maria Montserrat Vendrell Serrano Duarte	BCP Shares	0	0				
Mário António Pinho Gaspar Neves	BCP Shares	139,000	88,999	50,001		10-Sep-15	0.0515
	Certificates BCPI S6P 500	193	193				
	Certificates BCPI Eurostox 50	187	187				
	Certificates BCPI DAX 30	55	0	55		11-Feb-15	107.5400
	Certificates BCP Nikkei	11	0	11		11-Feb-15	176.5300
	Certificado BCP Nasdaq	0	0	46		11-Feb-15	42.8100
					46	6-Nov-15	46.8000
Miguel Pedro Lourenço Magalhães Duarte	BCP Shares	1,000,000	875,000	125,000		30-Nov-15	0.0509
Nelson Luís Vieira Teixeira	BCP Shares	21,420	21,420				
Nuno Alexandre Ferreira Pereira Alves	BCP Shares	135,000	135,000				
Pedro José Mora de Paiva Beija	BCP Shares	0	0				
Pedro Manuel Macedo Vilas Boas	BCP Shares	0	0				
Pedro Manuel Rendas Duarte Turras	BCP Shares	69,412	69,412				
Ricardo Potes Valadares	BCP Shares	102,986	102,986				
Robert Gijsbert Swalef	BCP Shares	225,000	225,000				
Rosa Maria Ferreira Vaz Santa Barbara	BCP Shares	90,342	90,342				
Rui Fernando da Silva Teixeira	BCP Shares	946,059	946,059				
Rui Manuel Pereira Pedro	BCP Shares	700,000	700,000				
Rui Pedro da Conceição Coimbra Fernandes	BCP Shares	0	0				
Rui Pedro da Conceição Coimbra Fernandes	BCP Shares	0	0				
Vasco do Carmo Viana Rebelo de Andrade	BCP Shares	0	0				

Persons closely related to the previous categories

Ana Isabel Salgueiro Antunes (v)	BCP Shares	2,217	2,217				
Ana Margarida Rebelo A.M. Soares Bandeira (viii)	BCP Shares	14,000	0	14,000	0	16-Jan-15	0.0689
Eusébio Domingos Vunge (iii)	BCP Shares	51,859	0	51,859		12-Jun-15	0.0834
	Subordinated Bonds - BCP 2010/2020	0	5		5	12-Jun-15	865.0000
	Certific BCPi DAX 30	46	0	46		16-Feb-15	109.4600
	Certific BCPi EUROSTOXX 50	142	0	142		9-Jun-15	35.0900
	Particip. Units - IMGA Prestige Conservador	1,343	0	1,343		13-Feb-15	8.9358
Francisco Jordão Torres Marques Tavares (vii)	BCP Shares	4,586	4,586				
Isabel Maria V Leite P Martins Monteiro (i)	BCP Shares	14,605	14,605				
João Paulo Fernandes de Pinho Cardão (ii)	BCP Shares	340,970	340,970				
José Manuel de Vasconcelos Mendes Ferreira (vi)	BCP Shares	12,586	12,586				
Luís Miguel Fernandes de Pinho Cardão (ii)	BCP Shares	14,550	14,550				
Maria Avelina V C L J Teixeira Diniz (viii)	BCP Shares	182,528	182,528				
Maria da Graça dos Santos Fernandes de Pinho Cardão (ii)	BCP Shares	28,833	28,833				
Maria Helena Espassandim Catão (iv)	BCP Shares	2,750	2,750				

c) Transactions with associated companies

As at 31 December 2015, the balances with subsidiary and associated companies included in Assets items of the balance sheet are as follows:

	Loans and advances to credit institutions							
	Repayable on demand Euros '000	**Other loans and advances Euros '000**	**Loans and advances to customers Euros '000**	**Financial assets held for trading Euros '000**	**Financial assets available for sale Euros '000**	**Non-current assets held for sale Euros '000**	**Other assets Euros '000**	**Total Euros '000**
ACT-C-Indústria de Cortiças, S.A.	-	-	11	-	-	-	-	11
Banco ActivoBank, S.A.	-	-	-	-	-	-	20	20
Banco de Investimento Imobiliário, S.A.	-	85,100	-	132	-	-	1,015	86,247
Banco Millennium Angola, S.A.	-	123,920	-	-	-	-	8,073	131,993
BCP Finance Bank Ltd	-	-	-	502	47,714	-	-	48,216
BCP Investment, B.V.	-	-	58,398	-	-	-	-	58,398
BIM - Banco Internacional de Moçambique, S.A.R.L.	195	-	-	-	-	-	9,881	10,076
DP Invest – Fundo Especial de Investimento Imobiliário Fechado	-	-	-	-	-	-	1	1
Fundial – Fundo Especial de Investimento Imobiliário Fechado	-	-	-	-	-	-	1	1
Fundipar – Fundo Especial de Investimento Imobiliário Fechado	-	-	-	-	-	-	3	3
Fundo de Investimento Imobiliário Fechado Gestimo	-	-	-	-	-	-	2	2
Fundo de Investimento Imobiliário Imorenda	-	-	-	-	-	-	612	612
Fundo de Investimento Imobiliário Imosotto Acumulação	-	-	-	-	-	-	217	217
Fundo Especial de Investimento Imobiliário Fechado Intercapital	-	-	-	-	-	-	1	1
Fundo Especial de Investimento Imobiliário Fechado Sand Capital	-	-	-	-	-	-	1	1
Fundo Especial de Investimento Imobiliário Fechado Stone Capital	-	-	-	-	-	-	1	1
Fundo Especial de Investimento Imobiliário Oceânico II	-	-	-	-	-	-	4	4
Funsita - Fundo Especial de Investimento Imobiliário Fechado	-	-	-	-	-	-	2	2
Grand Urban Investment Fund - Fundo Especial de Investimento Imobiliário Fechado	-	-	-	-	-	-	2	2
Bank Millennium (Poland) Group	241	16,928	-	-	-	-	-	17,169
Imábida - Imobiliária da Arrábida, S.A.	-	-	-	-	-	38,477	-	38,477
Imoport - Fundo de Investimento Imobiliário Fechado	-	-	-	-	-	-	2	2
Interfundos Gestão de Fundos de Investimento Imobiliários, S.A.	-	-	-	-	-	-	53	53
Irgossai - Urbanização e construção, S.A.	-	-	-	-	-	92,367	-	92,367
Magellan Mortgages No. 2 PLC	-	-	-	-	20,564	-	-	20,564
Magellan Mortgages No. 3 PLC	-	-	-	6,288	109,744	-	-	116,032
Millennium bcp - Prestação de Serviços, A.C.E.	-	-	-	-	-	-	19,399	19,399
Millennium bcp Bank & Trust	-	-	-	5,177	-	-	-	5,177
Millennium bcp Imobiliária, S.A.	-	-	-	-	-	-	54,195	54,195
Millennium bcp Participações, S.G.P.S., Sociedade Unipessoal, Lda.	-	-	-	-	-	-	134,225	134,225
Millennium Fundo de Capitalização - Fundo de Capital de Risco	-	-	-	-	-	-	6	6
Millenniumbcp Ageas Grupo Segurador, S.G.P.S., S.A. (Group)	-	-	-	57,593	-	-	12,943	70,536
Multiusos Oriente - Fundo Especial de Investimento Imobiliário Fechado	-	-	-	-	-	-	4	4
Nanium, S.A.	-	-	22,967	-	-	-	13,621	36,588
Propaço- Sociedade Imobiliária De Paço D'Arcos, Lda.	-	-	-	-	-	-	16,128	16,128
QPR Investimentos, S.A.	-	-	-	-	-	30,855	-	30,855
Unicre - Instituição Financeira de Crédito, S.A.	-	717	-	-	-	-	-	717
	436	226,665	81,376	69,692	178,022	161,699	270,412	988,302

As at 31 December 2015, the balances with subsidiary and associated companies included in Liabilities items of the balance sheet are as follows:

	Deposits from Credit Institutions Euros '000	Deposits from Customers Euros '000	Debt Securities Issued Euros '000	Financial liabilities held for trading Euros '000	Subordinated Debt Euros '000	Subordinated Debt Euros '000	Total Euros '000
ACT-C-Indústria de Cortiças, S.A.	-	1	-	-	-	-	1
Banco ActivoBank, S.A.	677,063	-	-	-	-	9,581	686,644
Banco de Investimento Imobiliário, S.A.	194,683	-	-	15	28,784	11,234	234,716
Banco Millennium Angola, S.A.	35,872	-	-	-	-	-	35,872
Banque BCP (Luxembourg), S.A.	179	-	-	-	-	-	179
Banque BCP, S.A.S.	101,739	-	-	-	-	-	101,739
Banque Privée BCP (Suisse) S.A.	13,773	-	-	-	-	-	13,773
BCP África, S.G.P.S., Lda.	-	32,552	-	-	-	-	32,552
BCP Capital - Sociedade de Capital de Risco, S.A.	-	11,233	-	-	-	-	11,233
BCP Finance Bank Ltd	478,216	-	-	1,436	71,274	-	550,926
BCP Finance Company, Ltd	-	105,987	-	-	68,349	-	174,336
BCP Holdings (USA), Inc.	-	25,008	-	-	-	-	25,008
BCP International, B.V.	-	248,499	-	-	-	-	248,499
BCP Investment, B.V.	-	195,365	-	-	-	-	195,365
BIM - Banco Internacional de Moçambique, S.A.R.L.	18,057	-	-	-	-	11	18,068
Bitalpart, B.V.	-	7,897	-	-	-	-	7,897
DP Invest – Fundo Especial de Investimento Imobiliário Fechado	-	290	-	-	-	-	290
Fundial – Fundo Especial de Investimento Imobiliário Fechado	-	347	-	-	-	-	347
Fundipar – Fundo Especial de Investimento Imobiliário Fechado	-	77	-	-	-	-	77
Fundo de Investimento Imobiliário Fechado Gestimo	-	491	-	-	-	-	491
Fundo de Investimento Imobiliário Gestão Imobiliária	-	600	-	-	-	-	600
Fundo de Investimento Imobiliário Imorenda	-	1,114	-	-	-	-	1,114
Fundo de Investimento Imobiliário Imosotto Acumulação	-	5,787	-	-	-	-	5,787
Fundo Especial de Investimento Imobiliário Fechado Intercapital	-	226	-	-	-	-	226
Fundo Especial de Investimento Imobiliário Fechado Sand Capital	-	363	-	-	-	-	363
Fundo Especial de Investimento Imobiliário Fechado Stone Capital	-	362	-	-	-	-	362
Fundo Especial de Investimento Imobiliário Oceânico II	-	677	-	-	-	-	677
Funsita - Fundo Especial de Investimento Imobiliário Fechado	-	4,150	-	-	-	-	4,150
Grand Urban Investment Fund - Fundo Especial de Investimento Imobiliário Fechado	-	278	-	-	-	-	278
Bank Millennium (Poland) Group	572	-	-	-	-	-	572
Imábida - Imobiliária da Arrábida, S.A.	-	51	-	-	-	-	51
Imoport - Fundo de Investimento Imobiliário Fechado	-	10,207	-	-	-	-	10,207
Interfundos Gestão de Fundos de Investimento Imobiliários, S.A.	-	4,598	-	-	-	-	4,598
Irgossai - Urbanização e construção, S.A.	-	510	-	-	-	-	510
M Inovação - Fundo de Capital de Risco BCP Capital	-	115	-	-	-	-	115
Millennium bcp - Prestação de Serviços, A.C.E.	-	4,202	-	-	-	2,806	7,008
Millennium bcp Bank & Trust	23,002	-	-	-	-	-	23,002
Millennium bcp Imobiliária, S.A.	-	1,228	-	-	-	-	1,228
Millennium bcp Participações, S.G.P.S., Sociedade Unipessoal, Lda.	-	249,803	-	-	-	-	249,803
Millennium bcp Teleserviços - Serviços de Comércio Electrónico, S.A.	-	101	-	-	-	-	101
Millennium Fundo de Capitalização - Fundo de Capital de Risco	-	54,315	-	-	-	-	54,315
Millenniumbcp Ageas Grupo Segurador, S.G.P.S., S.A. (Group)	-	548,536	1,608,993	107,656	478,903	2	2,744,090
Multiusos Oriente - Fundo Especial de Investimento Imobiliário Fechado	-	22,293	-	-	-	-	22,293
Nanium, S.A.	-	6,269	-	-	-	-	6,269
QPR Investimentos, S.A.	-	3,292	-	-	-	-	3,292
S&P Reinsurance Limited	-	2,564	-	-	-	-	2,564
Servitrust - Trust Management Services S.A.	-	628	-	-	-	-	628
SIBS, S.G.P.S., S.A.	-	6,811	-	-	-	-	6,811
Sicit - Sociedade de Investimentos e Consultoria em Infra-Estruturas de Transportes, S.A.	-	2,657	-	-	-	-	2,657
Unicre - Instituição Financeira de Crédito, S.A.	7,724	-	-	-	-	-	7,724
	1,550,880	1,559,484	1,608,993	109,107	647,310	23,634	5,499,408

As at 31 December 2015, the associated company Millenniumbcp Ageas Grupo Segurador, S.G.P.S., S.A. holds 652,087,518 BCP shares in the amount of Euros 31,822,000.

As at 31 December 2015, the balances with subsidiary and associated companies included in Income items of the income statement, are as follows:

	Interest and similar income Euros '000	Commissions income Euros '000	Other operating income Euros '000	Gains arising from trading activity Euros '000	Total Euros '000
Banco ActivoBank, S.A.	74	-	286	-	360
Banco de Investimento Imobiliário, S.A.	1,562	1,672	-	13,893	17,127
Banco Millennium Angola, S.A.	2,943	295	715	-	3,953
Banque BCP (Luxembourg), S.A.	-	2	-	-	2
Banque BCP, S.A.S.	-	3	-	-	3
Banque Privée BCP (Suisse) S.A.	-	1,042	117	-	1,159
BCP Capital - Sociedade de Capital de Risco, S.A.	-	6	221	-	227
BCP Finance Bank Ltd	304	-	-	1,500	1,804
BCP Investment, B.V.	2,715	-	-	-	2,715
BIM - Banco Internacional de Moçambique, S.A.R.L.	-	49	10,890	-	10,939
DP Invest – Fundo Especial de Investimento Imobiliário Fechado	-	6	-	-	6
Fundial – Fundo Especial de Investimento Imobiliário Fechado	-	9	-	-	9
Fundipar – Fundo Especial de Investimento Imobiliário Fechado	67	22	-	-	89
Fundo de Investimento Imobiliário Fechado Gestimo	8	29	-	-	37
Fundo de Investimento Imobiliário Gestão Imobiliária	-	2	-	-	2
Fundo de Investimento Imobiliário Imorenda	-	201	-	-	201
Fundo de Investimento Imobiliário Imosotto Acumulação	-	225	-	-	225
Fundo Especial de Investimento Imobiliário Fechado Intercapital	-	6	-	-	6
Interfundos Gestão de Fundos de Investimento Imobiliários, S.A.	-	307	131	-	438
Fundo Especial de Investimento Imobiliário Fechado Sand Capital	41	6	-	-	47
Fundo Especial de Investimento Imobiliário Fechado Stone Capital	41	6	-	-	47
Fundo Especial de Investimento Imobiliário Oceânico II	-	47	-	-	47
Funsita - Fundo Especial de Investimento Imobiliário Fechado	-	19	-	-	19
Grand Urban Investment Fund - Fundo Especial de Investimento Imobiliário Fechado	-	22	-	-	22
Bank Millennium (Poland) Group	22	222	-	-	244
Imoport - Fundo de Investimento Imobiliário Fechado	-	30	-	-	30
Irgossai - Urbanização e construção, S.A.	11,141	-	-	-	11,141
Luanda Waterfront Corporation	-	(27)	-	-	(27)
M Inovação - Fundo de Capital de Risco BCP Capital	-	1	-	-	1
Magellan Mortgages No. 2 PLC	272	168	-	-	440
Magellan Mortgages No. 3 PLC	2,941	561	-	-	3,502
Millennium bcp Bank & Trust	1	-	-	988	989
Millennium bcp Imobiliária, S.A.	38	19	-	-	57
Millennium bcp Participações, S.G.P.S., Sociedade Unipessoal, Lda.	1	-	-	-	1
Millennium bcp - Prestação de Serviços, A.C.E.	-	92	6,597	-	6,689
Millennium Fundo de Capitalização - Fundo de Capital de Risco	-	10	-	-	10
Millenniumbcp Ageas Grupo Segurador, S.G.P.S., S.A. (Group)	20	53,275	366	-	53,661
Multiusos Oriente - Fundo Especial de Investimento Imobiliário Fechado	-	52	-	-	52
Nanium, S.A.	135	137	-	-	272
SIBS, S.G.P.S., S.A.	-	5	-	-	5
Unicre - Instituição Financeira de Crédito, S.A.	219	1,685	-	-	1,904
	22,545	60,206	19,323	16,381	118,455

As at 31 December 2015, the balances with subsidiary and associated companies included in Expenses items of the income statement, are as follows:

	Interest expense and similar charges Euros '000	Commissions expense Euros '000	Other operating costs Euros '000	Administrative costs Euros '000	Losses arising from trading activity Euros '000	Total Euros '000
Banco ActivoBank, S.A.	1,350	13,668	-	(27)	-	14,991
Banco de Investimento Imobiliário, S.A.	448	1,925	-	-	13,979	16,352
Banco Millennium Angola, S.A.	9	4	-	-	-	13
Banque BCP, S.A.S.	10,217	-	-	-	-	10,217
BCP África, S.G.P.S., Lda.	70	-	-	-	-	70
BCP Capital - Sociedade de Capital de Risco, S.A.	185	-	-	(41)	-	144
BCP Finance Bank Ltd	15,215	-	-	-	975	16,190
BCP Finance Company, Ltd	5,677	-	-	-	-	5,677
BCP Holdings (USA), Inc.	57	-	-	-	-	57
BCP International, B.V.	19	-	-	-	-	19
BCP Investment, B.V.	752	-	-	-	-	752
BIM - Banco Internacional de Moçambique, S.A.R.L.	7	3	-	-	-	10
Bitalpart, B.V.	31	-	-	-	-	31
DP Invest – Fundo Especial de Investimento Imobiliário Fechado	4	-	-	-	-	4
Fundo de Investimento Imobiliário Fechado Gestimo	1	-	-	-	-	1
Fundo de Investimento Imobiliário Gestão Imobiliária	2	-	-	-	-	2
Fundo de Investimento Imobiliário Imorenda	29	-	-	7,612	-	7,641
Fundo de Investimento Imobiliário Imosotto Acumulação	18	-	-	1,995	-	2,013
Fundo Especial de Investimento Imobiliário Fechado Intercapital	1	-	-	-	-	1
Fundo Especial de Investimento Imobiliário Fechado Sand Capital	1	-	-	-	-	1
Fundo Especial de Investimento Imobiliário Fechado Stone Capital	1	-	-	-	-	1
Fundo Especial de Investimento Imobiliário Oceânico II	4	-	-	-	-	4
Funsita - Fundo Especial de Investimento Imobiliário Fechado	2	-	-	-	-	2
Bank Millennium (Poland) Group	4	48	-	-	-	52
Imoport - Fundo de Investimento Imobiliário Fechado	6	-	-	-	-	6
Interfundos Gestão de Fundos de Investimento Imobiliários, S.A.	16	-	-	-	-	16
Millennium bcp - Prestação de Serviços, A.C.E.	-	-	19	22,373	-	22,392
Millennium bcp Bank & Trust	120	-	-	-	719	839
Millennium bcp Imobiliária, S.A.	-	-	-	36	-	36
Millennium bcp Participações, S.G.P.S., Sociedade Unipessoal, Lda.	1,104	-	-	-	-	1,104
Millennium bcp Teleserviços - Serviços de Comércio Electrónico, S.A.	-	-	-	16	-	16
Millennium Fundo de Capitalização - Fundo de Capital de Risco	218	-	-	-	-	218
Millenniumbcp Ageas Grupo Segurador, S.G.P.S., S.A. (Group)	63,993	-	-	82	-	64,075
Multiusos Oriente - Fundo Especial de Investimento Imobiliário Fechado	14	-	-	-	-	14
Nanium, S.A.	1	-	-	-	-	1
SIBS, S.G.P.S., S.A.	4	-	-	-	-	4
Sicit - Sociedade de Investimentos e Consultoria em Infra-Estruturas de Transportes, S.A.	9	-	-	-	-	9
Unicre - Instituição Financeira de Crédito, S.A.	-	1	-	-	-	1
	99,589	15,649	19	32,046	15,673	162,976

The balance Interest expense and similar charges includes for Millenniumbcp Ageas Grupo Segurador, S.G.P.S., S.A. (Group), the amount of Euros 22,887,000 related to interests from debt securities issued and the amount of Euros 30,896,000 related to interests from Subordinated debt.

As at 31 December 2015, the Guarantees granted and Revocable credit lines to subsidiary and associated companies, are as follows:

	Guarantees granted Euros '000	Revocable credit lines Euros '000	Total Euros '000
Banco de Investimento Imobiliário, S.A.	89	255,882	255,971
Banco Millennium Angola, S.A.	1,203	-	1,203
Banque Privée BCP (Suisse) S.A.	-	200,000	200,000
BCP Finance Bank Ltd	301,765	-	301,765
BCP Finance Company, Ltd	59,910	-	59,910
BIM - Banco Internacional de Moçambique, S.A.R.L.	1,151	-	1,151
Fundo de Investimento Imobiliário Imorenda	-	1,513	1,513
Fundo de Investimento Imobiliário Imosotto Acumulação	-	3,837	3,837
Bank Millennium (Poland) Group	348	-	348
Millenniumbcp Ageas Grupo Segurador, S.G.P.S., S.A. (Group)	85	-	85
Nanium, S.A.	5,305	32	5,337
SIBS, S.G.P.S., S.A.	-	469	469
Unicre - Instituição Financeira de Crédito, S.A.	-	9,370	9,370
	369,856	471,103	840,959

As at 31 December 2014, the balances with subsidiary and associated companies included in Assets items of the balance sheet are as follows:

	Loans and advances to credit institutions							
	Repayable on demand Euros '000	**Other loans and advances Euros '000**	**Loans and advances to customers Euros '000**	**Financial assets held for trading Euros '000**	**Financial assets available for sale Euros '000**	**Non-current assets held for sale Euros '000**	**Other assets Euros '000**	**Total Euros '000**
ACT-C-Indústria de Cortiças, S.A.	-	-	772	-	-	-	-	772
Banco ActivoBank, S.A.	-	-	-	-	-	-	20	20
Banco de Investimento Imobiliário, S.A.	-	125,096	-	247	-	-	-	125,343
Banco Millennium Angola, S.A.	-	126,330	-	-	-	-	7,428	133,758
BCP Capital - Sociedade de Capital de Risco, S.A.	-	-	-	-	-	-	1	1
BCP Finance Bank Ltd	-	26	-	751	4,178	-	-	4,955
BCP Investment, B.V.	-	-	58,413	-	-	-	-	58,413
BIM - Banco Internacional de Moçambique, S.A.R.L.	197	-	-	-	-	-	5,285	5,482
DP Invest – Fundo Especial de Investimento Imobiliário Fechado	-	-	-	-	-	-	1	1
Fundial – Fundo Especial de Investimento Imobiliário Fechado	-	-	-	-	-	-	1	1
Fundo de Investimento Imobiliário Fechado Gestimo	-	-	328	-	-	-	2	330
Fundo de Investimento Imobiliário Imorenda	-	-	-	-	-	-	745	745
Fundo de Investimento Imobiliário Imosotto Acumulação	-	-	-	-	-	-	262	262
Fundo Especial de Investimento Imobiliário Fechado Intercapital	-	-	-	-	-	-	1	1
Fundo Especial de Investimento Imobiliário Fechado Sand Capital	-	-	1,065	-	-	-	1	1,066
Fundo Especial de Investimento Imobiliário Fechado Stone Capital	-	-	1,065	-	-	-	1	1,066
Fundo Especial de Investimento Imobiliário Oceânico II	-	-	-	-	-	-	4	4
Funsita - Fundo Especial de Investimento Imobiliário Fechado	-	-	-	-	-	-	2	2
Grand Urban Investment Fund - Fundo Especial de Investimento Imobiliário Fechado	-	-	-	-	-	-	2	2
Bank Millennium (Poland) Group	31	17,048	-	-	-	-	-	17,079
Imábida - Imobiliária da Arrábida, S.A.	-	-	-	-	-	38,227	38,227	76,454
Imoport - Fundo de Investimento Imobiliário Fechado	-	-	-	-	-	-	3	3
Interfundos Gestão de Fundos de Investimento Imobiliários, S.A.	-	-	-	-	-	-	41	41
Irgossai - Urbanização e construção, S.A.	-	-	-	-	-	67,194	91,988	159,182
Luanda Waterfront Corporation	-	-	-	-	-	-	27	27
Magellan Mortgages No. 2 PLC	-	-	-	-	20,796	-	-	20,796
Magellan Mortgages No. 3 PLC	-	-	-	7,236	105,451	-	-	112,687
Millennium bcp Gestão de Activos - Sociedade Gestora de Fundos de Investimento, S.A.	-	-	-	-	-	-	598	598
Millennium bcp - Prestação de Serviços, A.C.E.	-	-	-	-	-	-	25,824	25,824
Millennium bcp Bank & Trust	-	121	-	9,349	-	-	-	9,470
Millennium bcp Imobiliária, S.A.	-	-	-	-	-	-	51,295	51,295
Millennium bcp Participações, S.G.P.S., Sociedade Unipessoal, Lda.	-	-	133	-	-	-	439,004	439,137
Millennium Fundo de Capitalização - Fundo de Capital de Risco	-	-	-	-	-	-	2	2
Millenniumbcp Ageas Grupo Segurador, S.G.P.S., S.A. (Group) (*)	-	-	643	51,437	-	-	12,952	65,032
Multiusos Oriente - Fundo Especial de Investimento Imobiliário Fechado	-	-	-	-	-	-	4	4
Nanium, S.A.	-	-	18,743	-	-	-	13,621	32,364
Propaço- Sociedade Imobiliária De Paço D'Arcos, Lda.	-	-	-	-	-	-	16,089	16,089
QPR Investimentos, S.A.	-	-	-	-	-	31,825	31,825	63,650
Unicre - Instituição Financeira de Crédito, S.A.	-	403	-	-	-	-	-	403
	228	269,024	81,162	69,020	130,425	137,246	735,256	1,422,361

(*) The amount of loans and advances to Millenniumbcp Ageas Grupo Segurador, S.G.P.S., S.A. (Group), corresponds to loans granted to Ageas Group while qualified shareholder.

As at 31 December 2014, the balances with subsidiary and associated companies included in Liabilities items of the balance sheet are as follows:

	Deposits from Credit Institutions Euros '000	Deposits from Customers Euros '000	Debt Securities Issued Euros '000	Financial liabilities held for trading Euros '000	Subordinated Debt Euros '000	Subordinated Debt Euros '000	Total Euros '000
ACT-C-Indústria de Cortiças, S.A.	-	1	-	-	-	-	1
Banco ActivoBank, S.A.	35,821	-	-	-	-	6,467	42,288
Banco de Investimento Imobiliário, S.A.	363,497	-	-	-	28,796	12,396	404,689
Banco Millennium Angola, S.A.	692	-	-	-	-	-	692
Banque BCP (Luxembourg), S.A.	229	-	-	-	-	-	229
Banque BCP, S.A.S.	104,031	-	-	-	-	-	104,031
Banque Privée BCP (Suisse) S.A.	17,007	-	-	-	-	3,451	20,458
BCP África, S.G.P.S., Lda.	-	15,491	-	-	-	-	15,491
BCP Capital - Sociedade de Capital de Risco, S.A.	-	9,984	-	-	-	92	10,076
BCP Finance Bank Ltd	567,511	-	-	1,659	71,276	-	640,446
BCP Finance Company, Ltd	-	89,274	-	-	190,678	-	279,952
BCP Holdings (USA), Inc.	-	1,782	-	-	-	-	1,782
BCP Investment, B.V.	-	462,098	-	-	-	-	462,098
BII Investimentos International, S.A.	-	-	-	-	-	7	7
BIM - Banco Internacional de Moçambique, S.A.R.L.	5,600	-	-	-	-	10	5,610
Bitalpart, B.V.	-	8,019	-	-	-	-	8,019
DP Invest – Fundo Especial de Investimento Imobiliário Fechado	-	394	-	-	-	-	394
Flitptrell III, S.A.	-	3	-	-	-	-	3
Fundial – Fundo Especial de Investimento Imobiliário Fechado	-	465	-	-	-	-	465
Fundo de Investimento Imobiliário Fechado Gestimo	-	208	-	-	-	-	208
Fundo de Investimento Imobiliário Gestão Imobiliária	-	654	-	-	-	-	654
Fundo de Investimento Imobiliário Imorenda	-	9,559	-	-	-	-	9,559
Fundo de Investimento Imobiliário Imosotto Acumulação	-	67,411	-	-	-	-	67,411
Fundo Especial de Investimento Imobiliário Fechado Intercapital	-	342	-	-	-	-	342
Fundo Especial de Investimento Imobiliário Oceânico II	-	1,563	-	-	-	-	1,563
Funsita - Fundo Especial de Investimento Imobiliário Fechado	-	515	-	-	-	10	525
Grand Urban Investment Fund - Fundo Especial de Investimento Imobiliário Fechado	-	16	-	-	-	-	16
Bank Millennium (Poland) Group	6,871	-	-	-	-	-	6,871
Imábida - Imobiliária da Arrábida, S.A.	-	17	-	-	-	-	17
Imoport - Fundo de Investimento Imobiliário Fechado	-	613	-	-	-	-	613
Interfundos Gestão de Fundos de Investimento Imobiliários, S.A.	-	5,794	-	-	-	-	5,794
Irgossai - Urbanização e construção, S.A.	-	24,734	-	-	-	-	24,734
M Inovação - Fundo de Capital de Risco BCP Capital	-	122	-	-	-	-	122
Millennium bcp - Prestação de Serviços, A.C.E.	-	4,053	-	-	-	3,324	7,377
Millennium bcp Bank & Trust	2,682	-	-	-	-	-	2,682
Millennium bcp Gestão de Activos - Sociedade Gestora de Fundos de Investimento, S.A.	-	3,961	-	-	-	1	3,962
Millennium bcp Imobiliária, S.A.	-	1,368	-	-	-	-	1,368
Millennium bcp Participações, S.G.P.S., Sociedade Unipessoal, Lda.	-	439,718	-	-	-	-	439,718
Millennium bcp Teleserviços - Serviços de Comércio Electrónico, S.A.	-	161	-	-	-	-	161
Millennium Fundo de Capitalização - Fundo de Capital de Risco	-	29,010	-	-	-	-	29,010
Millenniumbcp Ageas Grupo Segurador, S.G.P.S., S.A. (Group)	-	625,109	1,730,090	152,327	476,205	-	2,983,731
Multiusos Oriente - Fundo Especial de Investimento Imobiliário Fechado	-	822	-	-	-	-	822
Nanium, S.A.	-	1,714	-	-	-	-	1,714
QPR Investimentos, S.A.	-	3,255	-	-	-	-	3,255
Servitrust - Trust Management Services S.A.	-	638	-	-	-	-	638
SIBS, S.G.P.S., S.A.	-	346	-	-	-	-	346
Sicit - Sociedade de Investimentos e Consultoria em Infra-Estruturas de Transportes, S.A.	-	1,024	-	-	-	-	1,024
Unicre - Instituição Financeira de Crédito, S.A.	367	-	-	-	-	-	367
VSC - Aluguer de Veículos Sem Condutor, Lda.	-	1,319	-	-	-	-	1,319
	1,104,308	1,811,557	1,730,090	153,986	766,955	25,758	5,592,654

As at 31 December 2014, the associated company Millenniumbcp Ageas Grupo Segurador, S.G.P.S., S.A. holds 652,087,518 BCP shares in the amount of Euros 42,842,000.

As at 31 December 2014, the balances with subsidiary and associated companies included in Income items of the income statement, are as follows:

	Interest and similar income Euros '000	Commissions income Euros '000	Other operating income Euros '000	Gains arising from trading activity Euros '000	Total Euros '000
Banco ActivoBank, S.A.	-	-	299	-	299
Banco de Investimento Imobiliário, S.A.	281,303	4	3	320	281,630
Banco Millennium Angola, S.A.	3,033	333	755	-	4,121
Banque Privée BCP (Suisse) S.A.	2	1,069	125	-	1,196
BCP Capital - Sociedade de Capital de Risco, S.A.	-	2	98	-	100
BCP Finance Bank Ltd	9,960	-	-	2,263	12,223
BCP Holdings (USA), Inc.	310	-	-	-	310
BCP Investment, B.V.	201	22	-	-	223
BIM - Banco Internacional de Moçambique, S.A.R.L.	12	44	10,258	-	10,314
DP Invest – Fundo Especial de Investimento Imobiliário Fechado	-	1	-	-	1
Fundial – Fundo Especial de Investimento Imobiliário Fechado	17	2	-	-	19
Fundo de Investimento Imobiliário Fechado Gestimo	23	28	-	-	51
Fundo de Investimento Imobiliário Gestão Imobiliária	-	3	-	-	3
Fundo de Investimento Imobiliário Imorenda	-	212	-	-	212
Fundo de Investimento Imobiliário Imosotto Acumulação	-	345	-	-	345
Fundo Especial de Investimento Imobiliário Fechado Intercapital	-	10	-	-	10
Fundo Especial de Investimento Imobiliário Fechado Sand Capital	61	6	-	-	67
Fundo Especial de Investimento Imobiliário Fechado Stone Capital	61	6	-	-	67
Fundo Especial de Investimento Imobiliário Oceânico II	-	47	-	-	47
Funsita - Fundo Especial de Investimento Imobiliário Fechado	-	20	-	-	20
Grand Urban Investment Fund - Fundo Especial de Investimento Imobiliário Fechado	-	23	-	-	23
Bank Millennium (Poland) Group	138	34	-	-	172
Imoport - Fundo de Investimento Imobiliário Fechado	-	32	-	-	32
Interfundos Gestão de Fundos de Investimento Imobiliários, S.A.	-	330	158	-	488
M Inovação - Fundo de Capital de Risco BCP Capital	-	1	-	-	1
Magellan Mortgages No. 2 PLC	355	182	-	-	537
Magellan Mortgages No. 3 PLC	2,326	603	-	-	2,929
Millennium bcp - Prestação de Serviços, A.C.E.	-	120	7,178	-	7,298
Millennium bcp Bank & Trust	303	-	-	6,748	7,051
Millennium bcp Gestão de Activos - Sociedade Gestora de Fundos de Investimento, S.A.	-	6,720	327	-	7,047
Millennium bcp Imobiliária, S.A.	-	22	-	-	22
Millennium Fundo de Capitalização - Fundo de Capital de Risco	-	7	-	-	7
Millenniumbcp Ageas Grupo Segurador, S.G.P.S., S.A. (Group)	-	61,682	5,533	-	67,215
Multiusos Oriente - Fundo Especial de Investimento Imobiliário Fechado	-	71	-	-	71
SIBS, S.G.P.S., S.A.	1	4	-	-	5
Unicre - Instituição Financeira de Crédito, S.A.	782	1,536	-	-	2,318
VSC - Aluguer de Veículos Sem Condutor, Lda.	87	57	58	-	202
	298,975	73,578	24,792	9,331	406,676

As at 31 December 2014, the balances with subsidiary and associated companies included in Expenses items of the income statement, are as follows:

	Interest expense and similar charges Euros '000	Commissions expense Euros '000	Staff costs Euros '000	Administrative costs Euros '000	Losses arising from trading activity Euros '000	Total Euros '000
Banco ActivoBank, S.A.	492	7,583	-	(27)	-	8,048
Banco de Investimento Imobiliário, S.A.	247,499	1,402	-	-	9	248,910
Banco Millennium Angola, S.A.	(77)	-	-	-	-	(77)
Banque Privée BCP (Suisse) S.A.	7	-	-	-	-	7
BCP África, S.G.P.S., Lda.	3	-	-	-	-	3
BCP Capital - Sociedade de Capital de Risco, S.A.	37	-	-	-	-	37
BCP Finance Bank Ltd	20,836	-	-	-	2,926	23,762
BCP Finance Company, Ltd	30,053	-	-	-	-	30,053
BCP Investment, B.V.	4,124	-	-	-	-	4,124
BII Investimentos International, S.A.	-	87	-	-	-	87
BIM - Banco Internacional de Moçambique, S.A.R.L.	22	-	-	-	-	22
Bitalpart, B.V.	1,549	-	-	-	-	1,549
DP Invest – Fundo Especial de Investimento Imobiliário Fechado	1	-	-	-	-	1
Fundo de Investimento Imobiliário Gestão Imobiliária	30	-	-	-	-	30
Fundo de Investimento Imobiliário Imorenda	74	-	-	8,749	-	8,823
Fundo de Investimento Imobiliário Imosotto Acumulação	190	-	-	3,651	-	3,841
Fundo Especial de Investimento Imobiliário Oceânico II	4	-	-	-	-	4
Funsita - Fundo Especial de Investimento Imobiliário Fechado	14	-	-	-	-	14
Bank Millennium (Poland) Group	3	-	-	-	2,022	2,025
Imoport - Fundo de Investimento Imobiliário Fechado	9	-	-	-	-	9
Interfundos Gestão de Fundos de Investimento Imobiliários, S.A.	64	-	-	-	-	64
Millennium bcp - Prestação de Serviços, A.C.E.	13	-	-	23,816	-	23,829
Millennium bcp Bank & Trust	14,830	-	-	-	3,839	18,669
Millennium bcp Gestão de Activos - Sociedade Gestora de Fundos de Investimento, S.A.	36	-	-	324	-	360
Millennium bcp Imobiliária, S.A.	-	-	-	36	-	36
Millennium bcp Participações, S.G.P.S., Sociedade Unipessoal, Lda.	865	-	-	-	-	865
Millennium bcp Teleserviços - Serviços de Comércio Electrónico, S.A.	-	-	-	185	-	185
Millennium Fundo de Capitalização - Fundo de Capital de Risco	352	-	-	-	-	352
Millenniumbcp Ageas Grupo Segurador, S.G.P.S., S.A. (Group)	90,055	-	2,944	4,326	-	97,325
Multiusos Oriente - Fundo Especial de Investimento Imobiliário Fechado	2	-	-	-	-	2
SIBS, S.G.P.S., S.A.	42	-	-	-	-	42
Unicre - Instituição Financeira de Crédito, S.A.	-	1	-	-	-	1
	411,129	9,073	2,944	41,060	8,796	473,002

As at 31 December 2014, the Guarantees granted and Revocable credit lines to subsidiary and associated companies, are as follows:

	Guarantees granted Euros '000	Revocable credit lines Euros '000	Total Euros '000
Banco de Investimento Imobiliário, S.A.	-	281,416	281,416
Banco Millennium Angola, S.A.	2,860	36,417	39,277
Banque Privée BCP (Suisse) S.A.	-	300,000	300,000
BCP Finance Bank Ltd	399,736	-	399,736
BCP Finance Company, Ltd	171,175	-	171,175
BIM - Banco Internacional de Moçambique, S.A.R.L.	1,186	-	1,186
Fundo de Investimento Imobiliário Imorenda	-	26,106	26,106
Fundo de Investimento Imobiliário Imosotto Acumulação	-	3,837	3,837
Bank Millennium (Poland) Group	764	-	764
Millennium bcp Gestão de Ativos - Sociedade Gestora de Fundos de Investimento, S.A.	80	-	80
Nanium, S.A.	5,342	39	5,381
Millenniumbcp Ageas Grupo Segurador, S.G.P.S., S.A. (Group)	548	23,250	23,798
Sicit - Sociedade de Investimentos e Consultoria em Infra-Estruturas de Transportes, S.A.	22	-	22
	581,713	671,065	1,252,778

As at 31 December 2015 and 2014, the remunerations resulting from the services of insurance intermediation or reinsurance, are as follows:

	2015 Euros '000	2014 Euros '000
Life insurance		
Saving products	32,618	32,353
Mortgage and consumer loans	19,593	18,818
Others	36	34
	52,247	51,205
Non - Life insurance		
Accidents and health	13,637	13,012
Motor insurance	2,789	2,493
Multi-Risk Housing	5,139	4,722
Others	1,070	1,042
	22,635	21,269
	74,882	72,474

The remuneration for insurance intermediation services were received through bank transfers and resulted from insurance intermediation with the subsidiary of Millenniumbcp Ageas Group (Ocidental - Companhia Portuguesa de Seguros de Vida, S.A.) and with Ocidental - Companhia Portuguesa de Seguros, SA.

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 intermediation activity by nature and entity, are analysed as follows:

	2015 Euros '000	2014 Euros '000
By nature		
Funds receivable for payment of life insurance commissions	12,943	12,609
Funds receivable for payment of non-life insurance commissions	5,625	5,304
	18,568	17,913
By entity		
Ocidental - Companhia Portuguesa de Seguros de Vida, SA	12,943	12,609
Ocidental - Companhia Portuguesa de Seguros, SA	5,625	5,304
	18,568	17,913

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.

d) Transactions with the Pension Fund

During 2015, the Bank sold bonds to the pension fund in the amount of Euros 9,006,000 and purchased to the Pension Fund, Portuguese public debt securities in the amount of Euros 249.020.000 (2014: Euros 420,000,000).

As at 31 December 2015 and 2014, the balances with Pension Fund included in Liabilities items of the balance sheet are as follows:

	2015 **Euros '000**	**2014** **Euros '000**
Deposits from customers	520,176	643,547
Subordinated debt	128,900	128,694
	649,076	772,241

As at 31 December 2015 and 2014, the balances with Pension Fund included in Income items of the income statement, are as follows:

	2015 **Euros '000**	**2014** **Euros '000**
Commissions	745	645

As at 31 December 2015 and 2014, the balances with Pension Fund included in Expenses items of the income statement, are as follows:

	2015 **Euros '000**	**2014** **Euros '000**
Interest expense	92	658
Administrative costs	888	1,990
	980	2,648

The balance Administrative costs corresponds to the amount of rents incurred under the scope of Fund's properties which the tenant is the Bank.

As at 31 December 2015, the amount of Guarantees granted by the Bank to the Pension Fund amounts to Euros 13,593,000 (31 December 2014: Euros 13,593,000).

e) Other transactions

Sale of its 49% in the Non-Life Insurance Business during 2014

During 2014, as part of a process aiming to refocus on core activities, defined as a priority in its Strategic Plan, Banco Comercial Português, S.A. announces that it has agreed with the international insurance group Ageas a partial recast of the strategic partnership agreements entered into in 2004, which included the sale of its 49% interest in the (currently jointly owned) insurance companies that operate exclusively in the non-life insurance business, i.e., “Ocidental – Companhia Portuguesa de Seguros, S.A.” and “Médis – Companhia Portuguesa de Seguros de Saúde, S.A.”, for a base price of Euros 122,500,000, subject to a medium term performance adjustment. The partners (Ageas and the Bank) have also agreed that the joint venture will upstream excess capital totaling Euros 290,000,000 to its shareholders.

48. 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, in coordination with the local departments and considering the specific risks of each business.

The Group's risk-management policy is designed to permanently ensure an adequate relationship between its own funds and the business it develops, as well as the corresponding risk/return profile by business line.

Under this scope, the monitoring and control of the main types of financial risks to which the Bank's business is subject to – credit, market, liquidity and operational – is particularly relevant.

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 fulfil 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 these instruments and the respective volatilities.

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 consists in the potential losses resulting from failures or inadequacies in internal procedures, persons or systems, and also in the potential losses resulting from external events.

Internal Organisation

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 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 Group level and for each entity. The Board of Directors also approves the risk-tolerance level acceptable to the Group, proposed by its Executive Committee.

The Risk Committee is responsible for monitoring the overall levels of risk incurred, ensuring that these are compatible with the goals and strategies approved for the business.

The Chief Risk Officer is responsible for the control of risks in all Group entities, for the identification of all risks to which the Group activity is exposed and for the proposal of measures to improve risks control. The Chief Risk Officer also ensures that risks are monitored on an overall basis and that there is alignment of concepts, practices and goals in risk management.

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 Committee and the main subsidiaries are provided with Risk Office structures which are established in accordance with the risks inherent to 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 Chief Risk Officer takes part.

The Group Head of Compliance is responsible for implementing systems for 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 conflicts of interest, issues related to abuse of market and compliance with the disclosure requirements to customers.

Risk Management and Control model

For the purposes of profitability analysis and risk quantification and control, each entity is divided into the following management areas:

- Trading and Sales: involves those positions for which the goal 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 and the derivatives of 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 other purposes than short-term gains; it also includes any other risk hedging operations associated to those positions;
- Commercial: includes all operations (assets and liabilities) held at the normal course of business of the Bank with its customers;
- ALM: it represents 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, due to 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 these management areas allows for an effective separation of the trading and banking portfolios management, as well as a for a proper allocation of each operation to the most appropriate management area, according to its context.

Risk assessment

Credit Risk

Credit granting is based on a prior classification of the customers' risk and on a 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 that show a worsening credit capacity and, in particular, those classified as being in default.

All 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 a more active collateralization of loans and to a better adequacy of pricing regarding the risk incurred.

The gross Bank's exposure to credit risk (original exposure), as at 31 December 2015 and 2014 is presented in the following table:

Risk items	2015 Euros '000	2014 Euros '000
Central Governments or Central Banks	3,444,055	4,340,554
Regional Governments or Local Authorities	563,321	288,134
Administrative and non-profit Organisations	419,763	368,914
Multilateral Development Banks	47,987	80,971
Other Credit Institutions	2,465,806	3,111,888
Retail and Corporate customers	46,413,147	48,626,348
Other items	20,141,195	18,690,951
	73,495,274	75,507,760

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 2015, of the credit granted to entities whose country is one of those identified.

		2015				Euros '000	
		Country					
Counterparty type	Maturity	Spain	Greece	Hungary	Ireland	Italy	Portugal
Financial Institutions	2016	37,758	9	12	21	42	117,697
	2017	-	-	-	-	-	58,757
	>2017	47,800	-	-	-	6,000	462,957
		85,558	9	12	21	6,042	639,411
Companies	2016	29,697	-	-	4,669	-	4,248,844
	2017	60,000	-	-	-	-	369,894
	>2017	179,282	35,255	-	143,209	-	6,919,615
		268,979	35,255	-	147,878	-	11,538,353
Retail	2016	71,453	1	-	195	48	2,239,671
	2017	2,944	-	-	20	21	385,280
	>2017	27,769	392	-	48,820	2,433	18,795,006
		102,166	393	-	49,035	2,502	21,419,957
State and other public entities	2016	29	-	-	-	-	1,581,786
	2017	34,500	-	-	-	-	185,076
	>2017	468	-	-	319	50,413	2,216,077
		34,997	-	-	319	50,413	3,982,939
Total country		491,700	35,657	12	197,253	58,957	37,580,660

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 risk

For the monitoring and control of market risk existing in the different portfolios, the Bank uses an integrated risk measure that includes the main types of market risks identified by the Group: generic risk, specific risk, non linear risk and commodities risk.

The measure used in the evaluation of 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 RiskMetrics. It is calculated considering a 10-working day time horizon and a unilateral statistical confidence interval of 99%. The estimation of the volatility associated to each risk factor in the model assumes an historical approach (equally weighted), with a one year observation period.

A specific risk evaluation model is also applied to securities (bonds, shares, certificates, etc) and associated derivatives, for which the performance is directly 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 market risk 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 portfolio of the areas having responsibilities in risk taking and management – and in consolidated terms, taking into account the effects of diversification between the various portfolios.

To ensure that the VaR model adopted is adequate to evaluate the risks involved in the positions held, a back testing process has been established. 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, for the trading portfolio:

	Euros '000	
	2015	**2014**
Generic Risk (VaR)	1,363	5,368
Specific Risk	669	286
Non Linear Risk	104	50
Commodities Risk	13	15
Global Risk	2,149	5,719

The assessment of the interest rate risk originated by the banking portfolio's operations is performed by a risk sensitivity analysis process carried out every month for all operations included in the Bank's balance sheet.

This analysis considers the financial characteristics of the contracts available in information systems. Based on this 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 and for each of the currencies under analysis, allows to calculate the interest rate gap per repricing period.

The interest rate sensitivity of the balance sheet, by currency, is calculated as the difference between the present value of the interest rate mismatch discounted at market interest rates and the discounted value of the same cash flows 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:

	2015		Euros '000	
Currency	**- 200 bp**	**- 100 bp**	**+ 100 bp**	**+ 200 bp**
CHF	157	157	243	478
EUR	79,005	59,999	7,998	19,470
PLN	(1,663)	(1,045)	1,032	2,052
USD	(7,667)	(7,527)	7,778	15,432
TOTAL	69,832	51,584	17,051	37,432

	2014		Euros '000	
Currency	**- 200 bp**	**- 100 bp**	**+ 100 bp**	**+ 200 bp**
CHF	(4)	(4)	103	203
EUR	3,626	(3,780)	76,000	149,380
PLN	(2,077)	(1,040)	1,026	2,039
USD	(4,509)	(3,849)	5,936	11,585
TOTAL	(2,964)	(8,673)	83,065	163,207

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 2,285,125,000 (31 December 2014: PLN 1,950,125,000), with the equivalent amount of Euros 535,924,000 (31 December 2014: Euros 456,362,000), with the hedging instrument in the same amount.

No ineffectiveness has been recognised as a result of the hedging operations, as referred in the accounting policy 1 d).

Liquidity risk

The assessment of the Bank's liquidity risk is carried out on a regular basis using indicators defined by the supervisory authorities and other internal metrics for which exposure limits are also defined.

The evolution of the Banks's liquidity situation for short-term time horizons (of up to 3 months) is reviewed daily on the basis of two indicators internally defined: immediate liquidity and quarterly liquidity. These indicators 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 set of transactions brokered by the markets areas, including the transactions with customers of the Corporate and Private networks that, due to its dimension, have to be quoted by the Trading Room. The amount of assets in the Bank's securities portfolio considered to be highly liquid is then added to the previously calculated amount, leading to the liquidity gap accumulated for each day of the period at stake.

In parallel, the evolution of the Bank's liquidity position is calculated on a regular basis, also identifying all the factors that justify the variations occurred. This analysis is submitted to the appreciation of the Capital and Assets and Liabilities Committee (CALCO), in order to enable the decision taking that leads to the maintenance of adequate financing conditions to business continuity.

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 their obligations in the event of a liquidity crisis. These tests are also used to support the liquidity contingency plan and management decisions.

In a conjuncture characterised by difficulty in access to interbank and institutional funding markets, and considering the prudential criteria adopted by the Group for liquidity management, continued to receive particular attention, in addition to the reduction of market financing needs, the active management of liquidity buffer provided by the portfolio of discountable assets at the ECB (or other Central Banks). In this line, the portfolio of discountable assets to the ECB finished the year of 2015 with a value of Euros 10,591,222,000, approximately less Euros 762,923,000 than 2014 figure.

The eligible pool of assets for funding operations in the European Central Bank, net of haircuts, is detailed as follows:

	2015 **Euros '000**	**2014** **Euros '000**
European Central Bank	10,591,222	11,354,145

As at 31 December 2015, the amount discounted in the European Central Bank amounts to Euros 4,182,510,000 (31 December 2014: Euros 5,932,510,000).

The main liquidity ratios of the Bank, according to the definitions of the Instruction no. 13/2009 of the Bank of Portugal are as follows:

	2015	**2014**
Accumulated net cash flows up to 1 year as %		
of total accounting liabilities	-11.1%	-8.6%
Liquidity gap as a % of iliquid assets	8.0%	10.6%
Coverage ratio of Wholesale funding by HLA (1)		
(up to 1 Month)	303.2%	337.0%
(up to 3 Months)	217.5%	181.4%
(up to 1 Year)	185.7%	167.5%

(1) HLA- Highly Liquid Assets.

Operational Risk

The approach to operational risk management is based on a end-to-end processes structure, both for business and business support processes. Process management is the responsibility of the Process Owners, who are the first parties responsible for the risks assessment and for strengthening the performance within the scope of their processes. Process Owners are responsible for the updating of all of the relevant documentation concerning the processes, for ensuring the effective adequacy of all of 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 risks self-assessment exercises and for detecting improvement opportunities and implementing improvements, including mitigating measures for the most significant exposures.

Within the operational risk model implemented in the Bank, there is a systematic process of capturing data on operational losses that systematically characterizes the loss events in terms of their causes and effects. 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 that are currently underway, there are no relevant covenants related to a possible downgrade of the Bank.

49. Solvency

BCP has adopted the methodologies based on internal rating models (IRB) for the calculation of capital requirements for credit and counterparty risk, covering a substantial part of both its retail and corporate portfolio. BCP has adopted the advanced approach (internal model) for the generic market risk and the standard method for the operational risk.

The individual own funds of Banco Comercial Português are determined according to Directive 2013/36/UE and Regulation (EU) 575/2013 approved by the European Parliament and the Council (Capital Requirements Directive IV / Capital Requirements Regulation - CRD IV/CRR), and the Notice no. 6/2013 from Banco de Portugal.

Total capital includes tier 1 and tier 2. Tier 1 comprises common equity tier 1 (CET1) and additional tier 1.

Common equity tier 1 includes: (i) paid-up capital, share premium, hybrid instruments subscribed by the Portuguese State within the scope of the Bank's capitalisation process and reserves and retained earnings; ii) and deductions related to own shares and intangible assets. Reserves and retained assets are adjusted by the reversal of unrealised gains and losses on cash-flow hedge transactions and on financial liabilities valued at fair value through profits and losses, net of taxes, to the extent related to own credit risk. In addition, the deferred tax assets arising from unused tax losses carried forward are deducted, as well as the deferred tax assets arising from temporary differences relying on the future profitability and the interests held in financial institutions and insurers of at least 10%, in this case only in the amount that exceeds the thresholds of 10% and 15% of the common equity tier 1, when analysed on an individual and aggregated basis, respectively.

Additional tier 1 comprises preference shares and other hybrid instruments that are compliant with the issue conditions established in the Regulation.

Tier 2 includes the subordinated debt that is compliant with the Regulation, the excess of value adjustments and provisions to expected losses concerning risk-weighted exposure amounts cleared under the IRB approach (with a 0.6% of the RWA exposures cap) and the amount of real-estate assets resulting from recovered loans that have exceeded the regulatory period of permanence in the Bank's accounts.

The legislation stipulates a transitional period between the own funds calculated under national law until 31 December 2013, and own funds estimated according to communitarian law, in order to exclude some elements previously considered (phase-out) and include new elements (phase-in). The transitional period for the majority of the elements will last until the end of 2017, with the exception of the deferred tax assets already recorded on the balance sheet of January 1, 2014, and the subordinated debt and all the hybrid instruments not eligible to the own funds, according to the new regulation, that have a longer period ending in 2023 and 2021, respectively.

According to the CRD IV/CRR, financial institutions should report common equity tier 1, tier 1 and total capital ratios of at least 7%, 8.5% and 10.5%, respectively, including a 2.5% conservation buffer, but benefiting from a transitional period that will last until the end of 2018.

The own funds and the capital requirements determined according to the methodologies CRD IV / CRR previously referred , are the following:

	2015 Euros '000	2014 Euros '000
Common equity tier 1 (CET1)		
Ordinary share capital	4,094,235	3,706,690
Other capital (State aid)	750,000	750,000
Reserves and retained earnings	(669,859)	(838,916)
Regulatory adjustments to CET1	(34,506)	10,549
	4,139,870	3,628,323
Tier 1		
Capital Instruments	2,045	6,892
Regulatory adjustments	(2,045)	(6,892)
	4,139,870	3,628,323
Tier 2		
Subordinated debt	531,480	880,904
Others	41,291	34,374
	572,771	915,278
Total own funds	4,712,641	4,543,601
Risk weighted assets		
Credit risk	31,243,607	31,912,785
Market risk	1,059,409	825,105
Operational risk	1,565,909	1,489,666
CVA	216,173	176,630
	34,085,098	34,404,186
Capital ratios		
CET1	12.1%	10.5%
Tier 1	12.1%	10.5%
Tier 2	1.7%	2.7%
Total	13.8%	13.2%

50. Accounting standards recently issued

The recently issued pronouncements already adopted by the Bank in the preparation of the financial statements are the following:

IFRIC 21 Levies

The IASB issued this interpretation on 20th May 2013, effective (with retrospective application) for annual periods beginning on or after 1st January 2014. This interpretation was endorsed by EU Commission Regulation no. 634/2014, 13th June.

IFRIC 21 defines a Levy as an outflow from an entity imposed by a government in accordance with legislation. It confirms that an entity recognizes a liability for a levy when – and only when – the triggering event specified in the legislation occurs.

This interpretation only affected the interim financial statements of the Bank.

Improvements to IFRS (2011-2013)

The annual improvements cycle 2011-2013, issued by IASB on 12th December 2013, introduces amendments with effective date on, or after, 1st July 2014, to the standards IFRS 1, IFRS 3, IFRS 13 and IAS 40. These amendments were endorsed by EU Commission Regulation 1361/2014, 18th December (defining entry into force at the latest, as from the commencement date of first financial year starting on or after 1 January 2015).

• IFRS 1 – Meaning of "effective IFRS"

IASB clarifies that if a new IFRS is not yet mandatory but permits early application, that IFRS 1 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. The objective of this amendment was to clarify that the portfolio exception applies to all contracts within the scope of IAS 39 or IFRS 9, regardless of whether they meet the definitions of financial assets or financial liabilities as defined in IAS 32.

• 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.

The Bank had no relevant impact as a result of these improvements.

The Bank decided to opt for not having an early application of the following standards endorsed by EU but not yet mandatory effective

IAS 19 (Revised) – Defined Benefit Plans: Employee Contributions

The IASB issued this amendment on 21th November 2013, effective (with retrospective application) for annual periods beginning on or after 1st July 2014. This amendment was endorsed by EU Commission Regulation 29/2015, 17th December 2014 (defining entry into force at the latest, as from the commencement date of first financial year starting on or after 1 February 2015).

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 recognize 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.

The Bank expects no impact from the adoption of this amendment on its 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, IAS 16, IAS 24 and IAS 38. These amendments were endorsed by EU Commission Regulation 28/2015, 17th December 2014 (defining entry into force at the latest, as from the commencement date of first financial year starting on or after 1 February 2015).

• IFRS 2 – Definition of vesting condition

The amendment clarifies the definition of 'vesting conditions' in Appendix A of IFRS 2 Share-based Payment, by separating 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 clarifies 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 39 AG79, 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 and 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: (a) the determination of the accumulated depreciation (or amortization) does not depend on the selection of the valuation technique; and, (b) 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.

The Bank expects no impact from the adoption of these amendments on its financial statements.

Improvements to IFRS (2012-2014)

The annual improvements cycle 2012-2014, issued by IASB on 25th September 2014, introduce amendments, with effective date on, or after, 1st January 2016, to the standards IFRS 5, IFRS 7, IAS 19 and IAS 34. These amendments were endorsed by EU Commission Regulation 2343/2015, 15th December 2015.

• IFRS 5 Non-current Assets held for Sale and Discontinued Operations: Change of Disposal Method

The Amendments to IFRS 5 clarify that if an entity reclassifies an asset (or disposal group) directly from being 'held for sale' to being 'held for distribution to owners' (or vice versa) then the change in classification is considered a continuation of the original plan of disposal. Therefore, no re-measurement gain or loss is accounted for in the statement of profit or loss or other comprehensive income due to such change.

• IFRS 7 Financial Instruments: Disclosures: Servicing contracts

The Amendments to IFRS 7 Financial Instruments: Disclosures: Servicing contracts clarify – by adding additional application guidance – when servicing contracts constitute continuing involvement for the purposes of applying the disclosure requirements in paragraph 42 C of IFRS 7.

• IFRS 7 Financial Instruments: Disclosures: Applicability of the Amendments to IFRS 7 on offsetting financial assets and financial liabilities to condensed interim financial statements

The Amendments to IFRS 7 clarify that the additional disclosures required that were introduced in December 2011 by the Amendments to IFRS 7 –Offsetting Financial Assets and Financial Liabilities – are not required in interim periods after the year of their initial application unless IAS 34 Interim Financial Reporting requires those disclosures.

• IAS 19 Employee Benefits: Discount rate: regional market issue

The Amendments to IAS 19 Employee Benefits clarify that the high quality corporate bonds used to estimate the discount rate should be determined considering the same currency in which the benefits are to be paid. Consequently, the depth of the market for high quality corporate bonds should be assessed at currency level rather than at country level. If such a deep market does not exist, the market yield on government bonds denominated in that currency shall be used.

• IAS 34 Interim Financial Reporting: Disclosure of information 'elsewhere in the interim financial report'

The Amendments clarify that the 'other disclosures' required by paragraph 16A of IAS 34 shall be presented either in the interim financial statements or incorporated by cross-reference from the interim financial statements to some other statement (such as management commentary or a risk report) that is available to users of the financial statements on the same terms as the interim financial statements and at the same time.

The Amendments to IAS 34 also clarify that if users of the financial statements do not have access to the information incorporated by cross-reference on the same terms and at the same time, the interim financial report is incomplete.

The Bank expects no impact from the adoption of these amendments on its financial statements.

IAS 27: Equity Method in Separate Financial Statements

IASB issued on August 12, 2014, amendments to IAS 27, with an effective date of application for periods beginning on or after January 1, 2016, introducing an option for the measurement of subsidiaries, associates or joint ventures the equity method in the separate financial statements.

These amendments were endorsed by EU Commission Regulation 2441/2015, 18h December 2015.

The Bank has not yet taken any decision on a possible adoption of this option in the Group separate financial statements.

Recently Issued pronouncements that are not yet effective for the Bank

IFRS 9 Financial instruments (issued in 2009 and revised in 2010, 2013 and 2014)

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. IFRS 9 (2014) introduces 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 three measurement categories for financial assets: amortized, fair value through other comprehensive income (FVTOCI) and fair value through profit and loss (FVTPL). A financial asset would be measured at amortized 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 (SPPI) on the principal outstanding. If the debt instrument that are SPPI are held under a business model whose objective achieved both by collecting contractual cash flows and by selling, the measurement would be at fair value through other comprehensive income (FVOCI), keeping the revenue from interest presenting in profit or loss.

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 (FVOCI). Those amounts recognized in OCI would ever be reclassified to profit or loss at a later date. However, dividends on such investments would be recognized in profit or loss, rather than OCI, unless they clearly represent a partial recovery of the cost of the investment.

All other financial assets, either the financial assets held under a business model of trading, either other financial instruments, which do not comply with SPPI criteria, would be measured at fair value through profit and loss (FVTPL).

This situation includes investments in equity instruments in respect of which an entity does not elect to present fair value changes in OCI that would be measured at fair value with changes in fair value recognized in profit or loss (FVTPL).

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, confirming that exist embedded derivatives, it should be measured at fair value through profit and loss (FVTPL).

The standard eliminates the existing IAS 39 categories of held-to-maturity, available-for-sale and loans and receivables.

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.

IFRS 9 (2014) established a new impairment model base on "expected losses" that replace the current "incurred losses" in IAS 39.

As a result, loss event will no longer need to occur before an impairment allowance is recognized. This new model will accelerate recognition of losses for impairment on debt instruments held that are measured at amortized cost or FVOCI.

If the credit risk of financial asset has not increased significantly since its initial recognition, the financial asset will attract a loss allowance equal to 12-month expected credit losses. If its credit risk has increased significantly, it will attract an allowance equal to lifetime expected credit losses thereby increasing the amount of impairment recognized.

As soon as the loss event occur (what is current define as "objective evidence of impairment"), the impairment allowance would be allocated directly to the financial asset affected, which provide the same accounting treatment, similar to the current IAS 39, including the treatment of interest revenue.

The mandatory effective date of IFRS 9 is 1 January 2018.

The Bank has started the process of evaluating the potential effect of this standard. Given the nature of the Bank's operations, this standard is expected to have a pervasive impact on the Banks's financial statements.

IFRS 15 – Revenue from Contracts with Customers

The IASB issued, on May 2014, IFRS 15 Revenue from Contracts with Costumers, effective (with early application) for annual periods beginning on or after 1st January 2017. This standard will revoke IAS 11 - Construction Contracts, IAS 18 – Revenue, IFRIC 13 – Customer Loyalty Programs, IFRIC 15 – Agreements for the Construction of Real Estate, IFRIC 18 – Transfers of Assets from Customers and SIC 31 – Revenue- Barter Transactions Involving Advertising Services.

IFRS 15 provides a model based on 5 steps of analysis in order to determine when revenue should be recognized and the amount. The model specifies that the revenue should be recognized when an entity transfers goods or services to the customer, measured by the amount that the entity expects to be entitled to receive. Depending on the fulfilment of certain criteria, revenue is recognized:

- at a time when the control of the goods or services is transferred to the customer; or
- over the period, to the extent that represents the performance of the entity.

The Bank is still evaluating the impact from the adoption of this standard.

IFRS 14 – Regulatory Deferral Accounts

The IASB issued on 30th January 2014 a standard that defines interim measures for those adopting IFRS for the first time and has activity with regulated tariff.

This standard is not applicable to the Bank.

IFRS 16 - Leases

The IASB, issued on 13th January 2016, IFRS 16 Leases, effective (with early application if applied at the same time IFRS 15) for annual periods beginning on or after 1st January 2019. This new standard replaces IAS 17 Leases. IFRS 16 removes the classification of leases as either operating leases or finance leases (for the lessee—the lease customer), treating all leases as finance leases. Short-term leases (less than 12 months) and leases of low-value assets (such as personal computers) are exempt from the requirements.

The Bank has not carry out a full analysis of the application of the impact of this standard yet.

Other Amendments

It was also issued by IASB in 2014, and applicable effective by 1 January 2016, the following amendments:

- Amendments to IAS 16 and IAS 41: Bearer Plants (issued on 30 June 2014 and was endorsed by EU Commission Regulation 2113/2015, 23rd November);
- Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation (issued on 12 May and was endorsed by EU Commission Regulation 2231/2015, 2nd December);
- Amendments to IFRS 11: Accounting for Acquisitions of Interests in Joint Operations (issued on 6 May and was endorsed by EU Commission Regulation 2173/2015, 24th November);
- Amendments to IFRS 10, IFRS 12 and IAS 28: Investment Entities: Applying the Consolidation Exception (issued on 18 December)
- Amendments to IAS 1 - Disclosure initiative (issued on 18 December).

The Bank expects no impact from the adoption of these amendments on its financial statements.

Changes to accounting policies to be introduced on 1 January 2016

Impact of IAS 39 - Financial Instruments

The Bank of Portugal on 30 December 2015 issued Notice No. 5/2015 which states that entities subject to its supervision must prepare their financial statements on an individual basis in accordance with International Financial Reporting Standards, as adopted in each time for the EU Regulation, and repealing the Notice no. 1/2005, which established that the individual financial statements of the Bank should be prepared in accordance with the Adjusted Accounting Standards (NCA's).

The new Notice shall enter into force on 1 January 2016. The impact arising from this change in the financial statements for the opening of the 2016 fiscal year, primarily results from the repeal of Notice no. 3/95 concerning the registration of impairment on portfolio credit and are as follows:

	Euros '000
Assets	
Loans and advances to credit institutions	
Other loans and advances	24,233
Loans and advances to customers	1,286,846
Deferred income tax assets	(466,636)
Others assets	1,660
Total Assets	846,103
Liabilities	
Provisions	(271,018)
Equity	
Reserves and retained earnings	1,117,121
Total Liabilities and Equity	846,103

51. Contingencies and commitments

1. 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 Legal Framework for 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".

The proceedings continued and by a Decision issued on 9 June 2015, the Lisbon Court of Appeal partly approved the Bank's Appeal and declared that part of the offences of alleged provision of false information to the Bank of Portugal had reached a statute of limitation, thereby acquitting the Bank of the remaining offences (that did not reach the statute). It further acquitted the Bank of two alleged offences of falsifying accounting records. The Lisbon Court of Appeal confirmed the sentence of the Bank for two other alleged offences of falsifying accounting records. Therefore, the Lisbon Court of Appeal decreased the fine imposed to the Bank, from Euros 4,000,000 to Euros 750,000. The bank and one of the defendants (individual) appealed this Judgment to the Constitutional Court but these appeals were denied. The Judgment of the Lisbon Court of Appeal became definitive and final.

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 a civil indemnity.

Through a sentence issued on 2 May 2014, three of the four defendants were sentenced to suspended 2-year prison sentences and to the payment of fines amounting to between Euros 300,000 and Euros 600,000 for the crime of market manipulation, with the disqualification for the exercise of banking functions and publication of the sentence in a widely-read newspaper. In its decision dated of 25 February 2015, the Lisbon Court of Appeal confirmed in full the terms of the aforementioned sentence. According to the information available, the appellate court's final decision has not yet been delivered as final.

3. In December of 2013, the company Sociedade de Renovação Urbana Campo Pequeno, S.A., in which the Bank holds a 10% stake as a result of a conversion of credits, filed a lawsuit against the Bank for Euros 75,735,026.50 claiming (i) the acknowledgement that the loan agreement entered into by such company and the Bank on 29 May 2005 constitutes a shareholders loan instead of a pure bank loan; (ii) for the reimbursement of the loaned amount to be made according to the existent shareholders agreement; (iii) the nullification of several mortgages established in favour of the defendant between 1999 and 2005 and (iv) the statement of non-existence of a debt represented by a promissory note (held by the company) acting as security.

The Bank is convinced that, having in consideration the facts argued by the Plaintiff, the suit shall be deemed unfounded.

One of the creditors of the plaintiff requested its bankruptcy and the Bank claimed credits amounting to Euros 82,253,962.77. Thus, the proceedings mentioned above is suspended.

4. In 2012, the Portuguese Competition Authority initiated an administrative proceeding relating to competition restrictive practices. During the investigations, on 6 March 2013, several searches were conducted to the Bank's premises, as well as to at least 8 other credit institutions, where documentation was seized in order to check for signs of privileged commercial information in the Portuguese banking market.

The Portuguese Competition Authority has declared that the administrative proceedings are to stay under judicial secrecy, once it considered that the interests dealt with in the investigation, as well as the parties' rights, would not be compatible with the publicity of the process.

The Bank received on 2 June 2015, the notice of an illicit act issued by the Competition Authority relating to the administrative offence proceedings nr. 2012/9, and was charged of taking part in the exchange of information amongst Banks of the system relating to pricing already approved and mortgage and consumption loan operations already approved or granted. Concerning the charges brought forward, the Bank will present its reply to the notice and afterwards, if need be, will present its legal objections. We must point out that a notice of an illicit act does not imply the making of a final decision concerning the proceedings. If the Competition Authority were to issue a conviction, the Bank could be sentenced to pay a fine within the limits set forth by the law, which foresees a maximum amount equivalent to 10% of the consolidated annual turnover registered in the year prior to the making of the decision. Notwithstanding, such a decision may be contested in court."

5. On 20 October 2014, Bank Millennium Poland was notified of a class action against the Bank that aims to assess the "illicit" gains of the Bank taking into account certain clauses in mortgage loan agreements in CHF. Customers question a set of clauses notably on the bid-offer spread between PLN and CHF for conversion of credits. On 28 May 2015, the Regional Court of Warsaw dismissed the proceedings. On 3 July 2015 the Claimant filed an appeal against this decision, and the Court of Appeal upheld the appeal by refusing the dismissal of the claim. Currently, the Bank waits for the next hearing to be scheduled.

On 3 December 2015 the Bank received notice of a class action lawsuit lodged by a group of 454 borrowers represented by the Municipal Consumer Ombudsman in Olsztyn pertaining to low down payment insurance used with CHF - indexed mortgage loans. The plaintiffs demand the payment of the amount of PLN 3.5 million claiming for some clauses of the agreements pertaining to low down payment insurance to be declared null and void. The Bank already contested demanding that the lawsuit be dismissed.

6. On 1 October 2015, a set of entities connected to a group with past due loans to the Bank worth Euros 170 million, resulting from a loan agreement signed in 2009 - debts already fully provisioned in the Bank's accounts -, filed against the Bank, after receiving the Bank's notice for mandatory payment, a lawsuit aiming to:

a) deny the obligation to settle those debts to the Bank, arguing that the respective agreement is null, but without the corresponding obligation of returning the amounts already paid;

b) have the Bank sentenced to pay amounts of around Euros 90 million and Euros 34 million for other debts owed by those entities to other banking institutions, as well as other amounts, totaling around Euros 26 million, supposedly already paid by the debtors within the scope of the loan agreements;

c) have the Bank be given ownership of the object of the pledges associated to the aforementioned loan agreements, around 340 million shares of the Bank, allegedly purchased on behalf of the Bank, at its request and in its interest.

The Bank presented its defense arguments and considers that, in view of the facts, there is a strong chance that the proceedings will be dismissed.

7. Resolution Fund

In accordance with Decree-Law No. 24/2013 which establishes the modus operandi of the Resolution Fund ('RF'), the Bank has made the mandatory contributions, as provided for in that law, since 2013. Thus, since the inception of the RF, the Bank made the initial contribution, pursuant to Article 3 of that Decree-Law and the periodical contributions in 2013 and 2014, under Article 4 of that Decree-Law.

On 3 November 2015, the Bank of Portugal issued a Circular Letter under which it was clarified that the periodic contribution to the RF should be recognized as an expense at the time of the occurrence of the event which creates the obligation to pay the contribution, i.e. on the last day of April of each year, as stipulated in Article 9 of Decree-Law No. 24/2013, of 19 February. The Bank is recognizing as an expense the contribution to the RF in the year in which it becomes due.

The Resolution Fund issued, on 15 November 2015, a public statement declaring: "it is further clarified that it is not expected that the Resolution Fund will propose the setting up of a special contribution to finance the resolution measure applied to BES. Therefore, the eventual collection of a special contribution appears to be unlikely."

Subsequently, after issuance by the RF of such statement, in the scope of the resolution process of Banco Espírito Santo, S.A., the Bank of Portugal decided, as announced on 29 December 2015, to transfer to the RF the responsibilities arising from the "... possible negative effects of future decisions, resulting from the resolution process (of Banco Espírito Santo, S.A.), which result in liabilities or contingencies". According to publicly available information, the volume of litigation associated with this process is high, not being duly clarified which amount of losses the RF may incur with these litigations or with the sale of Novo Banco, S.A..

Additionally, the Bank of Portugal decided on 19 and 20 December 2015, to apply a resolution measure to Banif - Banco Internacional do Funchal, SA ('BANIF'), not being clear which amount of losses the RF may incur with this process.

Accordingly, as at 31 December 2015, there is no estimate on the amount of potential losses arising from the sale of Novo Banco, S.A., the above referred litigations associated with the resolution process of BES or potential losses to be incurred by the RF following the resolution of BANIF and the way in which these losses are likely to affect the Bank, as to the amount and timing of future contributions to the RF, or on the reimbursement of the loans granted to RF.

In 2015, following the establishment of the European Resolution Fund, the Bank had to make an initial contribution in the amount of Euros 30,843,000, as referred in note 9. The European Resolution Fund does not cover undergoing situations with the National Resolution Fund as at 31 December 2015.

52. Sovereign debt of European Union countries subject to bailout

As at 31 December 2015, the Bank's exposure to sovereign debt of European Union countries subject to bailout is as follows:

	2015					
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**
Greece						
Financial assets held for trading	259	259	-	0.00%	0.0	1

As at 31 December 2014, the Bank's exposure to sovereign debt of European Union countries subject to bailout, is as follows:

	2014					
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**
Greece						
Financial assets held for trading	1,024	1,024	-	0.00%	0.0	1

53. 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 acquired 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 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 to the companies under the Portuguese Law.

These junior securities, 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 securities plus it related interest.

However, considering these junior 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 provided.

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 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 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 does not hold substantially all the risks and rewards.

Considering that it does not hold control and does not exercise significant influence on the funds or companies management, the Bank performed, under the scope of IAS 39.20 c, the derecognition of the assets transferred and the recognition of the assets received as follows:

	Values associated to credit tranfers					
	2015			2014		
	Net assets transferred Euros '000	Received value Euros '000	Income/(loss) resulting from the transfer Euros '000	Net assets transferred Euros '000	Received value Euros '000	Income/(loss) resulting from the transfer Euros '000
Fundo Recuperação Turismo FCR	213,201	292,644	81,682	210,962	292,644	81,682
Fundo Reestruturação Empresarial FCR	83,201	83,212	11	83,201	83,212	11
FLIT	403,833	369,342	(34,491)	403,833	369,342	(34,491)
Vallis Construction Sector Fund	235,185	235,656	471	235,185	235,656	471
Fundo Recuperação FCR	294,630	232,173	(62,457)	294,630	232,173	(62,457)
Fundo Aquarius FCR	125,191	132,635	7,444	102,681	106,736	4,055
Discovery Real Estate Fund	113,247	138,187	24,940	113,247	138,187	24,940
Fundo Vega FCR	66,116	109,567	43,451	-	-	-
	1,534,604	1,593,416	61,051	1,443,739	1,457,950	14,211

As at 31 December 2015, the amount of assets received in such transactions are comprised of:

	2015					
	Senior securities Euros '000	**Junior securities Euros '000**	**Total Euros '000**	**Impairment for seniors Euros '000**	**Impairment for juniors Euros '000**	**Net value Euros '000**
Fundo Recuperação Turismo FCR	287,929	30,808	318,737	(34,431)	(30,808)	253,498
Fundo Reestruturação Empresarial FCR	83,319	-	83,319	(1,214)	-	82,105
FLIT	297,850	41,094	338,944	(2,862)	(41,094)	294,988
Vallis Construction Sector Fund	228,765	35,441	264,206	-	(35,441)	228,765
Fundo Recuperação FCR	222,737	75,130	297,867	(54,848)	(75,130)	167,889
Fundo Aquarius FCR	136,111	-	136,111	(1,944)	-	134,167
Discovery Real Estate Fund	145,624	-	145,624	(940)	-	144,684
Fundo Vega FCR	46,067	63,519	109,586	-	(63,518)	46,068
	1,448,402	245,992	1,694,394	(96,239)	(245,991)	1,352,164

As at 31 December 2014, the amount of assets received in such transactions are comprised of:

	2014					
	Senior securities Euros '000	**Junior securities Euros '000**	**Total Euros '000**	**Impairment for seniors Euros '000**	**Impairment for juniors Euros '000**	**Net value Euros '000**
Fundo Recuperação Turismo FCR	282,615	-	282,615	(30,593)	-	252,022
Fundo Reestruturação Empresarial FCR	89,327	-	89,327	(1,716)	-	87,611
FLIT	291,632	40,064	331,696	(5,846)	(40,064)	285,786
Vallis Construction Sector Fund	218,749	35,441	254,190	-	(35,441)	218,749
Fundo Recuperação FCR	219,423	72,793	292,216	(41,982)	(72,793)	177,441
Fundo Aquarius FCR	106,433	-	106,433	-	-	106,433
Discovery Real Estate Fund	143,635	-	143,635	(4,606)	-	139,029
	1,351,814	148,298	1,500,112	(84,743)	(148,298)	1,267,071

The junior securities correspond to supplementary capital contributions in the amount of Euros 210,550,000 (31 December 2014: Euros 112,857,000), as referred in note 30 and Participation units in the amount of Euros 35,441,000 (31 December 2014: Euros 35,441,000) as referred in note 22.

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 Bank still holds an indirect exposure to financial assets transferred, under the minority investment that holds in the pool of all assets transferred by financial institutions involved, through the holding of participation units of the funds (denominated in the table as senior securities).

Additionally are booked in loans and advances to customer's portfolio, financing operations associated with the following transfers of assets:

	2015			2014		
	Received value Euros '000	**Impairment Euros '000**	**Net value Euros '000**	**Received value Euros '000**	**Impairment Euros '000**	**Net value Euros '000**
Fundo Recuperação Turismo FCR	-	-	-	27,450	27,450	-
Fundo Recuperação FCR	14,769	14,769	-	14,555	14,555	-
Fundo Aquarius FCR	20,772	19,571	1,201	19,094	18,513	581
	35,541	34,340	1,201	61,099	60,518	581

54. List of subsidiary and associated companies of Banco Comercial Português, S.A.

As at 31 December 2015, the Banco Comercial Português S.A. subsidiary companies are as follows:

Subsidiary companies	Head office	Share capital	Currency	Activity	% held
Banco de Investimento Imobiliário, S.A.	Lisbon	17,500,000	EUR	Banking	100.0
Bank Millennium, S.A.	Warsaw	1,213,116,777	PLN	Banking	50.1
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.	Amsterdam	19,370	EUR	Holding company	100.0
BCP África, S.G.P.S., Lda.	Funchal	682,965,800	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.	Sao Paulo	49,545,986	BRL	Financial Services	100.0
Millennium bcp - Prestação de Serviços, A.C.E.	Lisbon	331,000	EUR	Services	81.0
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.	Oeiras	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. (*)	Oeiras	50,000	EUR	Advisory and services	100.0
Irgossai - Urbanização e construção, S.A. (*)	Lisbon	50,000	EUR	Construction and sale of real estate projects	100.0
Propaço- Sociedade Imobiliária De Paço D'Arcos, Lda.	Lisbon	5,000	EUR	Real-estate company	52.7

(*) Companies classified as non-current assets held for sale.

As at 31 December 2015, 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	17,923,610	EUR	Extractive industry	20.0
Banque BCP, S.A.S.	Paris	108,941,724	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	Advisory	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

As at 31 December 2015, 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

55. Subsequent events

Process of offers to tender notes for purchase

Banco Comercial Português, S.A. (BCP) has launched in February 2016 an invitation of offers to tender notes for purchase to holders of the issues listed below. The invitation is limited to a maximum aggregate purchase amount of Euros 300 million. The purpose of the invitation is to proactively manage the Bank's outstanding liabilities and capital base.

- Issuer: Banco Comercial Português, S.A. - Issue: Euros 500,000,000 3.375 per cent. Fixed Rate Notes due 27 February 2017 (“Senior Notes”) - Outstanding Principal Amount: Euros 500,000,000;
- Issuer: Magellan Mortgages No. 2 plc - Issue: Euros 930,000,000 Class A (Senior) Mortgage Backed Floating Rate Notes due 2036 - Outstanding Principal Amount: Euros 87,870,120;
- Issuer: Magellan Mortgages No. 3 plc - Issue: Euros 1,413,750,000 Class A (Senior) Mortgage Backed Floating Rate Notes due 2058 - Outstanding Principal Amount: Euros 396,961,207.50.

The process of solicitations of offers ended on 23 February 2016. There were validly tendered for purchase Euros 378,509,996.96 in amortised principal amount outstanding of Notes (Euros 103,100,000 in respect of Senior Notes and Euros 275,409,996.96 in respect of Mortgage Backed Notes issued by Magellan Mortgages No. 2 plc e Magellan Mortgages No. 3 plc). The Bank has decided to accept for purchase Euros 85,326,455.52 (amortised principal amount outstanding) of the validly tendered notes. The following table sets out the amounts accepted for each issue and the Bank has determined that the purchase price for the Senior Notes will be 99.0 per cent of its principal amount:

- Issuer: Banco Comercial Português, S.A. - Issue: Euros 500,000,000 3.375 per cent. Fixed Rate Notes due 27 February 2017 (“Senior Notes”) - Accepted Outstanding Principal Amount: Euros 85,300,000;
- Issuer: Magellan Mortgages No. 2 plc - Issue: Euros 930,000,000 Class A (Senior) Mortgage Backed Floating Rate Notes due 2036 - Accepted Outstanding Principal Amount: Euros 26,455.52;
- Issuer: Magellan Mortgages No. 3 plc - Issue: Euros 1,413,750,000 Class A (Senior) Mortgage Backed Floating Rate Notes due 2058 - Accepted Outstanding Principal Amount: Euros 0.

The settlement date was on 26 February 2016.

Declaration of Compliance

Millennium bcp

Administração

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 2015, (ii) the individual and consolidated income statements for the year ended on 31 December 2015, (iii) the individual and consolidated statement of changes in equity and cash flow statement for the year ended on 31 December 2015, (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 2015, 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 2015 were approved by the Board of Directors on 28 March 2016.

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 28 March 2016.

Porto Salvo, 28 March 2016

António Vítor Martins Monteiro
(Chairman)

Carlos José da Silva
(Vice-Chairman)

Nuno Manuel da Silva Amado
(Vice-Chairman)

Álvaro Roque de Pinho de Bissaia Barreto
(Member)

André Magalhães Luís Gomes
(Member)

António Henriques de Pinho Cardão
(Member)

António Luís Guerra Nunes Mexia
(Member)

Millennium
bcp

Administração

Cidália Maria Mota Lopes
(Member)

Jaime de Macedo Santos Bastos
(Member)

João Bernardo Bastos Mendes Resende
(Member)

João Manuel de Matos Loureiro
(Member)

José Jacinto Iglésias Soares
(Member)

José Miguel Bensliman Schortcht da Silva Pessanha
(Member)

José Rodrigues de Jesus
(Member)

Maria da Conceição Mota Soares de Oliveira Callé Lucas
(Member)

Miguel de Campos Pereira de Bragança
(Member)

Miguel Maya Dias Pinheiro
(Member)

Raquel Rute da Costa David Vunge
(Member)

Rui Manuel da Silva Teixeira
(Member)

Annual Report of the Audit Committee

AUDIT COMMITTEE ANNUAL REPORT

I – Introduction

The Audit Committee (Committee) of Banco Comercial Português, S.A. (Bank) hereby presents, relating to 2015, 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) Supervising compliance with law and with the Articles of Association;
b) Monitoring the Bank's management;
c) Calling the General Meeting of Shareholders, whenever the Chairman of the Board of the General Meeting fails to do so when he/she should;
d) Verifying if the accounting processes and valuation criteria adopted by the Bank lead to a correct valuation of assets and results.
e) 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;
f) Verifying the regularity of the books, accounting records and documents supporting them;
g) Verifying the accuracy of the financial statements;
h) Monitoring the preparation and disclosure of financial information;
i) Supervising the audit of the Bank's annual report and financial statements;
j) 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;
k) 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;

l) Provide an opinion on the work plans and resources allocated to the internal audit and compliance services, being the addressee of the reports designed by such services, at least when matters related to financial statements, to the identification and solution to conflicts of interest and to the detection of potential irregularities are addressed;

m) Evaluating and supervising, on an annual basis, the independence of the Statutory Auditor and of the External Auditor, and proposing to the General Meeting of Shareholders their hiring, replacement and dismissal or cancellation of the contract for the rendering of their services, whenever there is a legal reason for such;

n) 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;

o) Issuing an opinion on the regulations for the internal communications of irregularities;

p) Receiving, analysing and filing communications of severe irregularities, related to the management, accounting organisation and internal supervision, and of serious indications of breach of duties included in the General Regime of Credit Institutions and Financial Institutions and other applicable national and European law, presented by shareholders, employees or other;

q) Suspending directors and appointing substitute directors under the terms of the law and of the articles of association;

r) Issuing an opinion on the technical and professional profile of the candidates for the positions of Head of Internal Audit of the Bank and of Head of Compliance of the Bank;

s) Issuing an opinion on the share capital increases resolved by the BoD;

t) Issuing prior opinions on contracts entered into between the Bank and shareholders with stakes over 2% of the Bank's share capital and related entities, or members of corporate bodies, directly or indirectly, as long as

the material engagement limit exceeds €100,000 per annum per group of suppliers, (ii) costs are not previously budgeted and (iii) contracts are related to the current activity of the society and any sort of special advantage is granted to the contractor;

u) Issuing a prior opinion on the credit operations, regardless of their form and in accordance with the articles of association, 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 regular information (quarterly up to 2015; monthly from 2016) to the Board of Directors (BoD), in writing, on the work carried out and conclusions reached.

II - Activities carried out

During 2015, the Audit Committee met 22 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.

In one of such meetings, members of the Joint Supervisory Team (JST) of the Single Supervisory Mechanism (SSM) were present as observers.

In the undertaking of its activities, the Committee held regular meetings with the Chief Financial Officer, the member of the Executive Committe in charge of the Risk Area, the Chartered Accountant and External Auditor, the Risk Officer, the Compliance Officer, the Head of Internal Audit and the Head of Studies, Planning and ALM Division.

Apart from that, in 2015, 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, International Strategic Research, Tax Advisory, Real-Estate Business and with the Company Secretary. The Committee also met with representatives of an international consultancy, pursuant to the analysis performed to the Bank's governance model.

For the effective undertaking of its functions, the 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 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, of the ones included in Decision nr. 8840-B/2012 and in the Decision of the European Commission and those established with the Directorate-General for Competition of the European Commission.

The Committee also appraised the updates of the Funding and Capital Plan.

Share Capital Increase

The Committee also issued a favourable opinion to the terms of the project for the increase of the share capital of the Bank through an offer for exchanging hybrid instruments and subordinated debt by ordinary shares of the Bank, in accordance with the terms presented to it by the Executive Committee.

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 continued to pay close attention to the accounting of deferred taxes.

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 conducted in the past to the Bank's credit portfolio, as determined by supervision authorities.

It appraised 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. Pursuant to the events recently occurred in the Portuguese financial system, envolving Banco Espírito Santo in 2014 and BANIF in 2015, the Committee was always informed on their actual and potential impacts, both direct and indirect, on BCP Group.

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 2015, and with reference to 2014, the Committee issued an opinion on the Bank's Annual Report. In the beginning of 2016, and with reference to 2015, 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 2015, 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 2015.

The Committee also appraised the Group Budget for 2016, examining the assumptions used, the earnings and activity indicators forecast, the risk factors, the market shares, investments and the evolution of own funds.

Monitoring of international operations

During the year, the Committee monitored the performance of the international operations on a regular basis. Among these, Millennium Bank, in Poland, Millennium bim, in Mozambique and Banco Millennium Angola (BMA) are worth-mentioning, due to their size and relevance for the Group. The Committee monitored the most relevant business indicators and financial statements of these operations and analysed, together with the members of the Executive Committee the main risks of each operation and country, whenever deemed necessary.

From the last quarter of 2015, the Committee closely monitored the merger operation between BMA and Banco Privado Atlântico Angola. In early 2016, following the due diligence process performed by independent entities, the Commission analysed the final terms of the merger, which were subsequently approved by the BoD.

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 addressed to the Board of Directors, which were sent to the supervisory authorities in June 2015.

The Committee also monitored the making of the Report on the Prevention of Money Laundering and Terrorism Financing, on which it issued an opinion for the BoD. It also appraised the evaluation made by the Bank in the “Self-Assessment Questionnaire on the Prevention of Money Laundering and Terrorism Financing", made within the scope of Notice nr. 9/2012 of Banco de Portugal.

Regularly, it appraised the execution of the recommendations made in the Internal Control and Prevention of Money Laundering and Terrorism Financing 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 , market, operational, compliance and reputational risks.

It assessed the Activity Plan of the Internal Audit for 2015, as well as the 2014 activity report and the 2015 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.

The Committee received ongoing information on all legislative and regulatory main alterations, having updated its Regulations.

It also appraised the information data for the making of the Resolution Plan of Group BCP remitted to Banco de Portugal, in compliance with Notice 18/2012 of Banco de Portugal.

The Committee was regularly informed on the correspondence exchanged between the Bank and supervision authorities, requesting further information to the Executive Committee and the different departments of the bank when deemed necessary.

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 2014, carried out by the Statutory Auditor and External Auditor. Throughout 2015, 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 half-year. In 2016, it analysed the conclusions of the audit work on the 2015 individual and consolidated financial statements, carried out by the Statutory Auditor and External Auditor.

It analysed the conclusions of the reports presented by the Statutory Auditor and by the External Auditor on the credit portfolio impairment , on the Internal Control System and on the conclusions of the work relating to the Prevention of Money Laundering and Terrorism Financing Report made in accordance with the provisos of Notice nr. 9/2012 of Banco de Portugal, altered by Notice nr. 2/2014.

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 2016, which included, notably, surveys especially designed for that purpose and the independence confirmation statement provided by the auditors.

Selection of the Statutory Auditor and of the External Auditor for the triennial 2016-2018

Aiming at the immediate convergence of the Bank to the new European legislation concerning the rotation of the Statutory Auditor and of the External Auditor, the Audit Committee, pursuant to the duties committed thereto, has prepared and launched in the last quarter of 2015 a process for selecting the Statutory Auditor and the External Auditor for the triennial 2016-2018. Following the conclusion to the process, the Committed resolved to submit to the General Meeting of Shareholders of 2016 a proposal according to which is recommended to the shareholders that the Statutory Auditor and of the External Auditor for the triennial 2016-2018 are selected among the firms PricewaterhouseCoopers and Deloitte, and has indicated that its preference falls upon Deloitte.

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, and issued an opinion on fifteen credit operations that were presented to the BoD. The Committee also

issued an opinion on two other contracts established with entities related with members of the BoD and qualified shareholders.

Complaints and claims

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 March 2016

João Matos Loureiro (Chairman)	Jaime Santos Bastos (Member)
Cidália Mota Lopes (Member)	José Rodrigues de Jesus (Member)

Opinion of the Audit Committee

OPINION OF THE AUDIT COMMITTEE
ON THE 2015 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 2015 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, as usual, 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 Tax Advisory 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 provisions.

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.

Comissão de Auditoria
Banco Comercial Português, S.A.

4. Considering the result of the work carried out, the Audit Committee agrees with 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 2015, approved on 28 March 2016 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 2015;
   b) The proposal made by the Board of Directors for the appropriation of the individual net earnings on the 2015 individual balance sheet, amounting to 226,057,215.10 Euros, as follows:
      22,605,721.51 Euros for reinforcement of the legal reserve;
      203,451,493.59 Euros for retained earnings.

Lisbon, 28 March 2016

João Matos Loureiro	Jaime Santos Bastos
Cidália Lopes	José Rodrigues de Jesus

Comissão de Auditoria
Banco Comercial Português, S.A.

External Auditors' Report

KPMG & Associados - Sociedade de Revisores Oficiais de Contas, S.A.
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AUDITORS' REPORT

CONSOLIDATED FINANCIAL STATEMENTS

(ISSUED BY THE STATUTORY AUDITOR, A CMVM REGISTERED AUDITOR)

(This report is a free translation to English from the original Portuguese version. In case of doubt or misinterpretation the Portuguese version will prevail)

Introduction

1 In accordance with the applicable legislation, we present our Auditors' 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, 2015 of **Banco Comercial Português Group** which comprise the consolidated balance sheet as at 31 December, 2015 (showing total assets of 74,884,879 thousand Euros and total equity attributable to the equity holders of the Bank of 4,623,169 thousand Euros, including a net income attributable to the equity holders of the Bank of 235,344 thousand Euros), the consolidated statements of income, comprehensive income, changes in equity and cash flows for the year then ended and the corresponding notes.

Responsibilities

2 The Board of Directors is responsible for:

a) the preparation of the consolidated financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union that present fairly, the consolidated financial position of the group of 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) the historical financial information, prepared in accordance with IFRS that is complete, true, current, clear, objective and lawful as required by the Portuguese Securities Market Code;

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 fact that may have influenced the activity of the companies included in the consolidation, their financial position or results.

dv

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KPMG & Associados - S.R.O.C., S.A.
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Matriculada na Conservatória do registo Comercial de Lisboa sob o PT 502 161 078

3 Our responsibility is to verify the consolidated financial information included in the documents referred to above, namely as to whether it is complete, true, current, clear, objective and lawful as required by the Portuguese Securities Market Code, in order to issue a professional and independent report 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 misstatements. 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 information 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;

- assessment of 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 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, 2015, 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 article 245.º-A of the Portuguese Securities Market Code.

Lisbon, 28 March 2016

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 original Portuguese version. In case of doubt or misinterpretation the Portuguese version will prevail)

Introduction

1 In accordance with the applicable legislation, we present our Auditors' 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, 2015 of **Banco Comercial Português, S.A.** which comprise the balance sheet as at 31 December, 2015 (showing total assets of 54,151,117 thousand Euros and total equity of 3,427,298 thousand Euros, including a net income of 226,057 thousand Euros) the statements of income, comprehensive income, changes in equity and cash flows for the year then ended and the corresponding notes.

Responsibilities

2 The Board of Directors is responsible for:

a) the preparation of the financial statements in accordance with the Adjusted Accounting Standards ("NCA") issued by the Bank of Portugal, that present fairly, the financial position of the Bank, the results of its operations, the comprehensive income, the changes in equity and its cash flows;

b) the historical financial information prepared in accordance with the NCA that 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 fact that may have influenced its activity of the Bank, its financial position or results.

dv

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Matriculada na Conservatória do registo Comercial de Lisboa sob o PT 502 161 078

3 Our responsibility is to verify the financial information included in the documents referred to above, 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 report 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 misstatements. Accordingly, our audit included:

- verification, on a sample basis, of the information 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;

- assessment of 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 article 451, of the Portuguese Companies Code ("Código das Sociedades Comerciais").

6 We believe that our audit provides a reasonable basis for our opinion.

dV

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, 2015, the results of its operations, comprehensive income, cash flows and changes in equity for the year then ended, in accordance with NCA 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 article 245.º-A of the CVM.

Lisbon, 28 March 2016

KPMG & Associados
Sociedade de Revisores Oficiais de Contas, S.A. (n.º 189)
represented by
Ana Cristina Soares Valente Dourado (ROC n.º 1011)

To the Board of Directors of
BANCO COMERCIAL PORTUGUÊS, S.A.

Independent verification of the sustainability information included in the Annual Report 2015

(Free translation from the original in Portuguese)

Introduction

In accordance with the request of the Board of Executive Directors of BANCO COMERCIAL PORTUGUÊS, S.A. ("Millennium bcp"), we performed an independent limit assurance of the sustainability information included in the Annual Report 2015 (Report) of Millennium bcp. The independent assurance was performed according to instructions and criteria established by Millennium bcp, as referred in the Report, and according to the principles and extent described in the Scope below.

Responsibility

Millennium bcp's Board of Executive Directors is responsible for all the information presented in the Report, as well as for the assessment criteria and for the systems and processes supporting information collection, consolidation, validation and reporting. Our responsibility is to conclude on the adequacy of the information, based upon our independent assurance standards and agreed reference terms. We do not assume any responsibility over any purpose, people or organization.

Part of the sustainability information required by the guidelines of the Global Reporting Initiative, version 4.0 (GRI G4) is available in the Sustainability Report and Corporate Governance Report of Millennium bcp. These documents should be consulted for a complete understanding of the activities developed, for corporate governance and for the performance of the Group.

Scope

Our procedures were planned and executed using the International Standard on Assurance Engagements 3000 (ISAE 3000) and having the Global Reporting Initiative, version 4.0 (GRI4.0) as reference, in order to obtain a moderate level of assurance on both the performance information reported and the underlying processes and systems. The extent of our procedures, consisting of inquiries, analytical tests and some substantive work, was less significant than in a full audit. Therefore, the level of assurance provided is also lower.

Our verification refers to data reported for 2015, focusing on the following geographies: Portugal, Poland, Mozambique, Angola and Switzerland.

The following procedures were performed:

(i) Inquiries to management and senior officials responsible for areas under analysis, with the purpose of understanding how the information system is structured and their awareness of issues included in the Report;

(ii) Identify the existence of internal management procedures leading to the implementation of economic, environmental and social policies;

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(iii) Testing, o a sampling basis, the efficiency of process and systems in place for collection, consolidation, validation and reporting of the performance information previously mentioned;

(iv) Confirming, through visits to sites, that operational units follow the instructions on collection, consolidation, validation and reporting of performance indicators;

(v) Executing substantive procedures, on a sampling basis, in order to collect sufficient evidence to validate reported information;

(vi) Comparing financial and economic data with those audited by the external auditor, to appraise the external validation of the reported information;

(vii) Assess the level of adherence to the principles of inclusivity, materiality and responsiveness, defined in the AA1000APS 2008 standard;

(viii) Verify the alignment of the reported sustainability data with the GRI G4 guidelines.

Confidentiality and Independence

Internally, PwC SROC is governed by ethical and deontological rules of confidentiality and independence quite rigid. Thus, in all aspects of our collaboration, the Firm and its employees maintain strict confidentiality of information obtained in the performance of their duties and complete independence regarding the interests of Millennium bcp.

Additionally, we develop our work in line with standard ISAE 3000 independence requirements, including compliance with PwC's independence policies and code of ethics of the International Ethics Standards Board of Accountants (IESBA).

Conclusions

Based on our work described in this report, nothing has come to our attention that causes us to believe that internal control related to the collection, consolidation, validation and reporting of the performance information referred above is not effective, in all material respects.

Based on our verification, with the assumptions included in the framework, we conclude that the data and information included in Report are aligned with the GRI G4 guidelines and the principles defined in AA1000APS standard.

Lisbon, March 28th, 2016

PricewaterhouseCoopers & Associados, S.R.O.C., Lda.
Represented by

António Joaquim Brochado Correia, ROC

Corporate Governance Report

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INTRODUCTION

Banco Comercial Português, S.A. (hereinafter "Company, Bank, BCP, Millennium bcp") prepared the present Corporate Governance Report relative to the financial year of 2015 in conformity with the Legal Framework for Credit Institutions and Financial Companies (RGICSF), the Securities Code (CVM), Regulation 4/2013 of CMVM (Portuguese stock market regulator), the Corporate Governance Code of the CMVM (Recommendations), and all other applicable Portuguese and European legal and regulatory standards.

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

Recommendations of the CMVM	Declaration of Compliance	Information with reference to the Corporate Governance Report
I. VOTING AND CONTROL OF THE COMPANY		
I.1. Companies should encourage their shareholders to participate and vote in the general meetings, in particular by not establishing an excessively high number of shares required to have the right to vote and implementing the indispensable means to the exercise of the right to vote by correspondence and electronically.	Compliant	Item 12
I.2. Companies should not adopt mechanisms that hinder the taking of deliberations by their shareholders, in particular establishing a deliberative quorum higher than that established by law.	Not accepted	Item 14
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.	Compliant	Item 12
I.4. Articles of association of companies which foresee the limitation of the number of votes which may be held or exercised by a single shareholder, individually or in combination with other shareholders, must also establish that, at least every five years, the alteration or maintenance of this statutory provision will be subject to deliberation by the General Meeting – without requirement of a quorum larger than that legally established – and that, in this deliberation, all the votes cast will count, without the application of this limitation.	Not accepted	Item 13
I.5. Defensive measures should not be adopted if they imply payments or the incurrence of expenses by the company in the event of the transfer of control or change of the composition of the management body, and which might hinder the free transferability of shares and the free appraisal by the shareholders of the performance of members of the management body.	Compliant	Item 4

Recommendations of the CMVM	Declaration of Compliance	Information with reference to the Corporate Governance Report
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	Items 18 and 21 Board of Directors and Executive Committee
II.1.2. The Board of Directors should assure that the company acts in accordance with its objectives, and should not delegate its competence, namely, with respect to: *i*) definition of the strategy and general policies of the company; *ii*) definition of the Group's business structure; *iii*) decisions which should be considered strategic due to their amount, risk or special features.	Compliant	Item 21 Board of Directors
II.1.3. The Supervisory Board, in addition to the performance of the supervisory duties entrusted to it, should undertake full responsibility in terms of corporate governance, hence statutory provisions of equivalent measures should establish that it is compulsory for this body to issue statements on the strategy and main policies of the company, define the group's business structure and decisions which should be considered strategic due to their amount or risk. This body should also assess compliance with the strategic plan and the implementation of the company's policies.	Not applicable	
II.1.4. Unless as a result of the small size of the company, the Board of Directors and Supervisory Board, according to the adopted model, should create the committees deemed necessary for:	Compliant	Item 21 Board of Directors, Executive Committee and Items 24 and 27
a) Assure competent and independent appraisal of the performance of the executive directors and their own overall performance, as well as that of the different existing committees;	Compliant	Items 24, 25, 26 and 27 c) Committee for Nominations and Remunerations
b) Reflect on the adopted governance system, structure and practices, verifying their efficacy and proposing to the competent bodies the measures to be implemented aimed at their improvement.	Compliant	Item 27 b)

Recommendations of the CMVM	Declaration of Compliance	Information with reference to the Corporate Governance Report
II.1.5. The Board of Directors or Supervisory Board, according to the applicable model, should establish objectives on matters of risk-taking and create systems for their control, aimed at assuring that the risks that are effectively incurred are consistent with those objectives.	Compliant	Item 21 Board of Directors and Audit Committee, and Item 27 a) Committee for Risk Assessment
II.1.6. The Board of Directors should include a sufficient number of non-executive members so as to ensure effective capacity to monitor, supervise and assess the activities of the remaining members of the management body.	Compliant	Items 17 and 26 A
II.1.7. The non-executive directors should include an adequate proportion of independent directors, taking into account the adopted governance model, the size of the company and its shareholder structure, and respective free float. The independence of the members of the Supervisory Board and members of the Audit Committee is appraised pursuant to the legislation in force. Regarding the other members of the Board of Directors, an independent person is considered a person who is neither associated to any specific group of interests in the company of the Bank, nor under any circumstance capable of influencing the impartiality of his analysis or decision making, namely as a result of:	Compliant	Items 17, 18 and 26 A
a. Having been employed at a company which has been in a controlling or group relationship in the last three years;		
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	Items 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.		

Recommendations of the CMVM	Declaration of Compliance	Information with reference to the Corporate Governance Report
II.1.8. Directors who perform executive duties, when requested by other members of the governing bodies, should provide, in due time and in a form appropriate to the request, the requested information.	Compliant	Item 21 Executive Committee; Reports of the Board of Directors and Audit Committee.
II.1.9. The chairman of the executive management body or executive committee should send, as applicable, to the Chairman of the Board of Directors, Chairman of the Audit Board, Chairman of the Audit Committee, Chairman of the Supervisory Board and Chairman of the Financial Matters Committee, the summons and minutes of the respective meetings.	Compliant	Item 21 Executive Committee
II.1.10. Should the chairman of the management body perform executive roles, this body should indicate, among its members, an independent director to conduct the coordination of the work of the other non-executive members and the conditions to assure that they are able to make decisions in an independent and informed manner, or find another equivalent mechanism that assure this coordination.	The Chairman of the Board of Directors is not an executive director	
II.2. INSPECTION		
II.2.1. According to the applicable model, the Chairman of the Audit Board, Audit Committee or Financial Matters Committee should be independent, pursuant to the applicable legal criterion, and possess adequate competence to perform the respective duties.	Not accepted	Item 21 Audit Committee and Items 26 A and C.V. Annex I
II.2.2. The supervisory body should be the main item of contact of the external auditor and the first receiver of the respective reports, being entrusted, in particular, with proposing the respective remuneration and ensuring that the company provides the appropriate conditions for the provision of the audit services.	Compliant	Item 21 Audit Committee
II.2.3. The supervisory body should assess the external auditor on an annual basis and propose, to the competent body, the dismissal of the external auditor or the termination of the audit service contract whenever there is fair cause for the effect.	Compliant	Item 21 Audit Committee and respective Report
II.2.4. The supervisory body must evaluate the functioning of the internal control and risk management systems and propose the necessary adjustments.	Compliant	Item 21 Audit Committee

Recommendations of the CMVM	Declaration of Compliance	Information with reference to the Corporate Governance Report
II.2.5. The Audit Committee, Supervisory Board and Audit Board should issue statements on the work plans and resources allocated to the internal audit services and to the services which strive to ensure compliance with the regulations applied to the company (compliance services), and should receive the reports produced by these services at least when concerning matters related to the presentation of accounts, the identification or resolution of conflicts of interests and the detection of potential illegalities.	Compliant	Item 21 Audit Committee, Items 50 and 51
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	Item 67 and C.V. Annex II
II.3.2. No natural or legal person who provides or has provided, over the last three years, services to any structure dependent on the management body, to the actual management body of the company or who has a current relationship with the company or a consultant of the company, should be contracted to support the Remuneration Committee in the performance of its duties. This recommendation is equally applicable to any natural or legal person related to the above through a work or service contract.	Compliant	Item 67
II.3.3. The statement on the remuneration policy of the management and supervisory bodies referred to in article 2 of Law 28/2009, of 19 June, should also contain:		
a) Identification and explanation of the criteria for determination of the remuneration to be attributed to the members of the governing bodies;	Compliant	Item 69
b) Information as to the potential maximum amount, both in individual and aggregate terms, payable to the members of the governing bodies, and identification of the circumstances under which these maximum amounts may be due;	Compliant	Items 69 and 80 I
c) Information on the payability or non-payability of amounts relative to dismissal or termination of duties of directors.	Compliant	Item 80
II.3.4. Proposals relative to the approval of plans to attribute shares and/or share acquisition options, or based on share price variations, to members of the governing bodies, should be submitted to the General Meeting. The proposal should contain all the elements necessary for a correct assessment of the plan.	Not applicable	

Recommendations of the CMVM	Declaration of Compliance	Information with reference 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	Item 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	Items 69 and 81.1
III.2. The remuneration of the non-executive members of the management body and the remuneration of the members of the supervisory body should not include any component whose value depends on the performance or value of the company.	Compliant	Items 69 and 81.1
III.3. The variable component of remuneration should be reasonable, as a whole, in relation to the fixed component of remuneration, and maximum limits should be established for all components.	Not applicable	Items 69 and 81.1
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	Items 69 and 81.1
III.5. The members of the management body should not conclude contracts, either with the company or with third parties, which have the effect of mitigating the risk inherent to the variability of their remuneration established by the company.	Compliant	Item 69
III.6. Until the end of their term of office, executive directors must keep any company shares which have been acquired through variable remuneration schemes, up to the limit of twice the value of the annual total remuneration, with the exception of shares which need to be sold for the purpose of payment of taxes arising from the earnings of these same shares.	Not applicable	Item 69 There are no schemes of this type

Recommendations of the CMVM	Declaration of Compliance	Information with reference to the Corporate Governance Report
III.7. When the variable remuneration comprehends the attribution of options, the beginning of the exercise period must be deferred for a period of time not inferior to three years.	Not applicable	Item 69 There are no schemes of this type
III.8. When the dismissal of a director neither arises from serious breach of duties nor inaptitude for normal performance of the respective duties but, even so, is the outcome of inadequate performance, the company should be endowed with the appropriate and necessary legal instruments to ensure that any indemnity or compensation, apart from that legally due, is not payable.	Not applicable	Item 69 There are no schemes of this type
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	Item 66
IV.2. The company or any entities in a controlling relationship should neither contract from the external auditor, nor from any entities which are in a group relationship with it or are part of the same network, services other than audit services. When there are motives for the contracting of such services – which should be approved by the supervisory body and explained in its Annual Corporate Governance Report – they cannot represent a figure above 30% of the total value of the services provided to the company.	Compliant	Item 47
IV.3. Companies should promote the rotation of the auditor at the end of two or three terms of office, according to whether they are of four or three years, respectively. The auditor's maintenance beyond this period should be based on the grounds expressed in a specific opinion issued by the supervisory body which explicitly weighs up the conditions of independence of the auditor and the advantages and costs of his replacement.	Compliant	Items 40 and 44.I
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	Items 21 Audit Committee, 10 and 91

Recommendations of the CMVM	Declaration of Compliance	Information with reference to the Corporate Governance Report
V.2. The supervisory or audit board should establish the necessary procedures and criteria for the definition of the relevant level of significance of business with shareholders of qualifying stakes or with entities which are in any of the relations stipulated in number 1 of article 20 of the Securities Code, with the conduct of business of significant relevance being dependent on the prior opinion of this body.	Compliant	Item 21 Audit Committee and Board of Directors, paragraph 4, Item 18 (material limit), and Items 10 and 91
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://www.millenniumbcp.pt/Institucional/
VI.2. Companies should assure the existence of an investor support office and its permanent contact with the market, so as to answer requests made by investors in due time. Records should be kept of all the requests submitted and their subsequent treatment.	Compliant	Items 56 to 58

PART I – INFORMATION ON SHAREHOLDER STRUCTURE, ORGANISATION AND CORPORATE GOVERNANCE

A. SHAREHOLDER STRUCTURE

I. CAPITAL STRUCTURE

1. Share Capital Structure

The Bank's share capital amounts to 4,094,235,361.88 Euros, corresponding to 59,039,023,275 single-category, registered, book entry shares with no par value, fully underwritten and paid-up. All the shares are listed for trading in a regulated market (Euronext Lisbon), represent 100% of the share capital, confer identical rights and are fungible between them. According to the information provided by Interbolsa, as at 31 December 2015, the number of shareholders of Banco Comercial Português totalled 196,148.

The Bank's shareholder structure continues to be very dispersed, with five shareholders owning more than 2% of the share capital. Of these, only two have a stake above 5%. As a whole, the shareholders with qualifying stakes represent 29.89% of the share capital.

Shareholders with over 5 million shares represented 64% of the share capital, with an increase of the percentage held by national shareholders in 2015.

In terms of geographical distribution, special note should be made of the weight of the shareholders in Portugal, which accounted for 54% of the total number of shareholders as at 31 December 2015.

Pursuant to its articles of association, the Bank has the ability to issue shares with special rights, namely voting or non-voting preferential shares either redeemable with or without premium or not redeemable. Banco Comercial Português has never issued any of this type of shares.

2. Restrictions on the transferability of shares

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

3. Treasury stock

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

As at 31 December 2015, Banco Comercial Português, S.A. held no treasury stock in portfolio, and neither were any BCP shares purchased or sold for its own portfolio during the year. However, as at 31 December 2015, the heading "Treasury Stock" recorded 24,280,365 shares (31 December 2014: 24,280,365 shares) held by customers. 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 stock and, in accordance with the accounting policies, written off from the equity.

Regarding treasury stock held by associate companies of the BCP Group, pursuant to the Note to the financial statements number 60, as at 31 December 2015, the Millenniumbcp Ageas

Group held 652,087,518 BCP shares (31 December 2014: 652,087,518 shares) amounting to 31,822,000 Euros (31 December 2014: 42,842,000 Euros).

4. Significant agreements in the case of change of control

Banco Comercial Português is not a party in significant agreements, namely agreements that are enforced, altered or terminated in the event of change of control, following a public takeover bid, or change of composition of the governing bodies.

Under its activity, the Bank has negotiated four bilateral contracts with the European Investment Bank (EIB) and European Investment Fund (EIF), of the overall amount of close to 1000 million Euros, which include clauses that confer the counterparty, under certain verifiable circumstances and in line with the usual and current in the type of operations in question, the right to trigger the early repayment of these values, in the event of a change of the Bank's shareholder control.

5. Arrangement applicable to the amendment of the statutory provision establishing the limitation of the number of votes by a single shareholder

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

The amendment of this statutory provision requires the approval of two thirds (66.66%) of the votes cast at the General Meeting.

The Bank's Articles of Association do not foresee the periodic review of the statutory rule which establishes the limitation of votes referred to above.

The Bank believes that this limitation does not constitute a measure endorsed with a view to prevent the success of public takeover bids, but rather seeks to assure that small and medium-sized shareholders, which have a very significant weight in the shareholder structure, as noted above, are able to exert greater influence on decisions submitted to the General Meeting. On the one hand, the Bank believes that it is always possible for shareholders who wish to amend or eliminate the aforesaid statutory limitation, and in compliance with the requirements established for the purpose in the law, to submit to the General Meeting a motion towards this amendment or elimination. On the other hand, the Bank considers that its amendment should only take place when there is an unequivocal and qualifying vote to this end, derived from the balanced participation of various shareholders.

6. Shareholders' agreements

In March 2015, the Bank was notified of the termination of the shareholders' agreement signed in July 2013 between Interoceânico-Capital, SGPS, S.A. and Allpar S.E. aimed at the concerted exercise of voting rights. The Bank is not aware of the existence of any other shareholders' agreement relative to the exercise of corporate rights or transferability of the Bank's shares.

II. Shares and Bonds Held

7. Holders of qualifying stakes

Under the terms of the Securities Code, the qualifying stakes in the Company's share capital as at 31 December 2015, indicating the percentage share capital and imputable votes, and the source and reasons of imputation, are reflected in the following table:

31 December 2015

Shareholder	Nr. of shares	% of share capital	% of voting rights
Sonangol - Sociedade Nacional de Combustíveis de Angola, EP, directly	10.534.115.358	17,84%	17,84%
Total of Sonangol Group	**10.534.115.358**	**17,84%**	**17,84%**
Bansabadell Holding, SL, fully owned by Banco de Sabadell, S.A. *	2.644.643.445	4,48%	4,48%
Banco de Sabadell, S.A., directly	350.219.968	0,59%	0,59%
Total of Sabadell Group	**2.994.863.413**	**5,07%**	**5,07%**
EDP -Imobiliária e Participações, S.A, fully owned by EDP - Energias de Portugal, S.A. *	1.087.268.954	1,84%	1,84%
EDP Pensions Fund **	402.753.534	0,68%	0,68%
Voting rights held by the members of the management and supervisory bodies	109.741.163	0,19%	0,19%
Total of EDP Group	**1.599.763.651**	**2,71%**	**2,71%**
Interoceânico - Capital, SGPS, S.A., directly	1.199.549.296	2,03%	2,03%
Voting rights held by the members of the management and supervisory bodies	8.110.204	0,01%	0,01%
Total of Interoceânico Group	**1.207.659.500**	**2,05%**	**2,05%**
BlackRock	1.308.152.656	2,22%	2,22%
Total of BlackRock* **	**1.308.152.656**	**2,22%**	**2,22%**
Total of Qualified Shareholders	**17.644.554.578**	**29,89%**	**29,89%**

* Allocation in accordance with subparagraph b) of paragraph 1 Art. 20 of the Portuguese Securities Code.
** Allocation in accordance with subparagraph f) of paragraph 1 Art. 20 of the Portuguese Securities Code.
*** According to the latest available information (24th July 2014).

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

On this issue, see the information provided in the Annual Report 2015, in Note 51 - Other Transactions, of the Notes to the Consolidated Financial Statements.

9. Special powers of the management board, namely with respect to deliberations to increase share capital

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 last renewal of the authorisation was granted at the General Meeting held on 31 May 2012, when the share capital was 3,000,000.00 Euros. The authorisation to increase the share capital has been used twice, once in 2012 amounting to 500,000,000 euros and on another occasion in 2014 amounting to 2,241,690,253.08 Euros. Consequently, the Board of Directors' entitlement to resolve the share capital increase is limited to 258,309,746.92 Euros.

The Board of Directors intends to propose the renewal of the aforesaid authorisation at the General Meeting to be held on 21 April 2016.

Should the Bank, on the date scheduled for the end of the State investment, 29 June 2017, not have fully paid-up the core tier 1 equity instruments (ISE), the outstanding value of the principal in debt shall be converted into ordinary shares on that date, with the number of shares to be converted being equal to the equity debt of these ISE.

Notwithstanding the provisions in article 5, number 5 of the Bank's Articles of Association, there were no guarantees provided as at 31 December 2015, nor on the date of preparation of this report, under Law 60-A/2008, of 20 October.

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

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

During 2015, the Audit Committee issued eight prior opinions related to operations of assignment and renewal of credit lines and limits, and nine opinions on other credit operations. All of these operations were conducted under normal market conditions.

During the year covered by this Report, regardless of the aforesaid operations, no other business or operations were conducted, namely the acquisition of supplies and services, between Banco Comercial Português and qualifying shareholders and entities related to them, which have been economically significant and cumulatively, which were carried out other than under market conditions, applicable to similar operations, or outside the scope of the current activity of the company, always in compliance with the provisions of article 397, number 5 of the Companies Code.

All operations conducted of insignificant economic value were analysed by the Audit Committee.

In 2015 the company had no records of any significant business relations with holders of qualifying stakes, although the company did conduct current business relations with the EDP Group, due to the nature of the latter's activity.

B. GOVERNING BODIES AND COMMITTEES

I. GENERAL MEETING

a) Composition of the Board of the General Meeting

11. Identification and position of the members of the board of the general meeting and respective term of office

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

At the General Meeting held on 30 May 2014, the Chairman and the Vice-Chairman of the Board of the General Meeting were elected for the term of office relative to the three-year period 2014/2016. This implies that the third consecutive term of office is currently being performed, which began on the aforesaid election date and shall end on 31 December 2016. Although the members of the Board of the General Meeting were elected for a fixed term, they will remain in office until the election of new members, which is scheduled to occur up to the end of the month of May 2017.

The Company Secretary was appointed by the Board of Directors, on 11 May 2015, for the respective position, performing duties for the three-year period 2015/2017 and shall remain in office up to the next election of the Board of Directors, which is expected to occur at the Annual General Meeting to be held before the end of May 2018.

The Board of the General Meeting is composed of:

Chairman: António Manuel da Rocha e Menezes Cordeiro (Independent)

Vice-Chairman: Manuel António de Castro Portugal Carneiro da Frada (Independent)

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

b) Exercise of Voting Rights

12. Restrictions on matters of voting rights

Under the terms of the Bank's Articles of Association, each share corresponds to one vote. Natural or legal persons that 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 a representative.

On these issues, see items 5 and 14.

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

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

13. Indication of the maximum percentage of voting rights that can be exercised by a single shareholder or by shareholders related to the former in any manner described in number 1 of article 20 of the Securities Code

On this issue, see item 5.

14. Shareholder resolutions which, by statutory imposition, can only be adopted with qualified majority

The Bank's Articles of Association require the presence or representation of over one third of the share capital for the General Meeting to be held at first call. The Articles of Association also require a qualified majority of three quarters of the votes cast for approval of decisions on merger, demerger, transformation and a qualified majority of three quarters of the fully paid up share capital for resolutions on the dissolution of the company. The amendment of articles which establish limitations to voting rights or determine majorities different from those stipulated in the law requires a qualified majority of two thirds of the votes cast. Both quorums are intended to assure that no relevant matter is deliberated without the effective participation of a representative number of shareholders.

II. MANAGEMENT AND SUPERVISION

a) Composition

15. Identification of the endorsed governance model

Banco Comercial Português, S.A. has endorsed, since 28 February 2012, a one-tier corporate structure with a Board of Directors which includes an Executive Committee and an Audit Committee. It also has a Remuneration and Welfare Board and an International Strategic Board elected by the General Meeting.

16. Statutory rules underlying the nomination and replacement of members of the Board of Directors

The members of the Board of Directors are elected at the General Meeting. Should the Board of Directors co-opt any Director to fill a vacant position, the co-opted member will complete the term of office underway. Elections are plural and conducted by lists, with indication by the proposing shareholders, and votes are cast based on these lists.

Under the terms of the law, and under penalty of destitution, at each Annual General Meeting a renewal of confidence in each of the members of the management and supervisory bodies is voted, and likewise in the body as a whole.

17. Composition of the Board of Directors

Under the terms of the Bank's Articles of Association, the Board of Directors is 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 was elected at the General Meeting held on 11 May 2015, to perform duties during the three-year period 2015/2017, with the term of office ending on 31 December 2017, without prejudice to the Directors remaining in office until the election of a new Board of Directors.

Following his personal request and by order of 26 February 2016 of the Minister of Finance, Bernardo de Sá Braamcamp Sobral Sottomayor, one of the State representatives appointed under the Bank's recapitalisation process, was exonerated from the position of non-executive member of the Board of Directors. This same Director resigned from the position of Member of the Remunerations and Welfare Board on 12 February 2016.

The following table indicates the composition of the Board of Directors and the date of the first appointment of each member and the date of end of term of office.

Board of Directors: Composition, Mandate (Start and End), Positions and Capacity of the Non-Executive Members

Composition of the Board of Directors (Non-Executive Members)	Start of Mandate	Mandate	End of Mandate (a)	Justification of Mandate	Body and Position	Capacity
António Vítor Martins Monteiro	**11-05-2015**	**2015/2017**	**31-12-2017**	Election	**Board of Directors - Chairman**	Not Independent (b) and (c)
	28-02-2012	2012/2014	31-12-2014		Board of Directors - Chairman	
	18-04-2011	2011/2013	28-02-2012		Supervisory Board - Chairman	
	30-03-2009	2009/2010	18-04-2011		Supervisory Board - Chairman	
Carlos José da Silva	**11-05-2015**	**2015/2017**	**31-12-2017**	Election	**Board of Directors - Vice-Chairman**	**Not Independent (c)**
	28-02-2012	2012/2014	31-12-2014		Board of Directors - Vice-Chairman	
	18-04-2011	2011/2013	28-02-2012		Supervisory Board - Member	
Álvaro Roque de Pinho de Bissaia Barreto	11-05-2015	2015/2017	31-12-2017	Election	Board of Directors - Member	Independent
	28-02-2012	2012/2014	31-12-2014		Board of Directors - Member	
	18-04-2011	2011/2013	28-02-2012		Supervisory Board - Member	
André Magalhães Luís Gomes	**11-05-2015**	**2015/2017**	**31-12-2017**	Election	**Board of Directors - Member**	**Independent**
	28-02-2012	2012/2014	31-12-2014		Board of Directors - Member	
António Henriques de Pinho Cardão	**11-05-2015**	**2015/2017**	**31-12-2017**	Election	**Board of Directors - Member**	**Independent**
	28-02-2012	2012/2014	31-12-2014		Board of Directors - Member	
	18-04-2011	2011/2013	28-02-2012		Supervisory Board - Member	
António Luís Guerra Nunes Mexia	**11-05-2015**	**205/2017**	**31-12-2017**	Election	**Board of Directors - Member**	**Not Independent (d)**
	28-02-2012	2012/2014	31-12-2014		Board of Directors - Member	
	18-04-2011	2011/2013	28-02-2012		Supervisory Board - Member	
	30-03-2009	2009/2010	31-12-2010		Supervisory Board - Member	
	15-01-2008	2006/2008	31-12-2008		Supervisory Board - Member	
Cidália Maria Mota Lopes	**11-05-2015**	**2015/2017**	**31-12-2017**	Election	**Board of Directors - Member**	**Independent**
Jaime de Macedo Santos Bastos	**11-05-2015**	**2015/2017**	**31-12-2017**	Election	Board of Directors - Member	**Independent**
	28-02-2012	2012/2014	31-12-2014		Board of Directors - Member	
João Bernardo Bastos Mendes Resende	**11-05-2015**	**2015/2017**	**31-12-2017**	Election	Board of Directors - Member	**Not Independent (c)**
	28-02-2012	2012/2014	31-12-2014		Board of Directors - Member	
João Manuel de Matos Loureiro	**11-05-2015**	**2015/2017**	**31-12-2017**	Election	Board of Directors - Member	**Not Independent (b)**
	28-02-2012	2012/2014	31-12-2014		Board of Directors - Member	
	18-04-2011	2011/2013	28-02-2012		Supervisory Board - Member	
	30-03-2009	2009/2010	2015/2017		Supervisory Board - Member	
Raquel Rute da Costa David Vunge	**11-05-2015**	**2015/2017**	**31-12-2017**	Election	**Board of Directors - Member**	**Not Independent (c)**
	16-12-2014	2012/2014	31-12-2014	Co-optation (e)	Board of Directors - Member	
Bernardo de Sá Braamcamp Sobral Sottomayor	04-12-2012	Appointed by the State, on 4-12-2012, for the period of enforcement of the public investment to strengthen own funds			Board of Directors - Member	(f)
José Rodrigues de Jesus	04-12-2012	Appointed by the State, on 4-12-2012, for the period of enforcement of the public investment to strengthen own funds			Board of Directors - Member	(g)
Composition of the Board of Directors (Executive Members)						
Nuno Manuel da Silva Amado	28-02-2012	2012/2014	31-12-2014	Election	Board of Directors - Vice-Chairman and Chairman of the Executive Committee	Executive
	11-05-2015	2015/2017	31-12-2017		Board of Directors - Vice-Chairman and Chairman of the Executive Committee	
Miguel Maya Dias Pinheiro	12-04-2010	2008/2010	31-12-2010	In replacement	Executive Board of Directors - Member	Executive
	18-04-2011	2011/2013	28-02-2012	Election	Executive Board of Directors - Member	
	28-02-2012	2012/2014	31-12-2014		Executive Committee - Vice-Chairman	
	11-05-2015	2015/2017	31-12-2017		Executive Committee - Vice-Chairman	
Miguel de Campos Pereira de Bragança	28-02-2012	2012/2014	31-12-2014	Election	Executive Committee - Vice-Chairman	Executive
	11-05-2015	2015/2017	31-12-2017		Executive Committee - Vice-Chairman	
José Jacinto Iglésias Soares	28-02-2012	2012/2014	31-12-2014	Election	Executive Committee - Member	Executive
	11-05-2015	2015/2017	31-12-2017		Executive Committee - Member	
José Miguel Bensliman Schorcht da Silva Pessanha	11-05-2015	2015/2017	31-12-2017	Election	Executive Committee - Member	Executive
Maria da Conceição Mota Soares de Oliveira Callé Lucas	28-02-2012	2012/2014	31-12-2014	Election	Executive Committee - Member	Executive
	11-05-2015	2015/2017	31-12-2017		Executive Committee - Member	
Rui Manuel da Silva Teixeira	28-02-2012	2012/2014	31-12-2014	Election	Executive Committee - Member	Executive
	11-05-2015	2015/2017	31-12-2017		Executive Committee - Member	

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

(b) The Director in question is in his fourth mandate, only because the mandate 2011/2013 was interrupted on 28 February 2012, consequently implying that he did not complete three full mandates.

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

(d) The Director in question is related to a shareholder with a qualifying stake and is in his fifth term of office

(e) Co-optation at the meeting of the Board of Directors held on 15 October 2014.

(f) Following his personal request and by order of 26 February 2016 of the Minister of Finance, Bernardo de Sá Braamcamp Sobral Sottomayor, one of the State representatives appointed under the Bank's recapitalisation process, was exonerated from the position of non-executive member of the Board of Directors. This same Director resigned from the position of Member of the Remunerations and Welfare Board on 12 February 2016.

(g) Appointed by the State for the period of enforcement of the public investment to strengthen own funds.

18. Identification of the executive and non-executive members of the Board of Directors and, relative to the latter, those classified as independent

On 11 May 2015, the Board of Directors appointed, from among its members, an Executive Committee under the terms of article 407, nr. 3 and 4 of the Companies Code and article 35 of the Bank's Articles of Association, composed of seven of its members. The Executive Committee 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.

According to CMVM Regulation 4/2013, Annex 1, nr. 18.1, a member of the Board of Directors who is not associated to any specific group of interests within the company, nor under any circumstance which might affect impartiality of analysis or decision-making, is considered independent.

All non-executive directors were assessed for this effect, taking into account their profile and the following facts:

18.1. The independence of the members of the Audit Committee is appraised under the terms of article 414 of the Companies Code. The remaining members of the Board of Directors are considered independent when they are neither associated to any specific group of interests in the company nor under any circumstance which might affect the impartiality of their analysis or decision-making, namely due to:

a. Having been employed at a company which has been in a controlling or group relationship in the last three years;

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;

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, relative or relative-in-law in a straight line and until the 3rd degree, inclusively, in the collateral line, of directors or natural persons directly or indirectly holding qualifying stakes;

e. Being the holder of a qualifying stake or representative of a shareholder with a qualifying stake.

The number of members of the Board of Directors who under the provisions described in Recommendation II.I.7 are considered independent, assures the effective ability of the non-executive members of the Board of Directors to monitor, supervise and assess the activities of executive directors in an impartial and appropriately objective manner.

Excluding the executive directors and those appointed by the State, five members of the Board of Directors, out of the total eleven members, are independent. In other words, 45.45% of the non-executive directors are independent, and BCP considers that the proportion of independent directors, relative to the total number of directors, is adequate, taking into account the endorsed governance model, the size of the company and its shareholder structure, and the respective free float.

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

19. Professional qualifications and other relevant curricular details of each member of the Board of Directors

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. Family, professional or business relations between the members of the Board of Directors and Executive Committee with shareholders imputed with qualifying stakes above 2% of the voting rights

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

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

Professional or Business Relations of the Members of the Board of Directors of BCP with Shareholders Owning Qualifying Stakes Above 2% of the Voting Rights.

Member of the Board of Directors of BCP	Professional or Business Relations	Shareholder with a Qualifying Stake Above 2% of the Voting Rights
António Vítor Martins Monteiro	Member of the Board of Directors of Banco Privado do Atlântico (Angola)	Interoceânico Capital SGPS, S.A.
Carlos José da Silva	Business Relation: shareholder with a qualifying stake	Interoceânico Capital SGPS, S.A.
António Luís Guerra Nunes Mexia	Chairman of the Executive Board of Directors of EDP - Energias de Portugal, S.A.	EDP - Energias de Portugal, S.A. (EDP Group)
João Bernardo Bastos Mendes Resende	Member of the Board of Directors of Banco Urquijo (Banco Sabadell Group)	Banco Sabadell Group
Raquel Rute da Costa David Vunge	Senior Staff of Sonangol, E.P.	Sonangol - Sociedade Nacional de Combustíveis de Angola, E.P. (Sonangol Group)

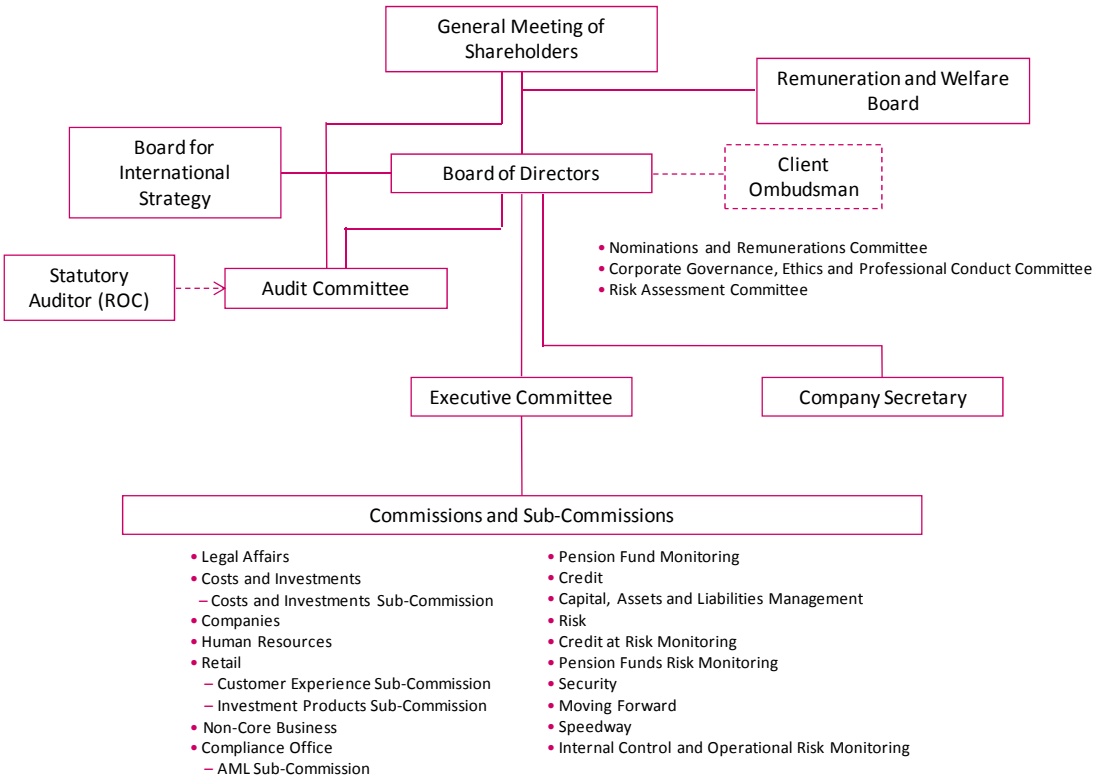
21. Organisational Chart, Delegation and Distribution of Competences

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, pursuant to article 35 of the Articles of Association and article 7 of its Regulations.

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

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

The diagram below represents the Bank's Corporate Governance Model structure during 2015:



Board of Directors

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

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

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

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

- Chose its Chairperson and Vice-Chairpersons when these are not appointed by the General Meeting;
- Appoint directors to fill in eventual vacancies;
- Ask the Chairperson of the Board of the General Meeting to call the General Meeting;
- Resolve on the change of head office and share capital increases, under the terms of the law and of the articles of association;
- Approve mergers, demergers and other changes to the company;

- Approve the Annual Reports and Financial Statements and the proposals that the management body is responsible for submitting to the General Meeting, namely the proposal for the appropriation of profits;
- Approve the Bank's annual and longer term budgets;
- Define the general policies and strategic goals for the Bank and for the group;
- Provide bonds and personal or real guarantees on behalf of the company, with the exception of those included in the Bank's current activity;
- Purchase, sell and encumber immovable properties provided that the operation implies a negative impact above 0.5% on the regulatory consolidated own funds;
- Define and resolve on the eventual introduction of changes to the group's corporate structure, namely the opening and closing of establishments when it represents a 10% positive or negative variation in the number of establishments in Portugal at the end of the year prior to the making of the decision;
- Significant increases or reductions in the company's organization whenever these produce an impact above 5% in consolidated assets;
- Resolve, under the terms of the law and of the articles of association, on the issue of shares and other securities that imply or may imply a share capital increase by the Bank, establishing the conditions and carrying out, with them, all the operations permitted by law, abiding by any limits set by the General Meeting;
- Appoint, after getting the prior favourable opinion from the Committee for Nominations and Remunerations, the Company Secretary and respective alternate, who must have the adequate expertise and profile to undertake such functions and to whom the Board of Directors must ensure technical autonomy and all the necessary means to carry out their functions;
- Appoint, after getting the prior favourable opinion from the Committee for Nominations and Remunerations, a Client Ombudsman, who must necessarily be an individual with a recognized ability, honesty and experience in banking, without employment ties to the Bank and to whom it must ensure all the necessary means to carry out his/her functions freely and independently;
- Appoint, pursuant to a proposal made by the Executive Committee and after getting the favourable opinions mentioned in sub-paragraphs 2.2 l) and 2.3. f) of this article, the head of investor relations, the risk officer, the compliance officer, the head of audit division and the group treasurer, who must have the adequate expertise and profile to undertake such functions and to whom it must ensure technical autonomy and all the necessary means to carry out their functions;
- Approve and periodically review the remuneration policy concerning employees which report directly to the Administration, the ones responsible for the assumption of risks and for the control functions and the employees whose total remuneration places them in the same bracket of the three categories mentioned above provided that their respective professional activities have a material impact on the Bank's risk profile.
- Approve the respective internal regulations, as well as the regulations of the Audit Committee, of the Executive Committee and of the other committees it decides to create;
- Ratify any acts undertaken on its behalf by the Chairperson or by his/her alternate in case of emergency;

The delegation of powers by the Board of Directors does not exclude the competence of this corporate body from deliberating on the same issues, nor do they withdraw, under legal terms, the responsibility of other directors for possible losses caused by acts or omissions occurred during the exercise of duties received by delegation.

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

http://ind.millenniumbcp.pt/en/Institucional/governacao/Pages/governacao.aspx

Audit Committee

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

The Audit Committee was elected at the General Meeting held on 11 May 2015 for the three-year period 2015-2017, and was vested with the competences pursuant to article 423-F of the Companies Code and its own Regulations.

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

http://ind.millenniumbcp.pt/en/Institucional/governacao/Pages/governacao.aspx

The Audit Committee informs the Board of Directors on a monthly basis, in writing, of the work it has developed and conclusions drawn. As the Bank's supervisory body, it is responsible for ensuring compliance with the law and articles of association, in particular being entrusted to:

- Supervising the Bank's management;
- Calling the General Meeting of Shareholders, whenever the Chairman of the Board of the General Meeting fails to do so when he/she should;
- Verifying if the accounting processes and valuation criteria adopted by the Bank lead to a correct valuation of assets and results.
- Accessing call notices and minutes of the meetings of the Executive Committee and taking part in the meetings of that Committee wherein the Bank's annual accounts are appraised;
- Assessing the accuracy of the accounting books, accounting records and supporting documents;
- Verifying the accuracy of the financial statements;
- Monitoring the preparation and disclosure of financial information;
- Supervising the audit of the Bank's annual report and financial statements;
- Drawing up an annual report on its supervisory functions and issuing an opinion on the annual report and accounts and on the proposals presented by the directors, clearly stating its concurrence with the contents of the legal certification of accounts, if that is the case;
- Supervising the efficiency of the risk management system, of the internal control system and of the internal audit system and issue a prior opinion on the entity appointed by the Bank to assess the adequacy and efficiency of the internal control system;
- Issuing an opinion on the work plans and resources allocated to the internal audit and compliance services, being the recipient of the reports made by these services, at least when the issues in question relate to the presentation of financial statements, the identification and resolution of conflicts of interests and the detection of potential illegalities;
- On an annual basis, evaluating and monitoring the independence of the external auditor and of the statutory auditor and propose their election by the General Meeting; being responsible, under the powers delegated by the Board of Directors, pursuant to subparagraph b), number 2.2. of article 7 of the Board of Director's Regulations, for proposing to the General Meeting the contracting and replacement of the statutory auditor and external auditor or proposing his discharge or termination of the contract for provision of his services whenever there are fair grounds for such;
- Issuing an opinion on the remuneration of the external auditor, supervise the compliance with the rules concerning the provision of additional services, ensure that the external auditor has

all the conditions for the exercise of its functions and evaluate its performance on an annual basis;

- Issuing an opinion on the regulation for the internal reporting of irregularities, to be approved by the Board of Directors;
- Receiving, handling and recording the communications on serious irregularities related with the management, accounting organization and internal supervision and of serious signs of infractions of duties foreseen in the Legal Framework for Credit Institutions and Financial Companies, and remaining domestic and European legislation in force, presented by shareholders, Bank employees or other;
- Suspending directors and appointing substitute directors under the terms of the law and of the articles of association;
- Issuing an opinion on the technical and professional profile of the candidates for the position of Head of Internal Audit of the Bank and Head of the Compliance Office of the Bank;
- Issuing an opinion on the share capital increases resolved by the Board of Directors.
- Issuing a prior opinion on the agreements for the provision of supplies and services established between the Bank and holders of stakes above 2% of the Bank's share capital or entities that are in a controlling or group relationship with them or members of the management body, directly or through third parties, provided that (i) the material engagement limit exceeds the amount of €100,000/year, per group of suppliers, (ii) the costs have not been previously budgeted and (iii) the remaining conditions set forth in article 5 (3) of the Regulations of the Board of Directors are not met;
- 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, under the powers delegated by the Board of Directors, pursuant to subparagraph b), number 2.2 of article 7 of the Regulation of the Board of Directors and supervision, proposes to the General Meeting the contracting and replacement of the statutory auditor and external auditor.

The Audit Committee always holds compulsory regular meetings with the external auditors and statutory auditor at the time of appraisal of the quarterly, six-monthly and annual accounts of the Bank. The Audit Committee receives the Reports of the Internal Audit Division, Statutory Auditor and External Auditors. The Audit Committee holds regular meetings with the Directors in charge of the Financial, Credit and Risk Areas, the Risk Officer, Compliance Officer and Head of Internal Audit, the Coordinating Manager of the Studies and Planning and Asset and Liability Management Division, and has the power to summon or request clarifications from any Coordinating Manager or Employee of the Bank who it wishes to hear.

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

Since its election, on 11 May 2015, the Audit Committee has the following composition:

Chairman: João Manuel de Matos Loureiro (Not Independent, due to having performed duties in the last 3 terms of office, one of which incomplete)

Members: Jaime de Macedo Santos Bastos (Independent)

Cidália Maria Mota Lopes (Independent)

José Rodrigues de Jesus (Appointed by the State for the period of enforcement of the public investment to strengthen the Bank's own funds.)

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

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

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

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

During 2015, the Audit Committee held twenty-two meetings.

The attendance level of the Audit Committee meetings by each of its members is shown in the following table:

Audit Committee: Meetings Held and Attendance of the Members

Month	Day	João Manuel de Matos Loureiro	José Guilherme Xavier de Basto [1]	Jaime de Macedo Santos Bastos	José Rodrigues de Jesus (2)	Cidália Maria Mota Lopes [3]
Jan	19	P	P	P	P	
	26	P	P	P	P	
Feb	27	A	P	P	P	
Mar	13	P	A	P	P	
	30	P	P	P	P	
Apr	16	P	P	P	P	
	17	P	P	P	P	
	27	P	P	P	P	
May	29	P		P	P	P
Jun	24	P		P	P	P
	25	P		P	P	P
Jul	23	P		P	P	P
Sep	7	P		P	P	P
	28	P		P	P	P
Oct	5	P		P	P	P
	16	P		P	P	A
	30	P		P	P	P
Nov	18	P		P	P	P
	18	P		P	P	P
	30	P		P	P	P
Dec	14	P		P	P	P
	18	P		P	P	A
% Presence		95%	88%	100%	100%	_

P - Present

A - Absent

[1] Terminated duties on 11 May 2015.

(2) Director appointed by the State for the period of enforcement of the public investment to strengthen own funds.

[3] Director elected at the General Meeting of 11 May 2015, for the position of member of the Board of Directors and Audit Committee.

Participated in the Audit Committee meetings as a guest. Began duties on 29 December 2015.

Executive Committee

On 11 May 2015, 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, established its mode of operation and delegated to this committee the powers to conduct the Bank's current management.

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

As at 31 December 2015 the distribution of these areas of special responsibility was as follows:

Executive Committee

Nuno Amado (NA)	
Office of the Chairman of the Executive Committee	(MM)
Communications Division	(MM)
Human Resources Division	(IS)
Audit Division	(IS)
General Secretariat and Relations with External Entities	(MM)

Miguel Maya (MM)	
Credit Division	(MB)
Retail Recovery Division	(MB)
Specialised Recovery Division	(MB)
Small Amounts Recovery Division	(MB)
Specialised Monitoring Division	(MB)
Real-Estate Business Division	(MB)

Miguel Bragança (MB)	
International, Treasury and Markets Division	(MM)
Investor Relations Division	(MM)
Accounting and Consolidation Division	(MM)
Research, Planning and ALM Division	(MM)
Management Information Division	(MM)
Tax Advisory Division	(MM)

Conceição Lucas (CL)	
Large Corporate Division	(RMT)
Investment Banking Division	(RMT)
Companies and Corporate Division - North	(RMT)
Companies and Corporate Division - Centre	(RMT)
Companies and Corporate Division - South	(RMT)
Companies Marketing Division	(RMT)
Companies, Corporate, Africa and Orient Business Development	(RMT)

Rui Manuel Teixeira (RMT)	
Retail Banking Division - North	(CL)
Retail Banking Division - Centre	(CL)
Retail Banking Division - South and Islands	(CL)
Retail Marketing Division	(CL)
Segments Management Division	(CL)
Quality and Network Support Division	(CL)
Direct Banking Division	(CL)
Private Banking Division	(CL)

Iglésias Soares (IS)	
Operations Division	(JMP)
IT Division	(JMP)
Logistics & Procurement Division	(JMP)
Legal Advisory and Litigation Division	(JMP)
Compliance Office	(JMP)

José Miguel Pesanha (JMP)	
Risk Office	(IS)
Rating Division	(IS)
Office for the Regulatory and Supervision Monitoring	(IS)

Subsidiary Companies		
Bank Millennium (Poland)	MB	(MM)
Millennium BIM (Mozambique)	MM	(CL)
Banco Millennium Angola	CL	(MM)
Banque Privée BCP (Suisse)	RMT	(CL)
Millennium bcp Bank & Trust	RMT	(CL)
ActivoBank	RMT	(CL)
BCP Capital	MM	(CL)
Millennium bcp Ageas	JMP	(RMT)

( ) - Alternate Diretor

The Company Secretary sends the Chairman of the Board of Directors and the Audit Committee the agendas and minutes of the Executive Committee.

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

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

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

http://ind.millenniumbcp.pt/en/Institucional/governacao/Pages/governacao.aspx

b) Functioning

22. Location where the operating regulations of the Board of Directors and Executive Committee can be consulted

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

http://ind.millenniumbcp.pt/en/Institucional/governacao/Pages/governacao.aspx

23. Number of meetings held and attendance level of each member of the Board of Directors and Executive Committee

During 2015, the Board of Directors held thirteen meetings and its secretarial services were administered by the Company Secretary, with minutes having been drawn up of all the meetings.

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

Non-Executive Members of the Board of Directors	Personal Attendance	Personal Attendance and By Representation
António Vítor Martins Monteiro	100.00%	100.00%
Carlos José da Silva	76.90%	92.30%
Álvaro Roque de Pinho de Bissaia Barreto	100.00%	100.00%
André Magalhães Luís Gomes	92.30%	100.00%
António Henriques de Pinho Cardão	100.00%	100.00%
António Luís Guerra Nunes Mexia	69.20%	84.60%
Bernardo de Sá Braamcamp Sobral Sottomayor (1)	69.20%	100.00%
Cidália Maria Mota Lopes (2)	100.00%	100.00%
Jaime de Macedo Santos Bastos	100.00%	100.00%
João Bernardo Bastos Mendes Resende	100.00%	100.00%
João Manuel de Matos Loureiro	100.00%	100.00%
José Rodrigues de Jesus (3)	100.00%	100.00%
Raquel Rute da Costa David Vunge	100.00%	100.00%
Executive Members of the Board of Directors (Executive Committee)	**Personal Attendance**	**Personal Attendance and By Representation**
Nuno Manuel da Silva Amado	100.00%	100.00%
Miguel Maya Dias Pinheiro	100.00%	100.00%
Miguel de Campos Pereira de Bragança	92.30%	100.00%
José Miguel Bensliman Schorcht da Silva Pessanha	100.00%	100.00%
Rui Manuel da Silva Teixeira	100.00%	100.00%
Maria da Conceição Mota Soares de Oliveira Callé Lucas	100.00%	100.00%
José Jacinto Iglésias Soares	100.00%	100.00%

(1) Following his personal request and by order of 26 February 2016 of the Minister of Finance, Bernardo de Sá Braamcamp Sobral Sottomayor, one of the State representatives appointed under the Bank's recapitalisation process, was exonerated from the position of non-executive member of the Board of Directors. This same Director resigned from the position of Member of the Remunerations and Welfare Board on 12 February 2016.
(2) Director elected at the General Meeting of 11 May 2015, for the position of member of the Board of
(3) Appointed by the State for the period of enforcement of the public investment to strengthen own funds.

During 2015, the Executive Committee held sixty-one meetings and its secretarial services were administered by the Company Secretary, with minutes having been drawn up of all the meetings.

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

Executive Members of the Board of Directors [Executive Committee (CE)]	Personal Attendance
Nuno Manuel da Silva Amado	98.36%
Miguel Maya Dias Pinheiro	98.36%
Miguel de Campos Pereira de Bragança	93.44%
José Miguel Bensliman Schorcht da Silva Pessanha	100.00%
Rui Manuel da Silva Teixeira	91.80%
Maria da Conceição Mota Soares de Oliveira Callé Lucas	91.80%
José Jacinto Iglésias Soares	93.44%

24. Competent bodies to carry out the assessment of the performance of the executive directors

The Board of Directors, using the competence vested by article 37, number 1 of the Articles of Association and article 7, number 2 of its Regulations, has constituted specialised committees, attributed with the duty of monitoring certain specific matters on a permanent basis. To this end, the Committee for Nominations and Remunerations was instituted, endowed with competences to perform the assessment of performance of the members of the Board of Directors.

The Committee for Nominations and Remunerations is composed of four non-executive members.

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

- Issue, at least once a year, informed and independent opinions on the remuneration policy and practices, with the respective criteria for setting the fixed and variable portion of the remuneration, and on the incentives that can be awarded to the employees responsible for risk taking and control functions, for risk, capital and liquidity management purposes, remitting to the Remuneration and Welfare Board the reports made thereon in the portion concerning the administration and supervision bodies, and to the Board of Directors when concerning other corporate bodies;
- Prepare the decisions regarding the remuneration of managers who report directly to the administration and of the employees responsible for the assumption of risks and for control functions, and regarding incentives designed, pondering the decisions with impact on the Bank's risks, capital and liquidity to be made by the Board of Directors.
- Monitor the independence of employees responsible for risk taking and control functions from the areas they control, including the powers given to them and the remuneration based on the accomplishment of the goals associated to the respective function;
- Verify the implementation and compliance with the remuneration policies and procedures adopted by the competent corporate body, including the supervision of the remuneration of employees that perform risk management and control functions.
- Make and transmit to the Board of Directors recommendations on candidates for members of the administration and supervision bodies, evaluating the respective profile in terms of professional qualification, independence and availability for exercising the office;
- Resolve on the appointment of all employees who are managers reporting directly to the Board of Directors or to any of its Committees, including the Executive Committee;
- Resolve on the appointment of members to the corporate bodies of group companies or subsidiary companies;

- Appraise and send, every year, to the Remunerations and Welfare Board, a model for the evaluation of the performance of the executive and non-executive members of the Board of Directors and of the employees responsible for risk taking and control functions;
- Establish a goal for gender representation in the administration body and promote a policy aimed at complying with the defined objective;
- Make an evaluation or a re-evaluation report on individuals for elective position with the purpose of placing it at the disposal of the general meeting within the scope of the respective preparatory information;
- Evaluate, at least once a year, the knowledge, competences and experience of each one of the members of the administration and supervision bodies and of those bodies as a whole and report the respective results to those bodies;
- Appraise and review, at least once a year, the policy defined by the executive administration body in all matters related with the selection and appointment of the directors that directly report to the Administration and formulate the recommendations it deems convenient;
- Evaluate, at least once a year, the knowledge, competences and performance of employees who report directly to the administration and of employees responsible for risk taking and control functions and to report the results to Board of Directors;
- Monitor, every year, the human resources and staff management policy;
- In general, exercise all the competences attributed to the Committees for Nominations and Remunerations under the provisions of the General Framework for Credit Institutions and Financial Companies and remaining domestic and European legislation in force.

In general, the Committee for Nominations and Remunerations performs the duties attributed to Nomination and Remuneration Committees in the Legal Framework for Credit Institutions and Financial Companies and other national and European legislation in force, namely with respect to the assessment of executive and non-executive members of the Board of Directors.

25. Predefined criteria for the assessment of the performance of executive directors

The Committee for Nominations and Remunerations assesses, at least once a year, the suitability, knowledge, competences, experience, professional qualification, independence, incompatibilities and availability for holding the position of each member of the management and supervisory body, including the executive directors;

Pursuant to article 5 of its Regulations and being the body responsible for the Bank's nomination policy, the Committee for Nominations and Remunerations actively contributes to compliance with the institutional obligations with respect to the endorsement of suitable policies on individual and collective assessment of the members of the management and supervisory bodies. With a view to optimising the appropriate performance of its duties, the Committee for Nominations and Remunerations uses external consultants specialised in consulting services in talent areas (Mercer) to assist in the transparent, strict and rigorous process of assessment of aptitude and performance of the members of the executive committee in accordance with, namely, the following specific and predefined criteria:

- Suitability;
- Qualification, theoretical training and practical experience;
- Professional experience, capacity to apply the competences acquired in previous positions;
- Availability, diligence in performance of the respective duties with the necessary dedication of time and attention;
- Making focused decisions;
- Independence to hold the position;
- Risk perception and decision-making capacity;

- Drive towards institutional growth;
- Acting 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.

Based on the criteria referred to above, the Committee for Nominations and Remunerations prepares two questionnaires and ensures their completion by each member of the Board of Directors: one for self-assessment and collective appraisal of the management body, and another considering adequacy aimed at appraising compliance with the necessary legal requirements for performance of duties. Based on the collected information and supplemented by a matrix of collective appraisal, pursuant to Annex II of Banco de Portugal Instruction 12/2015, the Committee for Nominations and Remunerations prepares an annual assessment report for each member of the management and supervisory body, and of these bodies as a whole.

26. Positions held simultaneously in other companies, within and outside the group by each executive and non-executive member of the Board of Directors

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

The positions held by each executive and non-executive member of the Board of Directors, 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 (BoD) and Members of the Audit Committee (AudC)

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

Non-Executive Members of the Board of Directors of BCP	Positions Held at BCP	Positions Held in BCP Group Companies	Positions Held Outside the BCP Group	Performance of Other Relevant Activities	Capacity	Accumulation of Positions (article 33 of the RGICSF)
António Vítor Martins Monteiro	Chairman of the Board of Directors Chairman of the Commission for Corporate Governance, Ethics and Professional Conduct	Chairman of the Curators Board of the Millennium bcp Foundation Chairman of the International Board of the Millennium bcp Foundation	Non-executive member of the Board of Directors of Banco Privado do Atlântico - Angola (indicated by BCP) Non-executive member of the Board of Directors of Banco Sabadell, representing Banco Comercial Português S.A. Non-executive member of the Board of Directors of SOCO International, Plc	Chairman of the Advisory Board of the Gulbenkian Programme Partnerships for Development Member of the Board of Curators of the Luso-Brasileira Foundation	Not Independent (a)	Compliant
Carlos José da Silva	Vice-Chairman of the Board of Directors Chairman of the Commission for Nominations and Remunerations	Member of the Board of Curators of the Millennium bcp Foundation	Non-executive chairman of the Board of Directors of Banco Privado Atlântico, S.A. Non-executive chairman of the Board of Directors of Banco Privado Atlântico Europa, S.A. Non-executive chairman of the Board of Directors of Atlântico Europa, SGPS, S.A.		Not Independent (b)	Compliant (b)
Álvaro Roque de Pinho de Bissaia Barreto	Member of the Board of Directors Chairman of the Commission for Risk Assessment Member of the Commission for Nominations and Remunerations		Non-executive chairman of the Board of Directors of Tejo Energia Prod. Dist. Energia Elect., S.A. Non-executive members of the Board of Directors of Nutrinveste - Soc. Gestora de Part. Sociais, S.A.	Member of the Great Council of the Bissaya Barreto Foundation Chairman of the Board of the General Meeting of Prime Drinks, S.A.	Independent	Compliant
André Magalhães Luís Gomes	Member of the Board of Directors Member of the Commission for Corporate Governance, Ethics and Professional Conduct Member of the Commission for Risk Assessment		Non-executive member of the Board of Directors of the Modern and Contemporary Art Foundation - Berardo Collection Non-executive member of the Board of Directors of Bacalhôa - Vinhos de Portugal, S.A.	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. Chairman of the Board of the General Meeting of Atena Equity Partners - Sociedade de Capital de Risco, S.A. Chairman of the Board of the General Meeting of Charon - Prestação de Serviços de Segurança e Vigilância, S.A. Chairman of the Board of the General Meeting of Açoreana - Companhia de Seguros, S.A.	Independent	Compliant
António Henriques de Pinho Cardão	Member of the Board of Directors Member of the Commission for Risk Assessment Member of the Commission for Nominations and Remunerations		Non-executive member of the Board of Directors of Cimpor - Cimentos de Portugal, S.A. Member of the Audit Committee of Cimpor - Cimentos de Portugal, S.A. Chairman of the Supervisory Board of Vila Galé Soc. Empreendimentos Turísticos, S.A.	Vice-Chairman of the Executive Board of Associação Missão Crescimento Chairman of the Supervisory Board of Associação Por Uma Democracia de Qualidade Member of the Portuguese Economists Association and elected to the Economics and Business Science Specialised Board Member of the Portuguese Association of Certified Accountants	Independent	Compliant
António Luís Guerra Nunes Mexia	Member of the Board of Directors Member of the Commission for Corporate Governance, Ethics and Professional Conduct		Chairman of the Executive Board of Directors of EDP-Energias de Portugal, S.A. Non-executive chairman of the Board of Directors of EDP Renováveis, S.A. Non-executive chairman of the Board of Directors of EDP - Energias do Brasil, S.A.	Chairman of the Board of Directors of Eurelectric Chairman of the Board of Directors of the EDP Foundation	Not Independent (b)	Compliant (b)
Bernardo de Sá Braamcamp Sobral Sottomayor	Member of the Board of Directors Member of the Commission for Nominations and Member of the Commission for Risk Assessment Member of the Remunerations and Welfare Board		Partner at 3i Group Plc (Private Equity - Infrastructure Team)		Not Applicable (c)	Not Applicable (article 33, nr. 5 RGICSF)
João Bernardo Bastos Mendes Resende	Member of the Board of Directors Member of the Commission for Risk Assessment		Non-executive member of the Board of Directors of Banco Urquijo (Banco Sabadell Group)	Member of the Governing Council of the Institute of Economic Studies Member of the Board of Directors of Banco Urquijo	Not Independent (d)	Compliant
Raquel Rute da Costa David Vunge	Member of the Board of Directors Member of the Commission for Corporate Governance,		Member of the Board of Directors of Galp Energia, SGPS, S.A. Member of the Board of Directors of Caixa Angola		Not Independent (d)	Compliant

(Cont.)

(Cont.)

Non-Executive Members of the Board of Directors and Audit Committee	Positions Held at BCP	Positions Held in BCP Group Companies	Positions Held Outside the BCP Group	Performance of Other Relevant Activities	Capacity	Accumulation of Positions (article 33 of the RGICSF)
Jaime de Macedo Santos Bastos	Member of the Board of Directors Member of the Audit Committee		Statutory Auditor of several companies Managing Partner of the chartered accountants firm Kreston & Associados, SROC, Lda.		Independent	Compliant
João Manuel de Matos Loureiro	Member of the Board of Directors Chairman of the Audit Committee		Professor at the Faculty of Economics of Porto (FEP) Professor at Porto Business School	Chairman of the Council of Representatives of the Faculty of Economics of Porto Director of the Post Graduation in Company Management of Porto Business School	Not Independent (e)	Compliant
Cidália Maria Mota Lopes	Member of the Board of Directors Member of the Audit Committee		Lecturer at Instituto Superior de Contabilidade e Administração de Coimbra (ISCAC) Guest lecturer in Accounting and Finance at the Faculty of Economics of the University of Coimbra (FEUC) Guest lecturer of the Masters in Business Public Administration at the Faculty of Law of the University of Coimbra (FDUC)	Member of the Scientific Council of the Portuguese Fiscal Association (AFP) Member of the International Fiscal Association (IFA)	Independent	Compliant
José Rodrigues de Jesus	Member of the Board of Directors Member of the Audit Committee		Member of the Audit Board of Millenniumbcp Ageas Grupo Segurador SGPS, S.A. Member of the Board of Auditors of Mota-Engil, SGPS, S.A. Member of the Board of Auditors of Germen - Moagem de Cereais, S.A. Member of the Board of Auditors of Labesfal - Laboratórios Almiro, S.A. Statutory Auditor of Arlindo Soares de Pinho, Lda Statutory Auditor of Arsopi - Indústrias Metalúrgicas Arlindo S. Pinho, S.A. Statutory Auditor of Arsopi - Holding, Sociedade Gestora de Participações Sociais, S.A. Statutory Auditor of Calfor - Indústrias Metálicas, S.A. Statutory Auditor of DIMO - Desenvolvimento Imobiliário e Construção, S.A. Statutory Auditor of Divinvest - Promoção Imobiliária, S.A. Statutory Auditor of Edemi Gardens - Promoção Imobiliária, S.A. Statutory Auditor of Camilo dos Santos Mota, S.A. Statutory Auditor of Oliveira Dias, S.A. Statutory Auditor of Vacatio, S.A. Statutory Auditor of IMOAGUEDA, SGPS, S.A.		Not Applicable (f)	Not Applicable (article 33, nr. 5 RGICSF)

(a) The Director in question is in his fourth mandate, one of which was incomplete, and is related to a shareholder with a qualifying stake.

(b) The Director in question is related to a shareholder with a qualifying stake. The European Central Bank, by letter dated 29 December 2015, authorised the accumulation of a further non-executive position.

(c) Following his personal request and by order of 26 February 2016 of the Minister of Finance, Bernardo de Sá Braamcamp Sobral Sottomayor, one of the State representatives appointed under the Bank's recapitalisation process, was exonerated from the position of non-executive member of the Board of Directors. This same Director resigned from the position of Member of the Remunerations and Welfare Board on 12 February 2016.

(d) The Director in question is related to a shareholder with a qualifying stake.

(e) The Director in question is in his fourth mandate, one of which was incomplete.

(f) Director 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

Executive Members of the Board of Directors

Executive Members of the Board of Directors of BCP	Positions Held at BCP	Positions Held in BCP Group Companies	Positions Held Outside the BCP Group	Performance of Other Relevant Activities	Capacity	Accumulation of Positions (article 33 of the RGICSF)
Nuno Manuel da Silva Amado	Vice-Chairman of the Board of Directors Chairman of the Executive Committee	Member of the Board of Curators of the Millennium bcp Foundation Vice-Chairman of the Supervisory Board of Bank Millennium, S.A. (Poland).	Vice-Chairman of the Board of the Portuguese Banking Association (APB) in representation of Banco Comercial Português, S.A. Member of the Supervisory Board of EDP - Energias de Portugal, S.A.	Member of the Institut International D'Études Bancaires Member of the Supervisory Board of the Bial Foundation Chairman of the Advisory Board of Centro Hospitalar do Oeste Member of the General Council of the University of Lisbon	Executive	Compliant
Miguel Maya Dias Pinheiro	Member of the Board of Directors Vice-Chairman of the Executive Committee	Chairman of the Board of Directors of Interfundos - Gestão de Fundos de Investimento Imobiliário, S.A. Manager of BCP África, SGPS, Lda. Chairman of the Board of Directors of BCP Capital - Sociedade de Capital de Risco S.A. Chairman of the Board of Directors of Banco Millennium Angola, S.A. (Angola) Vice-Chairman of the Board of Directors of BIM - Banco Internacional de Moçambique, S.A. Chairman of the Remuneration Committee of BIM - Banco Internacional de Moçambique, S.A. Member of the Supervisory Board of Bank Millennium, S.A. (Poland)		Member of the Senior Board of the ISCTE Alumni C	Executive	Compliant
Miguel de Campos Pereira de Bragança	Member of the Board of Directors Vice-Chairman of the Executive Committee	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)	Manager of Quinta das Almoinhas Velhas - Imobiliária, Lda.	Member of the Junta da Casa de Bragança	Executive	Compliant
Jose Miguel Bensliman Schorcht da Silva Pessanha	Member of the Board of Directors Member of the Executive Committee	Vice-Chairman of the Board of Directors of Millenniumbcp Ageas Grupo Segurador SGPS, S.A. Chairman of the Audit Committee of Millenniumbcp Ageas Grupo Segurador SGPS, S.A. Vice-Chairman of the Board of Directors of Ocidental - Companhia Portuguesa de Seguros de Vida, S.A. Chairman of the Audit Committee of Ocidental - Companhia Portuguesa de Seguros de Vida, S.A. Vice-Chairman of the Board of Directors of Ocidental - Sociedade Gestora de Fundos de Pensões, S.A. Chairman of the Audit Committee of Ocidental - Sociedade Gestora de Fundos de Pensões, S.A.				
Rui Manuel da Silva Teixeira	Member of the Board of Directors Member of the Executive Committee	Chairman of the Board of Directors of Banco ActivoBank, S.A. Member of the Board of Directors of Millenniumbcp Ageas - Grupo Segurador SGPS, S.A. Member of the Board of Directors of Ocidental - Companhia Portuguesa de Seguros de Vida, S.A. Member of the Board of Directors of Ocidental - Sociedade Gestora de Fundos de Pensões, 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.	Member of the Board of Directors of UNICRE - Instituição Financeira de Crédito, S.A. representing Banco Comercial Português, S.A. Member of the Remuneration Board of SIBS, SGPS, S.A. Member of the Remuneration Board of SIBS Forward Payment Solutions, S.A.	Chairman of the Board of the General Meeting of Porto Business School	Executive	Compliant
Maria da Conceição Lucas Mota Soares de Oliveira Callé Lucas	Member of the Board of Directors Member of the Executive Committee	Manager of BCP África, SGPS, Lda. Member of the Board of Directors of BCP Capital - Sociedade de Capital de Risco S.A. Member of the Board of Directors of BIM - Banco Internacional de Moçambique, S.A. Member of the Remuneration Committee of BIM - Banco Internacional de Moçambique, S.A. Member of the Board of Directors of Banco Millennium Angola, S.A.			Executive	Compliant
José Jacinto Iglésias Soares	Member of the Board of Directors Member of the Executive Committee	Chairman of the Board of Directors of Millennium bcp Prestação de Serviços, ACE	Non-executive director of SIBS, SGPS, S.A. Non-executive director of SIBS Forward Payment Solutions, S.A. Member of the Remunerations Committee of UNICRE - Instituição Financeira de Crédito, S.A. Vice-Chairman of the General Council of the Portuguese Industrial Association - Chamber of Commerce and Industry, representing Banco Comercial Português, S.A. Member of the General Council of AEM - Associação de Empresas Emitentes de Valores Mobiliários Cotados em Mercado, representing Banco Comercial Português, S.A. Member of the General Council of IPCG - Instituto Português de Corporate Governance, representing Banco Comercial Português, S.A. Alternate member of the Plenary and Economic and Social Policy Committee (CEPES), both of the Economic and Social Board (CES)		Executive	Compliant

c) Committees within the Board of Directors

27. Identification of committees within the Board of Directors

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

a) Committee for Risk Assessment - Composed of three to five non-executive members of the Board of Directors, appointed by this body.

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

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

- Advise the Board of Directors on the appetite for risk and the risk strategy and also on the policies concerning the assumption, management, control, hedging of risk and on the Bank's generic risk reduction factors, current and future;
- Assess the risks' specific categories, namely credit, based on the internal ratings and those related with the compliance control function, monitoring and assessing the risk of non-compliance with the legal requirements the Bank is subject to;
- Assist the administration body in the supervision of the execution by the top management of the Bank's risk strategy;
- Assess if the conditions of the products and services offered to customers take into consideration the Bank's business model and risk strategy and, if necessary, present to the Board of Directors the respective correction plans;
- Examine if the incentives established in the remunerations policy take into consideration the risk, capital, liquidity and expectations concerning income; (During 2015, the Committee for Risk Assessment did not perform this duty because no incentives were assigned due to the enforcement of the public investment to reinforce the Bank's own funds;)
- Assess if the resources are allocated to risk management in accordance with the General Framework for Credit Institutions and Financial Companies and with the remaining domestic and European legal requirements in effect;
- Actively participate in the evaluation of assets and in the use of external risk ratings and of models related with those risks;
- Monitor and ensure that the Bank's risk management systems are appropriate for the Bank's profile and strategy;

For the performance of its duties, the Committee for Risk Assessment has access to information on the Bank's risk situation and can determine the nature, amount, format and frequency of risk information sent to it. This Committee also implements internal procedures for communication with the Board of Directors and Executive Committee.

The Committee for Risk Assessment informs the Board of Directors of its activity, preparing a report every two months, without prejudice to reporting to the Chairman of the Board of Directors any and all situations found that it considers as being of high risk.

During 2015, the Committee held five meetings, received the logistic and technical support from the Board of Directors' Support Office, with the secretarial services being administered by the head of this office.

During 2015, the Committee for Risk Assessment was composed as follows:

Chairman:	João Bernardo Bastos Mendes Resende
Members:	Álvaro Roque de Pinho de Bissaia Barreto
	António Henriques de Pinho Cardão
	Bernardo de Sá Braamcamp Sobral Sottomayor

For 2016, the Committee for Risk Assessment has the following composition:

Chairman:	Álvaro Roque de Pinho de Bissaia Barreto
Members:	João Bernardo Bastos Mendes Resende
	António Henriques de Pinho Cardão
	André Magalhães Luís Gomes

Bernardo de Sá Braamcamp Sobral Sottomayor (Following his personal request and by order of 26 February 2016 of the Minister of Finance, he was exonerated from the position of non-executive member of the Board of Directors. He resigned from the position of Member of the Remuneration and Welfare Board on 12 February 2016).

The Regulations of the Committee for Risk Assessment are available on the Bank's website, on the page with the following address:

http://ind.millenniumbcp.pt/en/Institucional/governacao/Pages/governacao.aspx

b) Committee for Corporate Governance, Ethics and Professional Conduct - Composed of three to five non-executive members of the Board of Directors, appointed by this body.

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

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

- Recommend the adoption by the Board of Directors of policies, compliant with ethical and professional conduct principles, rules and procedures necessary to comply with the provisos of these Regulations and with the applicable legal, regulatory and statutory requirements, as well as with recommendations, standards and best domestic and international practices in corporate governance;
- Support the Board of Directors in the evaluation of the systems that identify and solve conflicts of interests;
- Evaluate the Compliance function, appraising the procedures in effect and the non-compliant situations;
- Issue opinions addressed to the Board of Directors on the Code of Conduct and on other documents defining business ethical principles;
- Make, on an annual basis, a report to submit to the Board of Directors on the evaluation and monitoring of the structure, ethical and professional conduct principles and corporate

governance practices of the Bank and on the company's compliance with the legal, regulatory and supervisory requirements on these issues;

- Cooperate in the making of the Corporate Governance Report concerning issues for which it is responsible;
- Define the guidelines for the Company's policies, based on a culture identified with the ethical and professional conduct principles targeted at contributing for the pursuit of social responsibility and sustainability goals. For that purpose, it specifically pertains to the Committee to propose the guidelines for the social responsibility and sustainability policies of the Company, including, among other, the values and principles for safeguarding the interests of the shareholders, investors and of those interested in the institution and also principles of social charity and environmental protection;

In the specific area of matters related to the governance model endorsed by the Bank, the Committee verifies its efficacy and, when necessary, proposes measures aimed at its improvement to the Board of Directors, annually assessing this model and issuing opinions on the Corporate Governance Report. This Committee also promotes training actions for the Directors. During 2015, the Committee for Corporate Governance, Ethics and Professional Conduct was composed as follows:

Chairman:	António Vítor Martins Monteiro
Members:	António Luís Guerra Nunes Mexia
	André Magalhães Luís Gomes
	Raquel Rute da Costa David Vunge

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

http://ind.millenniumbcp.pt/en/Institucional/governacao/Pages/governacao.aspx

c) Committee for Nominations and Remunerations - Composed of three to five members of the Board of Directors who do not perform executive duties and are not part of the Audit Committee.

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

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

- Issue, at least once a year, informed and independent opinions on the remuneration policy and practices, with the respective criteria for setting the fixed and variable portion of the remuneration, and on the incentives that can be awarded to the employees responsible for risk taking and control functions, for risk, capital and liquidity management purposes, remitting to the Remuneration and Welfare Board the reports made thereon in the portion concerning the administration and supervision bodies, and to the Board of Directors when concerning other corporate bodies;
- Prepare the decisions regarding the remuneration of managers who report directly to the administration and of the employees responsible for the assumption of risks and for control functions, and regarding incentives designed, pondering the decisions with impact on the Bank's risks, capital and liquidity to be made by the Board of Directors.

- Monitor the independence of employees responsible for risk taking and control functions from the areas they control, including the powers given to them and the remuneration based on the accomplishment of the goals associated to the respective function;
- Verify the implementation and compliance with the remuneration policies and procedures adopted by the competent corporate body, including the supervision of the remuneration of employees that perform risk management and control functions.
- Make and transmit to the Board of Directors recommendations on candidates for members of the administration and supervision bodies, evaluating the respective profile in terms of professional qualification, independence and availability for exercising the office;
- Resolve on the appointment of all employees who are managers reporting directly to the Board of Directors or to any of its Committees, including the Executive Committee;
- Resolve on the appointment of members to the corporate bodies of group companies or subsidiary companies;
- Appraise and send, every year, to the Remunerations and Welfare Board, a model for the evaluation of the performance of the executive and non-executive members of the Board of Directors and of the employees responsible for risk taking and control functions;
- Establish a goal for gender representation in the administration body and promote a policy aimed at complying with the defined objective;
- Make an evaluation or a re-evaluation report on individuals for elective position with the purpose of placing it at the disposal of the general meeting within the scope of the respective preparatory information;
- Evaluate, at least once a year, the knowledge, competences and experience of each one of the members of the administration and supervision bodies and of those bodies as a whole and report the respective results to those bodies;
- Appraise and review, at least once a year, the policy defined by the executive administration body in all matters related with the selection and appointment of the directors that directly report to the Administration and formulate the recommendations it deems convenient;
- Evaluate, at least once a year, the knowledge, competences and performance of employees who report directly to the administration and of employees responsible for risk taking and control functions and to report the results to Board of Directors;
- Monitor, every year, the human resources and staff management policy;
- In general, exercise all the competences attributed to the Committees for Nominations and Remunerations under the provisions of the General Framework for Credit Institutions and Financial Companies and remaining domestic and European legislation in force.

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

During 2015, the Committee held six meetings, received the logistic and technical support from the Company Secretary, with the secretarial services being administered by the Company Secretary.

In 2015, the Committee for Nominations and Remunerations was composed as follows:

Chairman:	Carlos José da Silva
Members:	Álvaro Roque de Pinho de Bissaia Barreto
	António Henriques de Pinho Cardão
	Bernardo de Sá Braamcamp Sobral Sottomayor (Following his personal request and by order of 26 February 2016 of the Minister of Finance, he

was exonerated from the position of non-executive member of the Board of Directors. He resigned from the position of Member of the Remuneration and Welfare Board on 12 February 2016).

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

http://ind.millenniumbcp.pt/en/Institucional/governacao/Pages/governacao.aspx

28. Composition of the Executive Committee

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

Chairman:	Nuno Manuel da Silva Amado
Vice-Chairmen:	Miguel Maya Dias Pinheiro
	Miguel de Campos Pereira de Bragança
Members:	José Miguel Bensliman Schorcht da Silva Pessanha
	Rui Manuel da Silva Teixeira
	Maria da Conceição Mota Soares de Oliveira Callé Lucas
	José Jacinto Iglésias Soares

29. Indication of the competences of each of the created committees and summary of the activities developed during the performance of their duties

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

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

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

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

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

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

III. SUPERVISION

a) Composition

30. to 32. Identification, composition and qualification of the supervisory body – The Audit Committee

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

33. Professional qualifications and relevant curricular details of the members of the Audit Committee

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

b) Functioning

34. Existence and location where the operating regulations of the Audit Committee can be consulted

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

35. Meetings held and attendance level of each member of the Audit Committee

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

36. Positions held simultaneously in other companies, within and outside the group and other relevant activities exercised by the members of the Audit Committee

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

c) Competence and duties

37. Intervention of the supervisory body in the contracting of additional services from the external auditor

The Bank follows best practices in terms of assured independence in the contracting of services rendered by the external auditors, namely, in international terms, the principles embodied in the Sarbanes-Oxley Act and the rules approved by the Securities and Exchange Commission, at a European level, Directive 2014/56/EU of the European Parliament and of the Council of 16 April 2014, amending Directive 2006/43/EC of the European Parliament and of the Council of 17 May 2006 (8th Directive), on statutory audits of annual accounts and consolidated accounts, Regulation (EU) No 537/2014 of the European Parliament and of the Council of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities. Finally, at a national level, Law 148/2015 of 9 September, which partially transposes to the internal legal system the aforesaid Directive 2014/56/EU and assures the implementation of Regulation (EU) 537/2014, and the commercial legislation, supervision rules issued by Banco de Portugal, information disclosed by the National Board of Audit Supervision, the recommendations and regulations of the Comissão do Mercado de Valores Mobiliários (CMVM) and stipulations, as specifically applicable, in the Statute of OROC (Portuguese Chartered Accountants Association).

The Bank's Articles of Association explicitly list, among the competences of the Audit Committee, that of supervising the independence of the Statutory Auditor and External Auditor, in particular with respect to the provision of additional services.

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

In view of the principles presented in the national and international regulations, through the rules on "Policies of Approval of Services provided by External Auditors", the Group endorses and systematises a series of regulations 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 specific 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; and

(v) Provision to the Audit Committee of internal control information on the established principles and guidelines.

38. Other duties of the Audit Committee

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

IV. STATUTORY AUDITOR

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

The 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, Jean-Éric Gaign, ROC number 1013, resigned from the position on 4 December 2015.

40. Indication of the number of years during which the statutory auditor has performed duties for the company and/or group

The Statutory Auditor, KPMG & Associados, Sociedade de Revisores Oficiais de Contas, S.A. (SROC number 189), has performed duties at the Bank since its incorporation (1985), i.e. for 30 years. Nevertheless, it has observed the maximum period for performance of review duties through the appointment or rotation of statutory auditors who, in the respective term of office, represent KPMG & Associados. Considering this rotation, the current representative of the firm, Ana Cristina Soares Valente Dourado, ROC number 1011, was elected to take office for the first time at the General Meeting held on 18 April 2011 for the three-year period 2011/2013, and was later elected at the General Meeting held on 30 May 2014 to perform duties in the three-year period 2014/2016. As is the case of all the 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 Audit Committee issued and submitted to the General Meeting, which was held on 30 May 2014 and elected the Statutory Auditors, a specific and substantiated opinion that explicitly weighed up the conditions of independence of the auditor and the advantages and costs of its replacement.

Considering the number of years that KMPG has performed duties for the BCP Group and the guidance endorsed by the Bank of observing the best practices of governance, and also in the light of the recent publication of Law 140/2015, of 7 September, which establishes the limitation of terms of office, KPMG and BCP's Audit Committee reached an agreement aimed at its replacement during 2016.

For this purpose, the Audit Committee promoted a specific consultation and shall propose, at the next Annual General Meeting scheduled for 21 April, the election of a new External Audit firm and a new Statutory Auditor and corresponding alternate.

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

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

V. EXTERNAL AUDITOR

42. Identification of the external auditor and partner statutory auditor

The Bank's external auditor and statutory auditor is KPMG Associados, SROC, SA (KPMG), (SROC nr. 189), represented permanently by its partner Ana Cristina Soares Valente Dourado, ROC nr. 1011 and alternately by Jean-Éric Gaign, ROC nr. 1013, who resigned from the position on 4 December 2015.

The auditor has been registered with the CMVM since 22 December 2004, under number 9093.

KPMG's representative is Ana Cristina Soares Valente Dourado, who was elected for the first time on 18 April 2011, for the three-year period 2011/2013, and again at the General Meeting held on 30 May 2014, to perform duties in the three-year period 2014/2016.

43. Number of years during which the external auditor and its representative partner statutory auditor has performed duties at the Bank and Group

The external auditor has performed duties at the Bank since the beginning of its activity. Nevertheless, it has observed the maximum period of seven years, counted from their appointment, for the performance of duties, through the appointment or rotation of partner Statutory Auditors.

KPMG's current representative is its partner Ana Cristina Soares Valente Dourado, who was elected for the first time on 18 April 2011, for the three-year period 2011/2013, and who, at the General Meeting held on 30 May 2014, was again elected to perform duties in the three-year period 2014/2016, thus holding the second consecutive term of office.

44. Policy and frequency of rotation of the external auditor and its corresponding representative partner statutory in the performance of duties

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. Considering that the General Meeting approved this proposal by a majority of 99.80% 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 can be consulted at:

http://ind.millenniumbcp.pt/en/Institucional/investidores/Pages/AG.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 preventive 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 their 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 carry out audit tasks on its own work; and
- 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.

Since Law 140/2015, of 7 September, was published, the Policy likewise assures the principle that the External Auditor and Statutory Auditor shall not perform duties for more than three terms of office.

44.II.- The contracting of any services to be provided by external auditors, with the exception 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:

(i) The provision of any other services by the external auditors, whether Reliability Assurance Services, Tax Advisory Services or Other Services permitted under the Policy of Approval of Services Provided by the External Auditor, are considered authorised and subject to ratification of the Audit Committee, by proposal of the Group Head of Compliance.

(ii) Services other than audit legal review which are not detailed in the list of authorised services and are not prohibited are subject to specific approval by the Audit Committee, by proposal of the Group Head of Compliance.

Requests for approval or ratification of services submitted by any area of the Bank or any international operation must necessarily be accompanied by an opinion of the Group Head of Compliance, pursuant to the contracting policy in force, including a duly substantiated recommendation of ratification, approval or refusal.

Pursuant to article 16, number 2 of Regulation 537/2014 of the European Parliament and of the Council of 16 April 2014, and the provisions in article 3, number 3, subparagraph f) of Law 148/2015 of 9 September, the Audit Committee selects at least two audit firms to be proposed to the General Meeting for election and provides the grounds for its recommended preference for one of them. The Audit Committee issues and submits to the General Meeting, which elects the external auditor and statutory auditor, a substantiated opinion which weighs

up the requirements of independence of the Auditor, namely with respect to the provision of additional services.

45. Indication of the body responsible for the assessment of the external auditor and frequency with which this assessment is made

The Audit Committee is, under the terms of the Bank's Articles of Association, the body responsible for assessing the quality of the services rendered by the external auditor and respective partner Statutory Auditor, under the terms referred to in item 21 - Audit Committee and item 37. This assessment highlights the professionalism of the auditors, transparency, ethics, quality control and good performance. The Audit Committee permanently monitors the activity of the external auditor and respective partner statutory auditor, in particular appraising the conclusions of the audit of the financial statements, on an individual and consolidated basis, analysing the conclusions of the Desktop Review of the financial statements of the 1st and 3rd quarters and the Limited Review of the half-year interim financial statements, and holds meetings with them whenever necessary. The Audit Committee annually assesses the quality of the services provided by external auditors, as well as their independence, objectivity and critical requirements demonstrated in the performance of their duties. The Bank officials who maintain relevant contact with the Auditors take part in this evaluation.

The Audit Committee supervises the independence of the Statutory Auditor and External Auditor and also assesses their performance over the financial year, in a continuous manner.

46. Identification of work, other than audit, carried out by the external auditor

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 Regulation (EU) No 537/2014 of the European Parliament and of the Council of 16 April 2014and by Law 148/2015 of 9 September, in addition to the rules of the "International Ethics Standards Board for Accountants" (IESBA).

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 its companies or legal persons ("Network") cannot provide services which are deemed forbidden to the Bank or Group. Although the general principle is 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;
- The provision of any other services by external auditors, which are not described in the aforementioned set of services that can be executed and are not prohibited, is subject to specific approval by the Audit Committee prior to the execution of the respective contract.

47. Annual remuneration paid by the Bank and Group (for the effects of this information, the concept of network is as defined in EU Commission Recommendation of 16 May 2002 —number C(2002) 1873)

The amount of the annual remuneration, paid in 2015 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, is reflected in the following table:

1) Services charged by KPMG in Portugal (2015)	Euros					%			
Company	Audit	Other reliability assurance services	Tax advisory services	Other services	Total	Audit	Other reliability assurance services	Tax advisory services	Other services
Banco Comercial Português, S.A.	1,600,036	1,067,946	8,451	675,056	**3,351,490**	47.7%	31.9%	0.3%	20.1%
Banco de Invest. Imobiliário, S.A.	51,755	40,520			**92,275**	56.1%	43.9%		
Millennium bcp Gestão Activos - SGFI, S.A.	63,453	8,990			**72,443**	87.6%	12.4%		
Banco ActivoBank, S.A.	31,320	12,608			**43,928**	71.3%	28.7%		
Millennium BCP Bank & Trust (Ilhas Caimão)	29,930	2,440			**32,370**	92.5%	7.5%		
Millennium BCP - Prestação Serviços, ACE	29,170				**29,170**	100.0%			
Millennium bcp Imobiliária, S.A.	18,880				**18,880**	100.0%			
BCP Finance Bank, Ltd. (Ilhas Caimão)	13,300	2,440			**15,740**	84.5%	15.5%		
Interfundos - Gest. Fund. Inv. Imob. S.A.	10,800	2,440	9,740		**22,980**	47.0%	10.6%	42.4%	
BCP Finance Company (Ilhas Caimão)	7,725	2,210			**9,935**	77.8%	22.2%		
BCP Capital Soc. Capital Risco, S.A.	6,430	2,440			**8,870**	72.5%	27.5%		
Servitrust - Trust and Management Services, S.A.	5,145				**5,145**	100.0%			
Millennium BCP Participações SGPS, Soc. Unipessoal, Lda. (Madeira Free Trade Zone)	5,146				**5,146**	100.0%			
Imabida - Imobiliária da Arrábida, S.A.	4,290				**4,290**	100.0%			
BCP África, SGPS, Lda.	4,290				**4,290**	100.0%			
Fundação Millennium bcp	1,000				**1,000**	100.0%			
Millennium bcp Teleserviços - Serviços de Comércio Electrónico, S.A.	1,710				**1,710**	100.0%			
Irgossai – Urbanização e Construção, S.A.	5,250				**5,250**	100.0%			
Total	**1,889,630**	**1,142,033**	**18,191**	**675,056**	**3,724,910**	**50.7%**	**30.7%**	**0.5%**	**18.1%**

2) Services charged by KPMG outside Portugal (2015)	Euros					%			
Company	Audit	Other reliability assurance services	Tax advisory services	Other services	Total	Audit	Other reliability assurance services	Tax advisory services	Other services
Bank Millennium, S.A. (Poland)	106,700	59,270	14,743	24,948	**205,661**	51.9%	28.8%	7.2%	12.1%
BIM - Banco Internacional de Moçambique, S.A. (Mozambique)	145,800	17,690			**163,490**	89.2%	10.8%		
SIM - Seguradora Internacional de Moçambique, SARL	27,830				**27,830**	100.0%			
Banco Millennium Angola, SA	156,400	104,693		412,498	**673,591**	23.2%	15.5%		61.2%
Banque Privée BCP (Suisse), S.A.	128,984	13,220			**142,204**	90.7%	9.3%		
BCP Holdings (USA) Inc.	20,590				**20,590**	100.0%			
QPR Prague A.S. (Czech Republic)	8,150				**8,150**	100.0%			
BCP Investment, B.V. (Holland)	9,265				**9,265**	100.0%			
BitalPart, B.V. (Holland)	9,265				**9,265**	100.0%			
BCP Investment, B.V. (Holland) *	9,265				**9,265**	100.0%			
Total	**622,249**	**194,873**	**14,743**	**437,446**	**1,269,312**	**49.0%**	**15.4%**	**1.2%**	**34.5%**

* Ex. Alo Investment B.V.

Services charged by KPMG in 2015 (Summary)	Euros			%	
	Audit (Audit+QA)	Other (Tax+Other)	Total	Audit (Audit+QA)	Other (Tax+Other)
Total	**3,848,785**	**1,145,436**	**4,994,221**	**77.1%**	**22.9%**

Note: the values for the period correspond to the invoicing received for payment relative to KPMG services rendered in 2015.

C. INTERNAL ORGANISATION

I. Articles of Association

48. Rules applicable to amendment of the articles of association

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 of Shareholders to be able to validly meet and resolve on first call.

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

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

II. Communication of Irregularities

49. Communication of irregularities

The Bank upholds a culture of responsibility and compliance, preventing conflicts of interest and recognising the importance of an appropriate framework and processing of the communication of irregularities, as an instrument of good corporate practice. For this purpose, suitable means have been implemented for receiving, treating and filing communications of irregularities allegedly committed by members of governing bodies and employees of the Bank and companies included in the BCP Group.

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

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

The policy of communication of irregularities is available at the Bank's website, on the page with the following address:

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

In compliance with this policy, irregularities may be reported by employees, agents, commissionaires or any other person that renders services, either permanently or occasionally, to the Bank or to any entity of the Group, shareholders and by any other person.

The employees are bound by the duty to inform the Audit Committee of any irregularity that has occurred or that they are aware of. This is particularly the case for employees in

managerial positions or who perform duties in internal audit, risk management or compliance areas.

Irregularities can be reported by any means of written communication, addressed to: Comissão de Auditoria – Av.ª Prof. Dr. Cavaco Silva (TagusPark), Edifício 1, 2744-002 Porto Salvo, or to the e-mail address: **comunicar.irregularidade@millenniumbcp.pt.**

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

Once a communication is received, the Audit Committee will promote the measures 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, the Compliance Office or any other divisions or areas of the Bank.

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, if any, applied. It must also report its conclusions to external entities whenever the respective involvement in the specific situation is justified.

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

The 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.

At the end of 2015, the Audit Committee received a report of an alleged irregularity related to the recording of commercial sales of a certain branch, having issued recommendations indicating improvements to be made in situations of retail incentives.

III. Internal control and risk management

50. Persons, bodies or committees responsible for internal audit and implementation of internal control systems

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 Risk Office, Compliance Office and Audit Division, respectively, endowing them with the technical and human resources that enable them to establish effective and efficient processes to identify, manage, control, monitor and communicate risks and mechanisms that are appropriate to the internal control, both in the Bank and in the Group.

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; and
- 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 the chapter on Risk Management of the Annual Report 2015.

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

Risk Officer: Luís Miguel Manso Correia dos Santos

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 of incurrence of penalties by these institutions.

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 recorded.

The Compliance Office intervenes and actively participates in the Employee training policy, namely through compliance training actions administered to the entire Group, the maintenance of strong knowledge on compliance issues, in particular on the 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 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 preventive 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 Commission and the Compliance Commission.

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 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 Head of Compliance may also, and whenever necessary, issue occasional reports on relevant issues in the context of the control and monitoring of risks concerning compliance, money laundering and financing of terrorism and reputation, of each entity or of the Group.

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

Under its functional reporting, the Compliance Office sends the Chairman of the Board of Directors a quarterly Report on the main compliance risks at the Bank and Group level, disclosing, within the maximum period of two business days, any situation of detected high compliance risk and submitting, every semester, to the Board of Directors, a report with the developed activity, with a list of the reports that have been produced.

Group Head of Compliance: Mário António Pinho Gaspar Neves

C) Audit Division

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

- The risks are duly identified and managed, and the implemented controls are correct and proportional to the risks;
- The system of assessment of the Bank's capital is adequate in relation to its level of exposure to risk;
- The operations are recorded correctly and the operational, financial and managerial information is rigorous, reliable and provided in due time;
- The safeguarding and security of the interests and assets of the Bank and Group or which were entrusted to them are duly ensured;
- The Employees perform their duties in conformity with the internal policies, rules and procedures and with the legislation and other applicable regulations;
- The resources are economically acquired, efficiently used and adequately protected;
- Legal and regulatory matters of significant impact on the organisation are recognised, clearly understood and integrated in operative processes;
- The programmes, plans and objectives defined by the management are followed;

- The different governing bodies interact in an adequate and efficient manner;
- The activity of the Audit Division contributes to the pursuit of the objectives defined in Banco de Portugal Notice 5/2008 for the internal control system of institutions covered by the Legal Framework for Credit Institutions and Financial Companies, ensuring the existence of:
  - An adequate control environment;
  - A solid risk management system;
  - An efficient information and communication system; and
  - An effective monitoring process.

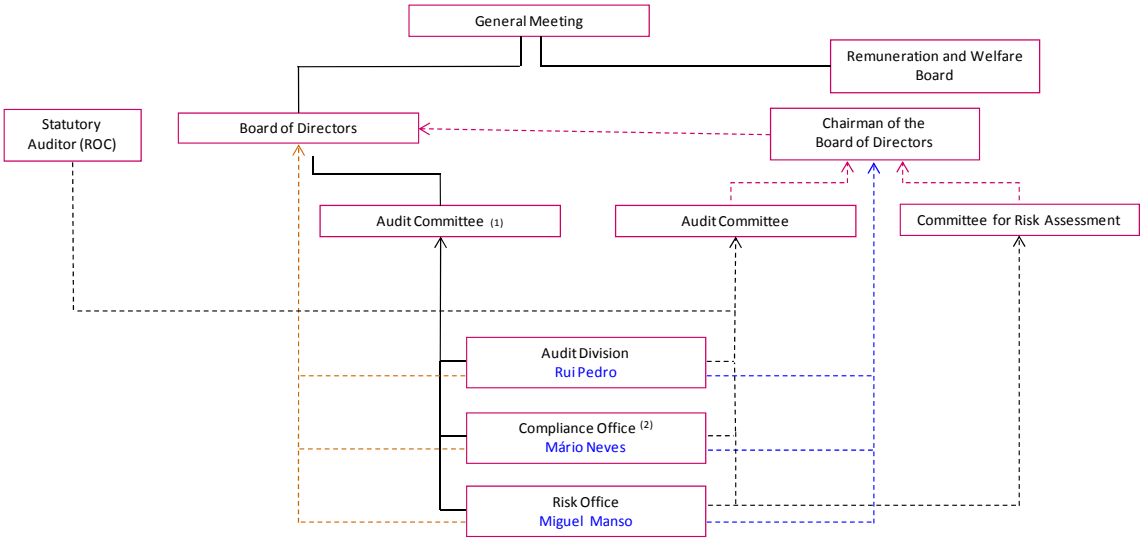
The head of the Audit Division is appointed by the Board of Directors, reporting hierarchically to the Chairman of the Executive Committee and functionally to the Board of Directors, through its Chairman, who is sent a quarterly report on the conclusions and recommendations of the reports issued during the period concerning situations of medium and high risk and a summary situation report on monitoring/assessment of the recommendations pending implementation. The Chairman of the Board of Directors is also informed, within the maximum period of two business days, of any failure reputed to be of high risk.

The Audit Division submits, to the Board of Directors, a half-year report on its activity, with a list of the reports that have been produced.

Head: Rui Manuel Pereira Pedro.

51. Explanation, even if by inclusion of an organisational chart, of the relations of hierarchical and/or functional dependence in relation to other corporate bodies or committees

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



(1) Director of the Area - Nuno Amado: Audit Division; Iglésias Soares: Compliance Office; and Miguel Pessanha: Risk Office
(2) On matters concerning ethics and professional conduct, the Compliance Office informs the Committee for Corporate Governance, Ethics and Professional Conduct

hierarchical reporting — functional reporting of the DAU and COFF (quarterly) and ROFF (monthly) — exceptional functional reporting
functional reporting — six-monthly functional reporting

52. Existence of other functional areas with competences in risk control

Alongside the areas with Risk Internal Control System management duties (Risk Office and Compliance Office) and the area with duties of assessment of the adequacy and efficacy of the risk management process (Audit Division), there is an information and communication system which supports decision-making and control processes, both at an internal and external level, for which the Accounting and Consolidation Division and the Research, Planning and Assets and Liabilities Management Division are responsible, which ensures the existence of substantive, current, timely and reliable information, enabling an overall and encompassing view of the financial situation, 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 Assets and Liabilities Management Division assure the implementation of the procedures and means required to obtain all the relevant information for the information consolidation process at a Group level, both of accounting nature and relative to support to the management and risk monitoring and control, which should cover, namely:

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

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

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

The Rating Division participates in the control of risks associated to loans, where its primary responsibility is the attribution of risk levels to Companies which are Bank Customers, assuring that they are assessed on an ongoing basis in an adequate manner. In order to assure the sound pursuit of this responsibility, specialised competences in the assessment of particular segments were developed within the Rating Division, namely for the Large

Corporate, Real Estate Development, Project Finance, State Business Sector and Funds segments. At the same time, the Rating Division systematically analyses the evolution of risk levels in order to assess the adequacy of the rating models used and identify matters for their fine-tuning.

53. Identification and description of the main types of risks (economic, financial and legal) to which the company is exposed during its business activity

On this issue, see the information provided in the Annual Report 2015, in the chapter on Main Risks and Uncertainties.

54. Description of the process of identification, appraisal, monitoring, control and management of risks

On this issue, see the information provided in the Annual Report 2015, in the chapter on Risk Management.

55. Internal control and management of risk implemented at the company relative to the process of disclosure of financial information

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

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

- Defines and reviews the overall and specific objectives with respect to risk profile or level of tolerance to risk and relative to the decision levels of the functional areas where these decisions are applicable;
- Approves policies and procedures which are specific, effective and adequate for the identification, assessment, monitoring and control of the risks to which the institution is exposed, ensuring their implementation and compliance;
- Verifies the compliance with the risk tolerance levels and risk management policies and procedures, assessing their efficacy and continuous adequacy to the institution's activity, so as to enable the detection and correction of any 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 areas, namely, on the recommendations for the adoption of corrective measures;
- Ensures the effective implementation of its guidelines and recommendations so as to introduce corrections and/or improvements in the Risk Management System.

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

Regarding the Internal Control Report stipulated in Banco de Portugal Notice 5/2008, in CMVM Regulation 3/2008, and in article 245-A, number 1, subparagraph m) of the Securities Code, the responsibilities of the supervisory body and Statutory Auditor are:

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

IV. Investor Support

56. Service responsible for providing support to investors

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

a) Composition of the Investor Relations Division

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

b) Duties of the Investor Relations Division

The main duties of the Investor Relations Division are:

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

c) Type of information provided by the Investor Relations Division

During 2015, as in previous years, the Bank pursued broad activity related to communication with the market, adopting the recommendations of the CMVM (Portuguese stock market regulator) and the best international practices in terms of financial and institutional communication.

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

It also provides the Annual Report, Interim Report and quarterly information, and publishes all the relevant and mandatory information through CMVM's information disclosure system.

In 2015, the Bank issued over 1,000 press releases, of which 36 were related to privileged information.

The Bank participated in various events in 2015, having attended 12 conferences and 10 road-shows in Europe and in the USA, where it gave institutional presentations and held one-on-one meetings with investors.

Over the course of 2015, more than 350 meetings with investors were held, which continues to show the interest of investors in the Bank.

In order to deepen its relations with its shareholder base, the Bank maintained a telephone line to support shareholders, free of charge and available from 9h00 to 19h00, every business day.

The relations with Rating Agencies consisted of the annual meetings (Moody's on 13 May, S&P on 23 February, Fitch on 9 April, and two with DBRS on 19 April and 9 November), relationship meetings (Moody's on 1 October and Scope Ratings on 8 July and 18 September), 12 conference calls on results with the four rating agencies, in response to requests for quarterly information, and the review of the Credit Opinions, Press Releases and Comments issued by the Rating Agencies.

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

www.millenniumbcp.pt

d) Investor Relations Division contact information

Telephone: + 351 21 113 10 84

Fax: + 351 21 113 69 82

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

E-mail: investors@millenniumbcp.pt

The company's website: www.millenniumbcp.pt

57. Representative for market relations

The Bank's representative for market relations is Rui Pedro da Conceição Coimbra Fernandes, also Head of the Investor Relations Division.

58. Information on the proportion and response time to requests for information

During 2015, the Bank received, essentially via e-mail and telephone, a variety of requests for information from shareholders and investors. These requests were all handled and replied to, mostly within two business days. By the end of 2015, there were no outstanding requests for information relative to previous years.

V. WEBSITE

59. Address(es)

The Bank's website address is as follows:

www.millenniumbcp.pt

60. Location providing information on the company, its capacity as a public company, head office and all other information mentioned in article 171 of the Companies Code

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

http://ind.millenniumbcp.pt/en/Institucional/governacao/Pages/governacao.aspx

61. Location providing the articles of association and regulations of the different governing bodies and their committees

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

http://ind.millenniumbcp.pt/en/Institucional/governacao/Pages/governacao.aspx

62. Location providing information on the identity of the members of the governing bodies, the representative for market relations and the Investor Support Office, their duties and contact details

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

http://ind.millenniumbcp.pt/en/Institucional/governacao/Pages/governacao.aspx

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

http://ind.millenniumbcp.pt/en/Institucional/investidores/Pages/Inv.aspx

63. Location providing the financial statements and calendar of corporate events

The information on the financial statements relative to each financial year, semester and quarter of the last 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 is published at the end of every year, relative to the following year, and covers the planned dates of the General Meeting and presentation of quarterly results (to the press, analysts and investors). The publication is available on the Bank's website, on the page with the following address:

http://ind.millenniumbcp.pt/en/Institucional/investidores/Pages/Inv.aspx

64. Location providing call notices for the general meeting and all the corresponding preparatory and subsequent information

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

http://ind.millenniumbcp.pt/en/Institucional/investidores/Pages/AG.aspx

65. Location providing the historical records with the deliberations taken at the company's general meetings, the share capital represented and the results of the voting

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 previous 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. Identification of the competence for determination of the remuneration of the members of the Bank's governing bodies and directors

The Remuneration and Welfare Board (CRP), pursuant to subparagraphs a) and b) of article 14 of the Bank's Articles of Association and under the competence delegated, for the three-year period of 2017/2015, by the General Meeting, is the competent body to determine the remuneration of the governing bodies, including the members of the Executive Committee and the terms of the supplementary pensions due to retirement, old age or invalidity of executive directors.

The Remuneration and Welfare Board is also competent to submit, to the Bank's Annual General Meeting, an annual statement on the remuneration policy for the Bank's governing bodies.

The Board of Directors, pursuant to article 7, nr. 2.1, subparagraph q) of its Regulations and as established in article 115, nr. 5 of the RGICSF, is exclusively competent to approve and review the Bank's remuneration policies and practices. In this duty, it is assisted by the Committee for Nominations and Remunerations which formulates and issues informed and independent judgements on the remuneration policy and practices and on the incentives created for purposes of risk, capital and liquidity management.

Addressed to the Remuneration and Welfare Board and the Committee for Nominations and Remunerations, KPMG conducted a specific audit on the remunerations that, during 2015, were paid to members of the different governing bodies and Coordinating Managers, having certified their regularity and appropriateness relative to the decisions made by the governing bodies with competence for such.

II. Remuneration Committee/Remuneration and Welfare Board

67. Composition of the Remuneration and Welfare Board

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

The Remuneration and Welfare Board was elected at the General Meeting held on 11 May 2015 to perform duties during the three-year period of 2015/2017, and has the following composition:

Chairman:	José Gonçalo Ferreira Maury
Members:	José Guilherme Xavier de Basto
	José Luciano Vaz Marcos
	Manuel Soares Pinto Barbosa
	Bernardo de Sá Braamcamp Sobral Sottomayor (resigned from the position on 12 February 2016).

All of the members of the Remuneration and Welfare Board are independent from the executive and non-executive members of the management board and, with the exception of

Bernardo de Sá Braamcamp Sobral Sottomayor, are likewise independent in relation to the company as confirmed by the respective curricula attached to the present report.

With a view to conducting its duties in keeping with international best practice on remuneration matters, the Remunerations and Welfare Board contracted Mercer Portugal Lda. (Marsh Mclennan), a leading worldwide company in human resources and specialised technical advisory services, which identified a series of guideline principles for the definition of the remuneration policy for members of the governing bodies and material risk takers, in conformity with the guidelines disclosed by the national and international regulators, 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 resolved to request this firm to analyse the remuneration policy for the Bank's Employees, in order to ensure the coherence of the policies to be implemented.

As 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. Knowledge and experience of the members of the remuneration committee on matters of remuneration policy

The Chairman of the Remuneration and Welfare Board, José Gonçalo Ferreira Maury and the member Manuel Soares Pinto Barbosa, currently perform and have for various years performed duties in remuneration committees or equivalent bodies in other companies, which endows them with professional experience and suitable profiles concerning matters of remuneration policy, as confirmed in detail in their curricula, presented in Annex I.

III. Structure of remunerations

69. Description of the remuneration policy for the management and supervisory bodies

In line with the Bank's recapitalisation plan involving public investment, established in article 9 of Law 63 A/2008 of 24 November, Banco Comercial Português is bound, during the entire public investment period, by article 12 of Ordinance 150-A/2012 of 17 May, therefore, and regardless of the remuneration policy for its management bodies approved by the General Meeting held on 31 May 2012, the overall 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.

Consequently, and for the duration of the plan, expected to be enforced until June 2017, the potential maximum remuneration of members of the Board of Directors is indicated in item 77 below.

Notwithstanding the above, the Remuneration and Welfare Board submitted to the General Meeting of 11 May 2015, with a binding character, the Remuneration Model of the Board of Directors, including the Executive Committee, transcribed below, which was approved by 99.95% of the votes cast, being the meeting attended by shareholders or their representatives holding 46.62% of the share capital.

“ Composition of the Remuneration

a) The Board of Directors

In accordance with article 15 of the Articles of Association of BCP, the amount of the remuneration of the directors shall be set for each director individually, taking into account, notably, the medium and long-term interests of the Bank and the aim of not encouraging excessive risk-taking.

Taking into account the provisos of article 9 of Notice 10/2011 of Banco de Portugal and article 15 (1) of the Articles of BCP's Association, the non-executive members of the Board of Directors of BCP earn a fixed remuneration paid 12 times per year, the amount of which is currently determined taking into account the provisos of article 12 (2) of the Ordinance 150-A/2012. The remuneration of the non-executive members appointed by the Portuguese State was defined by the Decision 15463-A/2012, mentioned above.

The remuneration of the members of the Executive Committee may consist of a fixed and of a variable component, in accordance with article nr. 8 of the Notice 10/2011 of Banco de Portugal and with article 15 (1) of BCP's Articles of Association, considering the limitations set forth by the domestic and EU legislation:

i. Annual Fixed Remuneration

The fixed component of the remuneration of the executive members of the Board of Directors is:
Paid 14 times a year
Determined in view of the criterion established in article 12 (2) of Ordinance 150-A/2012.

ii. Variable Remuneration

In accordance with article 15 (2) of the Company's Articles of Association, the sum of the variable parts of the remuneration of all the directors shall not exceed an amount corresponding to 2% of the distributable net income for the financial year.

In view of the provisos of article 12 of the Ordinance 150-A/2012, the Bank maintained its decision not to pay any variable remuneration during the period of time the Bank is under a capitalisation program through state aid, that is due to end on 30 June 2017.

iii. Benefits

The existing benefits in terms of health insurance, credit card and mobile phones remain in effect, being the Executive Committee responsible for authorizing them.

The limits to the value of company vehicles, an issue that does not fall under the competence of the Remuneration and Welfare Board, shall be determined by the Executive Committee, taking into account the practice followed by other credit institutions of an equivalent size.

The members of the Executive Committee shall not receive cash benefits that are not foreseen in this statement.

iv. Social Security and complements

In accordance with article 17 of the Articles of Association of BCP, approved at the General Meeting of Shareholders held on 28 February 2012:

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

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

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

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

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

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

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

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

The right to the retirement complement is granted in accordance with the Retirement Regulation of the Executive Directors of Banco Comercial Português, whose nr. 2 of article six was altered by resolution adopted at the Bank's General Meeting of Shareholders held on 30 May 20014 by approval of a proposal submitted by this Board.

v. Other aspects

Apart from the ones herein described, the members of the Executive Committee do not receive any additional compensation.

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

The members of the Executive Committee will not enter into any hedging or risk-transfer agreements regarding any deferred remuneration components that may minimise the effects of the risk underlying the remuneration system.

No compensations and indemnities were paid or are due to members of the management body due to the end of their functions during the financial year.

b) Supervision bodies

As mentioned above and taking into consideration the provisos of article 9 of the Notice nr. 10/2011 of Banco de Portugal, the members of the Audit Committee receive a fixed remuneration, paid 12 times per year, the amount of which is currently determined pursuant to article 12 (2) of Ordinance 150-A/2012."

70. Information on how the remuneration is structured so as to permit the alignment of the interests of the members of the management body with the long term interests of the Bank

As noted in the first paragraph of item 69, these items 70 to 75 are not applicable to Banco Comercial Português throughout the duration of the State intervention period.

76. Main characteristics of the arrangements for supplementary pensions or early retirement of the directors

The arrangement for retirement due to old age or invalidity of members of the Executive Committee is defined in article 17 of the Articles of Association, transcribed below, and in the Implementation Regulations, which were approved at the General Meeting held on 11 May 2015.

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

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

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

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

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

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

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

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

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

IV. Disclosure of remunerations

77. Indication of the annual value of the remuneration earned as a whole and individually by the members of the management bodies of the company, derived from the company, including fixed and variable remuneration and, relative to the latter, reference to its different components

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:

Composition of the Board of Directors	Position	A Paid Directly by BCP (€)	B Paid Through Other Companies (€)	A+B Remuneration Non-Executive Directors (€)	Withheld IRS (€)	Notes
António Vítor Martins Monteiro	Chairman of the Board of Directors	90,000.00	0.00	90,000.00	37,320.00	
Carlos José da Silva	Vice-Chairman of the Board of Directors	67,500.00	0.00	67,500.00	16,872.00	
Álvaro Roque de Pinho de Bissaia Barreto	Member of the Board of Directors	24,999.96	0.00	24,999.96	9,000.00	
André Magalhães Luís Gomes	Member of the Board of Directors	24,999.96	0.00	24,999.96	5,400.00	
António Henriques de Pinho Cardão	Member of the Board of Directors	24,999.96	0.00	24,999.96	9,852.00	Received Retirement Pension as a Retired Employee of BCP
António Luís Guerra Nunes Mexia	Member of the Board of Directors	0.00	0.00	0.00	0.00	
Bernardo de Sá Bramcamp Sobral Sottomayor	Member of the Board of Directors	90,000.00	0.00	90,000.00	22,500.00	Appointed by the State for the period of enforcement of the public investment to strengthen own funds (*)
João Bernardo Bastos Mendes Resende	Member of the Board of Directors	30,000.00	0.00	30,000.00	7,500.00	
Raquel Rute da Costa David Vunge	Member of the Board of Directors	20,451.38	0.00	20,451.38	3,088.00	
		372,951.26	**0.00**	**372,951.26**	**111,532.00**	

(*) Following his personal request and by order of 26 February 2016 of the Minister of Finance, Bernardo de Sá Braamcamp Sobral Sottomayor was exonerated from the position of non-executive member of the Board of Directors. He resigned from the position of Member of the Remunerations and Welfare Board on 12 February 2016.

Members of the Audit Committee	Position	BCP Values (€)	Other Group Companies (€)	Total Received (€)	Withheld IRS (€)	Notes
João Manuel de Matos Loureiro	Chairman of the Audit Committee	67,500.00	0.00	67,500.00	24,348.00	
Cidália Maria Mota Lopes	Member of the Audit Committee	22,361.14	0.00	22,361.14	6,199.00	Appointed on 11 May 2015
Jaime de Macedo Santos Bastos	Member of the Audit Committee	35,000.04	0.00	35,000.04	10,500.00	
José Guilherme Xavier de Basto	Member of the Audit Committee	12,736.13	0.00	12,736.13	3,830.00	Terminated mandate on 11 May 2015
José Rodrigues de Jesus	Member of the Audit Committee	67,500.00	0.00	67,500.00	24,348.00	Appointed by the State for the period of enforcement of the public investment to strengthen own funds. Received values from Millennium Ageas, as a member of the Supervisory Board
		205,097.31	**0.00**	**205,097.31**	**69,225.00**	

Position	A Paid Directly by BCP (€)	B Paid Through Other Companies (€)	C Paid by Group Companies relative to 2015 and settled in early 2016 (€)	A+B-C Remuneration Exec. Directors Fixed by the CRP (€)	Withheld IRS (€)	Notes
Vice-Chairman of the Board of Directors ar	377,408.01	25,056.24	17,304.93	385,159.32	173,532.00	
Vice-Chairman of the Executive Committee	352,145.60	12,687.49	12,687.49	352,145.60	160,560.00	Includes seniority Bonus under the Collective Agreement of the value of €44,018.20
Vice-Chairman of the Executive Committee	297,951.16	27,323.87	17,147.63	308,127.40	131,780.00	
Member of the Executive Committee	269,485.81	125.77		269,611.58	119,443.00	
Member of the Executive Committee	173,865.77	0.00		173,865.77	78,406.00	Appointed on 11 May 2015
Member of the Executive Committee	117,644.73	13,810.47	1,934.36	129,520.84	62,507.00	Terminated mandate on 11 May 2015
Member of the Executive Committee	264,421.39	5,190.19		269,611.58	120,584.00	
Member of the Executive Committee	264,421.39	18,905.51	13,715.32	269,611.58	120,106.00	
	2,117,343.86	**103,099.54**	**62,789.73**	**2,157,653.67**	**966,918.00**	

78. Amounts paid, for any reason, by other companies controlled by the Bank or in the same group or subject to common control

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

79. Remuneration paid in the form of profit-sharing and/or payment of bonuses

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. Indemnities paid or owed to former executive directors relative to their termination of office during the financial year

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

81. Indication of the annual value of the remuneration earned, in an aggregated and individual form, by the members of the Company's supervisory bodies, pursuant to Law 28/2009, of 19 June

See the table of item 77.

81.1. In compliance with Banco de Portugal Notice 10/2011 of 9 January 2012, with respect to the elements of information to be disclosed in the Corporate Governance Report, Banco Comercial Português, S.A. discloses the following:

- In its remuneration policy, the Bank did not reveal the variable and fixed components of remuneration, or the maximum limits for each component, or how it is subject to the payment of variable remuneration, nor the criteria underlying the attribution of this component, as a result of observing the rules on remunerative matters arising from the Recapitalisation Plan currently underway. See the information presented in the first paragraph of item 69;
- The remuneration policy hinders the creation of mechanisms which enable the members of the management body to take out remuneration insurance or other mechanisms to cover risk aimed at attenuating the effects of alignment due to the risk inherent to their remuneration modalities;
- No remuneration was paid in the form of profit-sharing and/or payment of bonuses;
- No benefit whatsoever of any non-cash nature was attributed.

82. Indication of the remuneration in the reference year of the chairman of the board of the general meeting

In defining the remuneration of the elected members of the Board of the General Meeting, the Remuneration and Welfare Board took into consideration, for the term of office that began in May 2014, the amounts paid for this position by the major listed companies based in Portugal and similar in size to BCP, having established the annual remuneration of the Chairman of the Board of the General Meeting at 42,000 euros.

V. Agreements with remunerative implications

83. Contractual limitations established for compensation payable for dismissal without fair cause of a director

No contractual limitations have been established for compensation payable for dismissal without fair cause.

84. Agreements between the company and members of the management board and directors, in observance of number 3 of article 248-B of the Securities Code, which establish compensation in the case of resignation, dismissal without fair grounds or termination of the work relation following a change in the control of the company

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

VI. Plans for the attribution of shares or stock options

85. Identification of the plan for attribution of shares or stock options and respective beneficiaries

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

E. TRANSACTIONS WITH RELATED PARTIES

I. Control mechanisms and procedures

89. Mechanisms implemented by the company for purposes of control of transactions with related parties

The members of the governing bodies as well as holders of qualifying stakes and entities related to them 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.

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

90. Indication of transactions that were subject to control in the reference year

In 2015, the Audit Division and Audit Committee of the Board of Directors controlled proposed operations of credit and contracting of products or services relative to members of the management and supervisory bodies and shareholders with stakes greater than 2% of the Banks' share capital and entities related to them, of a total value of approximately 2,353 million euros. The indicated amount includes extensions and reviews of limits.

91. Description of the procedures and criteria applicable to the intervention of the supervisory board for the effects of the prior evaluation of the business to be carried out between the company and carried out between the company and owners of the qualifying holdings or entities which are in any relationship with it, under the terms of article 20 of the Securities Code

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

II. Elements relative to business

92. Description of the procedures and criteria applicable to the intervention of the supervisory board for the effects of the prior evaluation of the business to be carried out between the company and carried out between the company and owners of the qualifying holdings or entities which are in any relationship with it, under the terms of article 20 of the Securities Code

On this issue, see the information provided in the Annual Report for 2015, in appraisal 51 of the Notes to the Consolidated Financial Statements.

PART 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) of the Securities Code, the Bank confirms that, for the financial year to which this Report refers, it complied with 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 voluntarily resolved to observe, 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, on the page with the following address: http://ind.millenniumbcp.pt/en/Institucional/governacao/Pages/governacao.aspx)

António Vítor Martins Monteiro

Personal Details

Date of Birth: 22 January 1944

Nationality: Portuguese

Positions Held at the Bank

- Chairman of the Board of Directors
- Chairman of the Committee for Corporate Governance, Ethics and Professional Conduct

Direct Responsibilities

- Supporting Office of the Board of Directors
- Company Secretariat
- Millennium bcp Foundation
- Client Ombudsman Office

Positions Inside the Group

- Chairman of the Curators Board of the Millennium bcp Foundation
- Chairman of the International Board of the Millennium bcp Foundation

Positions Outside the Group

- Non-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
- Non-executive member of the Board of Directors of Banco Sabadell, as representative of Banco Comercial Português S.A.
- Chairman of the Advisory Board of the Gulbenkian Programme Partnerships for Development
- Member of the Board of Curators of the Luso-Brasileira Foundation

Academic and Specialised Qualifications

- Licentiate Degree in Law from the University of Lisbon
- Passed the admission contest for positions of embassy attaché, opened on 11 September 1967

Professional Experience in the Last Ten Years Relevant to the Position

- 2006/2009 – Ambassador of Portugal in France and Portugal's Representative at the European Space Agency (ESA)
- 2002/2009 – Member of the Ambassadors Forum – Portuguese Agency for Investment;
- 2005/2006 – High Commissioner of the UN for the Elections in the Ivory Coast
- March 2009/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 work group 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 the Millennium bcp Foundation
- 28 February 2012/11 May 2015 - Chairman of the Board of Directors and Chairman of the Committee for Corporate Governance, Ethics and Professional Conduct of Banco Comercial Português, S.A.

Carlos José da Silva

Personal Details

Date of Birth: 6 January 1966

Nationality: Angolan

Positions Held at the Bank

- Vice-Chairman of the Board of Directors
- Chairman of the Committee for Nominations and Remunerations

Positions inside the Group

- Member of the Board of Curators of the Millennium bcp Foundation

Positions outside the Group

- Chairman of the Board of Directors of Banco Privado Atlântico, S.A.
- Chairman of the Board of Directors of Banco Privado Atlântico Europa, S.A.
- Chairman of the Board of Directors of Atlântico Europa, SGPS, S.A.
- Chairman of the Board of Directors of the Angola Management School

Academic and Specialised Qualifications

- Licentiate Degree in Legal Sciences from the Faculty of Law of University of Lisbon

Professional experience in the last 10 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, S.A.
- Since 2009 - Founder of Banco Privado Atlântico Europa, S.A.
- Until February 2012 - Member of the Supervisory Board of Banco Comercial Português, S.A.
- February 2012/October 2012 - Vice-Chairman of the Board of Directors of the Millennium Foundation
- Until April 2015 – Non-Executive Vice-Chairman of Sociedade Baia de Luanda
- Until April 2015 - Chairman of the Board of Directors of Interoceânico Capital, SGPS, S.A.
- Until 15 April 2015 - Chairman of the Board of Directors of Atlântico Europa, SGPS, S.A.
- 28 February 2012/11 May 2015 - Vice-Chairman of the Board of Directors and Chairman of the Committee for Nominations and Remunerations of Banco Comercial Português, S.A.

Álvaro Roque de Pinho de Bissaia Barreto

Personal Details

Date of Birth: 1 January 1936

Nationality: Portuguese

Positions Held at the Bank

- Member of the Board of Directors
- Chairman of the Committee for Risk Assessment
- Member of the Committee for Nominations and Remunerations

Positions Outside the Group

- Chairman of the Board of Directors of Tejo Energia Prod. Dist. Energia Elect., S.A.
- Non-executive member of the Board of Directors of NUTRINVESTE - Soc. Gestora de Participações Sociais, S.A.
- Chairman of the Board of the General Meeting of PRIME DRINKS, S.A.

Academic and Specialised Qualifications

- 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

- 1990/2014 – Non-executive director of MELLOL – Sociedade Gestora de Participações Sociais, S.A.
- 2006/2012 - Non-executive director of SAIP - Sociedade Alentejana de Investimento e Participações, SGPS, S.A.

- 2006/2013 - Chairman of the Board of the General Meeting of Paço de Maiorca, Promoção e Gestão de Equipamentos Hoteleiros, S.A.
- 2006/2014 - Non-executive director of Beralt Tin & Wolfram (Portugal), S.A.
- March 2009/February 2012 - Member of the Supervisory Board, Chairman of the Commission for Ethics and Professional Conduct, and Member of the Risk Assessment Commission of Banco Comercial Português, S.A.
- 28 February 2012/11 May 2015 - Member of the Board of Directors, Member of the Commission for Nominations and Remunerations, and Member of the Commission for Ethics and Professional Conduct of Banco Comercial Português, S.A.

André Magalhães Luís Gomes

Personal Details

Date of Birth: 20 February 1966

Nationality: Portuguese

Positions Held at the Bank

- Member of the Board of Directors
- Member of the Committee for Corporate Governance, Ethics and Professional
- Member of the Committee for Risk Assessment

Positions Outside the Group

- 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.
- 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.
- Chairman of the Board of the General Meeting of Equity Partners – Sociedade Capital de Risco
- Chairman of the Board of the General Meeting of Charon – Prestação de Serviços de Segurança e Vigilância, S.A.
- Chairman of the Board of the General Meeting of Açoreana – Companhia de Seguros

Academic and Specialised Qualifications

- Licentiate degree in Law from the Faculty of Law of the University of Lisbon

Professional Experience in the Last Ten Years Relevant to the Position

- May 2005 to 29 January 2016 - Partner of Cuatrecasas, Gonçalves Pereira & Associados, Sociedade de Advogados, R.L.
- Until 30 December 2011 - Member of the Board of Directors of Metalgest - Sociedade de Gestão, SGPS, S.A.
- Until 30 December 2011 - Member of the Board of Directors - Moagens Associadas, S.A.
- Manager of Bernardino Carmo & Filhos, SGPS
- 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 the Millennium bcp Foundation
- 28 February 2012/11 May 2015 - Member of the Board of Directors and Member of the Commission for Corporate Governance
- Until 28 February 2013 – Director of Discovery Portugal Real Estate Fund
- Until 9 September 2013 - Sole Administrator of Imobiliária de São Joaquim S.A.
- Until 6 October 2014 - Member of the Board of Directors of Atram - Sociedade Imobiliária S.A.
- Until 5 January 2015 - Manager of Brightmelody Unipessoal, Lda.
- Until 5 January 2015 - Manager of New Property - Sociedade Imobiliária, Lda.
- Until 5 January 2015 - Member of the Board of Directors of Matriz Sociedade Imobiliária S.A.
- Until 5 January 2015 - Director of Gauluna, S.A.
- Until 5 January 2015 - Director of Dichiarato, S.A.
- Until 5 January 2015 - Director of Digiátomo - Sociedade Imobiliária, S.A.

António Henriques de Pinho Cardão

Personal Details

Date of Birth: 31 May 1943

Nationality: Portuguese

Positions Held at the Bank

- Member of the Board of Directors
- Member of the Committee for Risk Assessment
- Member of the Committee for Nominations and Remunerations

Positions Outside the Group

- Non-executive member of the Board of Directors and Member of the Audit Committee of Cimpor – Cimentos de Portugal, SGPS, S.A.
- Chairman of the Supervisory Board of Vila Galé Soc. Empreendimentos Turísticos, S.A.-
- Vice-Chairman of the Executive Board of Associação Missão Crescimento
- Chairman of the Supervisory Board of Associação Por Uma Democracia de Qualidade

Academic and Specialised Qualifications

- 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: consultancy, preparation of economic and financial studies, company assessments
- 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.
- February 2012/October 2012 - Member of the Board of Directors of the Millennium bcp Foundation
- 28 February 2012/11 May 2015 - Member of the Board of Directors, Member of the Committee for Risk Assessment, Member of the Committee for Ethics and Professional Conduct, and Member of the Committee for Nominations and Remunerations of Banco Comercial Português, S.A.

António Luís Guerra Nunes Mexia

Personal Details

Date of Birth: 12 July 1957

Nationality: Portuguese

Positions Held at the Bank

- Member of the Board of Directors
- Member of the Committee for Corporate Governance, Ethics and Professional Conduct

Positions Outside the Group

- Chairman of the Executive Board of Directors of EDP-Energias de Portugal, S.A.
- Chairman of the Board of Directors of EDP Renováveis, S.A.
- Chairman of the Board of Directors of EDP - Energias do Brasil, S.A.
- Chairman of the Board of Directors of Eurelectric
- Chairman of the Board of Directors of the EDP Foundation

Academic and Specialised Qualifications

- Licentiate Degree in Economics from the University of Geneva (Switzerland)
- 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

- 2008/2012 - Member of the Supervisory Board of Banco Comercial Português, S.A., having previously been a member of the Senior Board of the Bank
- 28 February 2012/19 October 2012 - Member of the Board of Directors of the Millennium bcp Foundation
- 28 February 2012/11 May 2015 - Member of the Board of Directors and Member of the Commission for Corporate Governance of Banco Comercial Português, S.A.
- June 2013/May 2015 – Vice-Chairman of the Board of Directors of Eurelectric

- July 2013 – *Honoris Causa* Doctorate received from ISEG

Bernardo de Sá Braamcamp Sobral Sottomayor

(Following his personal request and by order of 26 February 2016 of the Minister of Finance, he was exonerated from the position of non-executive member of the Board of Directors. He resigned from the position of Member of the Remunerations and Welfare Board on 12 February 2016).

Personal Details

Date of Birth: 18 May 1973

Nationality: Portuguese

Positions Held at the Bank

- Member of the Board of Directors
- Member of the Committee for Nominations and Remunerations
- Member of the Committee for Risk Assessment
- Member of the Remunerations and Welfare Board

Positions Outside the Group

- Partner at 3i Group Plc (Private Equity – Infrastructure Team)

Academic and Specialised Qualifications

- Licentiate Degree in Economics from the Faculty of Economics of Universidade Nova de Lisboa
- Specialisation in Econometrics, International Economics and Monetary Economics
- 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

- 2004/2006 – Director – European Team of Utilities in Citigroup – Corporate Finance and Mergers and Acquisitions
- 2006/2013 - Managing Director at Deutsche Bank – RREEF Infrastructure
- 2013/2015 – Partner at Antin Infrastructure Partners

João Bernardo Bastos Mendes Resende

Personal Details

Date of Birth: 16 June 1963

Nationality: Portuguese

Positions Held at the Bank

- Member of the Board of Directors
- Member of the Committee for Risk Assessment

Positions Outside the Group

- Member of the Board of Directors of Banco Urquijo (Banco Sabadell Group)
- Member of the Board of Directors of Banco Urquijo

Academic and Specialised Qualifications

- Licentiate Degree in Economic and Business Studies with Specialisation in Finance, from CUNEF University College of Financial Studies, Universidad Complutense, Madrid
- M.B.A. in Company Management, from Instituto de Estudos Superiores da Empresa (IESE Business School).

Professional Experience in the Last Few Years Relevant to the Position

- 2002/2009 - Member of the Commercial Committee of Banco Sabadell
- Member of the Governing Council of the Institute of Economic Studies
- February 2012/October 2012 - Member of the Board of Directors of the Millennium bcp Foundation
- 28 February 2012/19 October 2012 - Member of the Board of Directors of the Millennium bcp Foundation
- 28 February 2012/11 May 2015 - Member of the Board of Directors and Chairman of the Commission for Risk Assessment of Banco Comercial Português, S.A.
- Until 2015 - Member of the Governing Council of the Spanish Securities Market Association
- Until 2015 - Member of the Board of Directors of Cajastur Servicios Financieros
- Member of the Governing Council of the Institute of Economic Studies

Raquel Rute da Costa David Vunge

Personal Details

Date of Birth: 30 June 1967

Nationality: Portuguese

Positions Held at the Bank

- Member of the Board of Directors
- Member of the Committee for Corporate Governance, Ethics and Professional Conduct

Positions Outside the Group

- Member of the Board of Directors of Galp Energia, SGPS, S.A.
- Member of the Board of Directors of Caixa Angola

Academic and Specialised Qualifications

- Licentiate Degree in Management from ISG - Instituto Superior de Gestão in Lisbon

Professional Experience in the Last Few Years Relevant to the Position

- 2001/2010 – Head of the Central Treasury Department of Sonangol, E.P.

- 2010/2012 – Director of Finance of Sonangol, E.P.
- 2012/2013 – Executive Director and CFO of Sonangol, E.P.
- 15 October 2014/11 May 2015 - Member of the Board of Directors of Banco Comercial Português, S.A.

Members of the Board of Directors (Members of the Audit Committee)

(Detailed curricula are available at the Bank's website, on the page with the following address: http://ind.millenniumbcp.pt/en/Institucional/governacao/Pages/governacao.aspx)

João Manuel de Matos Loureiro

Personal Details

Date of Birth: 4 October 1959

Nationality: Portuguese

Positions Held at the Bank

- Member of the Board of Directors
- Chairman of the Bank's Audit Committee

Positions Outside the Group

- Professor at the Faculty of Economics of Porto (FEP)
- Professor at Porto Business School
- Director of the Post Graduation Degree in Company Management of Porto Business School
- Chairman of the Board of Representatives of FEP

Academic and Specialised Qualifications

- Licentiate Degree in Economics, from the Faculty of Economics of the University of Porto
- PhD in Economics (specialisation in International Macroeconomics and Finance), from the University of Gothenburg, Sweden

Professional Experience in the Last Ten Years Relevant to the Position

- 2000/2008 – Director of the MBA in Finance of the Faculty of Economics of University of Porto
- 2002/2008 – Chairman of the Pedagogic Council of the Faculty of Economics of the University of Porto
- 2007/2008 – Coordinator of the Budgeting by Programs Committee, Ministry of Finance
- 2008/2011 - 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 – Member of the Chairman of the Audit Committee of Banco Comercial Português, S.A.
- 29 May 2009/28 February 2012 - Chairman of the Supervisory Board of Banco ActivoBank, S.A.
- 22 March 2010/28 February 2012 - Chairman of the Supervisory Board of Banco Banco BII – Banco de Investimento Imobiliário, S.A.
- 28 February 2012/19 October 2012 - Member of the Board of Directors of the Millennium bcp Foundation
- 28 February 2012/11 May 2015 - Member of the Board of Directors and Chairman of the Audit Committee of Banco Comercial Português, S.A.

Jaime de Macedo Santos Bastos

Personal Details

Date of Birth: 26 November 1956

Nationality: Portuguese

Positions Held at the Bank

- Member of the Board of Directors
- Member of the Audit Committee

Positions Outside the Group

- Statutory Auditor of several companies
- Managing Partner of the chartered accountants firm Kreston & Associados, SROC, Lda.

Academic and Specialised Qualifications

- Licentiate degree in Business Administration from Universidade Católica Portuguesa
- 1986/1990 - Assistant Professor at Universidade Católica Portuguesa
- Various post-graduation courses

Professional Experience in the Last Ten Years Relevant to the Position

- 2007/2012 - Member of the Board of Directors of Cimpor – Cimentos de Portugal
- 28 February 2012/19 October 2012 - Member of the Board of Directors of the Millennium bcp Foundation
- 28 February 2012/11 May 2015 - Member of the Board of Directors and Member of the Audit Committee of Banco Comercial Português, S.A.

Cidália Maria Mota Lopes

Personal Details

Date of Birth: 24 October 1971

Nationality: Portuguese

Positions Held at the Bank

- Member of the Board of Directors
- Member of the Audit Committee

Positions Outside the Group

- Lecturer at Instituto Superior de Contabilidade e Administração de Coimbra (ISCAC), on fiscal issues
- Guest lecturer in Accounting and Finance at the Faculty of Economics of the University of Coimbra (FEUC)
- Guest lecturer of the Masters in Business Public Administration at the Faculty of Law of the University of Coimbra (FDUC)
- Member of the Scientific Council of the Portuguese Fiscal Association (AFP)
- Member of the International Fiscal Association (IFA)

Academic and Specialised Qualifications

- Doctorate in Management from the Faculty of Economics of the University of Coimbra
- Masters in Economics, from the Faculty of Economics of the University of Coimbra
- Licentiate Degree in Economics, from the Faculty of Economics of the University of Coimbra

Professional Experience in the Last Ten Years Relevant to the Position

- 1994/2015 - Lecturer at Instituto Superior de Contabilidade e Administração de Coimbra (ISCAC), and Guest lecturer at the Faculty of Economics and Faculty of Law of the University of Coimbra
- 1999/2015 – Published books and articles on fiscal issues
- 2000/2015 – Trainer at the Portuguese Association of Certified Accountants (OCC), on fiscal issues
- 2005/2006 – Member of the working party for the Simplification of the Portuguese Fiscal System of the XVII Constitutional Government
- 2008/2014 – Participated in the Tax Evasion, Tax Fraud and Tax Compliance Project: Individual, Economic and Social Factors of the SOCIUS – ISEG
- 2009/2010 – Member of the working party for Fiscal Policy, Competitiveness and Efficiency of the Fiscal System in Portugal of the XVIII Constitutional Government
- 2009 – Distinguished with the Professor Doutor António de Sousa Franco Award, by the Portuguese Association of Chartered Accountants (OTOC), for the work: "*Quanto custa pagar impostos em Portugal? – Os custos de cumprimento da tributação do rendimento" (How much does it cost to pay tax in Portugal? The costs of compliance with income tax)*
- 2010/2014 - Director of Coimbra Business School

José Rodrigues de Jesus

Personal Details

Date of Birth: 16 October 1944

Nationality: Portuguese

Positions Held at the Bank

- Member of the Board of Directors
- Member of the Audit Committee

Positions Outside the Group

- Member of the Supervisory Board of the following companies:
    - Millenniumbcp Ageas Grupo Segurador, SGPS, S.A.
    - Mota-Engil, SGPS, S.A.
    - Germen - Moagem de Cereais, S.A.
    - Labesfal - Laboratórios Almiro, S.A.

- Statutory Auditor of the following companies:
    - Arlindo Soares de Pinho, Lda.
    - Arsopi - Indústrias Metalúrgicas Arlindo S. Pinho, S.A.
    - Arsopi - Holding, Sociedade Gestora de Participações Sociais, S.A.
    - Calfor - Indústrias Metálicas, S.A.
    - DIMO - Desenvolvimento Imobiliário e Construção, S.A.
    - Divinvest - Promoção Imobiliária, S.A.
    - Edemi Gardens - Promoção Imobiliária, S.A.
    - Camilo dos Santos Mota, S.A.
    - Oliveira Dias, S.A.
    - Vacatio, S.A.
    - IMOAGUEDA, SGPS S.A.

Academic and Specialised Qualifications

- Licentiate Degree in Economics, from the Faculty of Economics of the University of Porto
- 1968/2005 – Associate Professor at the School of Economics of Porto
- Currently, lecturer in postgraduate courses at Porto Business School

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 on the Supervisory Boards of various companies

Executive Members of the Board of Directors

(Detailed curricula are available at the Bank's website, on the page with the following address: http://ind.millenniumbcp.pt/en/Institucional/governacao/Pages/governacao.aspx)

Nuno Manuel da Silva Amado

Personal Details

Date of Birth: 14 August 1957

Nationality: Portuguese

Positions Held at the Bank

- Vice-Chairman of the Board of Directors
- Chairman of the Executive Committee

Direct Responsibilities

- Office of the Chairman
- Communication Division
- Human Resources Division
- Audit Division
- General Secretariat and Relations with External Entities

Positions Held at the Group

- Member of the Board of Curators of the Millennium bcp Foundation
- Vice-Chairman of the Supervisory Board of Bank Millennium, S.A. (Poland)

Positions Outside the Group

- Vice-Chairman of the Board of the Portuguese Banking Association (APB) in representation of Banco Comercial Português, S.A.
- Member of the Supervisory Board of EDP - Energias de Portugal, S.A.
- Member of the Institut International D'Etudes Bancaires
- Member of the Supervisory Board of the Bial Foundation
- Chairman of the Advisory Board of Centro Hospitalar do Oeste
- Member of the General Council of the University of Lisbon

Academic and Specialised Qualifications

- Licentiate Degree in Corporate Organisation and Management from Instituto Superior das Ciências do Trabalho e da Empresa (ISCTE)
- 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 of the Board of Directors of Banco Santander de Negócios Portugal, S.A.
- 2005/2006 – Vice-Chairman of the Executive Committee and Member of the Board of Directors of Banco Santander Totta, S.A.

- 2005/2006 – Vice-Chairman of the Executive Committee and Member of the Board of Directors of Banco Santander Totta, SGPS, S.A.
- August 2006/January 2012 – Vice-Chairman of the Board of Directors of Portal Universia Portugal
- August 2006/January 2012 – Managing Director and Member of the Management Committee of Banco Santander Central Hispano
- August 2006/January 2012 – Chairman of the Executive Committee and Vice-Chairman of the Board of Directors of Banco Santander Totta, S.A.
- August 2006/January 2012 – Chairman of the Executive Committee and Vice-Chairman of the Board of Directors of Banco Santander Totta, SGPS, S.A.
- 28 February 2012/19 October 2012 - Vice-Chairman of the Board of Directors of the Millennium bcp Foundation.
- 28 February 2012/11 May 2015 - Vice-Chairman of the Board of Directors and Chairman of the Executive Committee of Banco Comercial Português, S.A.

Miguel Maya Dias Pinheiro

Personal Details

Date of Birth: 16 June 1964

Nationality: Portuguese

Positions Held at the Bank

- Member of the Board of Directors
- Vice-Chairman of the Executive Committee

Direct Responsibilities

- Credit Division
- Retail Recovery Division
- Specialised Recovery Division
- Specialised Monitoring Division
- Low Amount Recovery Division
- Real Estate Business Division
- Millennium BIM (Mozambique)
- BCP Capital

Positions Held at the Group

- Chairman of the Board of Directors of Interfundos – Gestão de Fundos de Investimento Imobiliário, S.A.
- Manager of BCP África, SGPS, Lda.
- Chairman of the Board of Directors of BCP Capital – Sociedade de Capital de Risco S.A.
- Member of the Board of Directors of Banco Millennium Angola, S.A. (Angola)
- Vice-Chairman of the Board of Directors and Chairman of the Remuneration Committee of BIM – Banco Internacional de Moçambique, S.A.
- Member of the Supervisory Board of Bank Millennium, S.A. (Poland)

Positions Outside the Group

- Member of the Senior Board of the ISCTE Alumni Club

Academic and Specialised Qualifications

- Licentiate Degree in Corporate Organisation and Management from Instituto Superior das Ciências do Trabalho e da Empresa (ISCTE)
- Corporate Senior Management Programme (PADE) - AESE
- Advanced Management Programme - INSEAD

Professional Experience in the Last Ten Years Relevant to the Position

- 2003/2005 – Banco Comercial Português/Servibanca, Managing Director and responsible for the Contact Centre (Internet, Phone Banking and Customer Care Centre operations)
- 2005/September 2007 – Managing Director 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 2005/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 the Millennium bcp Foundation.
- 15 June 2012/16 June 2015 - Member of the Supervisory Board of Portugal Capital Ventures - Sociedade de Capital de Risco S.A., in representation of Banco Comercial Português, S.A.
- 28 February 2012/11 May 2015 - Member of the Board of Directors and Vice-Chairman of the Executive Committee of Banco Comercial Português, S.A.

Miguel de Campos Pereira de Bragança

Personal Details

Date of Birth: 25 June 1966

Place of birth: Lisbon

Nationality: Portuguese

Positions Held at the Bank

- Member of the Board of Directors
- Vice-Chairman of the Executive Committee

Direct Responsibilities

- Treasury, Markets and International Division
- Investor Relations Division
- Accounting and Consolidation Division
- Research, Planning and ALM Division
- Management Information Division
- Tax Advisory Division
- Bank Millennium (Poland)

Positions Held at 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)

Positions Outside the Group

- Manager of Quinta das Almoínhas Velhas – Imobiliária, Lda.
- Member of the Junta da Casa de Bragança

Academic and Specialised Qualifications

- Licentiate Degree in Business Administration from Universidade Católica Portuguesa
- INSEAD, Fontainebleau, MBA programme. Henry Ford II Prize, awarded each year to students that complete the year with the highest final grade

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, S.A.
- January 2005/November 2006 and April 2009/March 2012 - Non-executive director of SIBS, SGPS, S.A. and SIBS Forward Payment Solutions, S.A.
- 2007/2008 - Executive Director with the areas of responsibility of Marketing Products, having accumulated since June the responsibilities for the Telephone Channel, Internet and Business Banking 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, S.A.
- 3 September 2010/11 February 2012 - Non-executive director of UNICRE – Instituição Financeira de Crédito, S.A.
- 28 February 2012/19 October 2012 - Member of the Board of Directors of the Millennium bcp Foundation.

- 28 February 2012/11 May 2015 - Member of the Board of Directors and Vice-Chairman of the Executive Committee of Banco Comercial Português, S.A.

Jose Miguel Bensliman Schorcht da Silva Pessanha

Personal Details

Date of Birth: 30 July 1960

Nationality: Portuguese

Positions Held at the Bank

- Member of the Board of Directors
- Member of the Executive Committee

Direct Responsibilities

- Risk Office
- Rating Division
- Regulatory and Supervisory Monitoring Office
- Millennium bcp Ageas

Positions Held in the Group

- Vice-Chairman of the Board of Directors and Chairman of the Audit Committee of Millennium bcp Ageas Grupo Segurador, SGPS, S.A.
- Vice-Chairman of the Board of Directors and Chairman of the Audit Committee of Ocidental - Companhia Portuguesa de Seguros, S.A.
- Vice-Chairman of the Board of Directors and Chairman of the Audit Committee of Ocidental – Sociedade Gestora de Fundos de Pensões, S.A. (formerly named Pensões Gere – Sociedade Gestora de Fundos de Pensões, S.A.)

Academic and Specialised Qualifications

- 1982 – Licentiate degree in Economics from Universidade Católica Portuguesa
- 1984 – Masters in Operational Research (academic part) from Instituto Superior Técnico (Lisbon)
- 1986 – Masters in Economics from Université Catholique de Louvain (Belgium)
- PADE (Senior Company Management Programme) from Associação de Estudos Superiores de Empresa (AESE)
- Eureko Programme at INSEAD
- Invotan scholarship (NATO)
- Received a scholarship linked to the Joseph Bech Award, attributed by the Government of Luxembourg, for commitment to the European Union

Professional Experience in the Last Ten Years Relevant to the Position

- 2003/2015 - Group Risk Officer of Millennium BCP
- 2014 – Teacher responsible for the Banking in a Global Context course at Universidade Católica Portuguesa

Rui Manuel da Silva Teixeira

Personal Details

Date of Birth: 4 September 1960

Nationality: Portuguese

Positions Held at the Bank

- Member of the Board of Directors
- Member of the Executive Committee

Direct Responsibilities

- Retail Division - North
- Retail Division - Centre
- Retail Division - South and Islands
- Retail Marketing Division
- Quality and Network Support Division
- Direct Banking Division
- Segmental Management Division
- Private Banking Division
- Banque Privée BCP (Switzerland)
- Millennium bcp Bank & Trust
- ActivoBank

Positions Held in the Group

- Chairman of the Board of Directors of Banco ActivoBank, S.A.
- Member of the Board of Directors of Millenniumbcp Ageas - Grupo Segurador SGPS, S.A.
- Member of the Board of Directors of Ocidental - Companhia Portuguesa de Seguros de Vida, S.A.
- Member of the Board of Directors of Ocidental – Sociedade Gestora de Fundos de Pensões, S.A. (formerly named Pensões Gere – Sociedade Gestora de Fundos de Pensões, 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 Outside the Group

- Member of the Board of Directors of UNICRE – Instituição Financeira de Crédito, S.A., as representative of Banco Comercial Português, S.A.
- Member of the Remuneration Committee of SIBS, SGPS, S.A. and SIBS Forward Payment Solutions, S.A.
- Chairman of the Board of the General Meeting of Porto Business School

Academic and Specialised Qualifications

- Licentiate degree in Electrotechnical Engineering from the Faculty of Engineering of the University of Porto
- Specialisation Course in Industrial Management from INEGI of FEUP

Professional Experience in the Last Ten Years Relevant to the Position

- 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 – Vice-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 2010/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 the Millennium bcp Foundation.
- 19 December 2012/18 May 2015 - Chairman of the Board of Directors of Millennium bcp Gestão de Activos – Sociedade Gestora de Fundos de Investimento, S.A.
- 28 February 2012/11 May 2015 - Member of the Board of Directors and Member of the Executive Committee of Banco Comercial Português, S.A.

Maria da Conceição Mota Soares de Oliveira Callé Lucas

Personal Details

Date of Birth: 24 January 1956

Nationality: Portuguese

Positions Held at the Bank

- Member of the Board of Directors
- Member of the Executive Committee

Direct Responsibilities

- Companies and Corporate North Division
- Companies and Corporate Centre Division
- Companies and Corporate South Division
- Large Corporates Division
- Companies Marketing Division
- Investment Banking Division
- Business Development (Companies, Corporate, Africa and East)
- Banco Millennium Angola

Positions Held in the Group

- Manager of BCP África, SGPS, Lda.
- Member of the Board of Directors of BCP Capital – Sociedade de Capital de Risco S.A.

- Member of the Board of Directors and Remuneration Committee of BIM – Banco Internacional de Moçambique, S.A.
- Member of the Board of Directors of Banco Millennium Angola, S.A.

Academic and Specialised Qualifications

- 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 (Bruges)
- 1980 - Master of Science from the 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.
- October 2008/28 February 2012 – Director of Atlântico-Europa, SGPS, S.A.
- October 2008/28 February 2012 – Director of Atlântico-Europa Capital, SGPS, 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
- 28 February 2012/11 May 2015 - Member of the Board of Directors and Vice-Chairman of the Executive Committee of Banco Comercial Português, S.A.
- 26 March 2012/30 June 2014 - Vice-Chairman of the Board of Directors and Chairman of the Audit Board of Médis – Companhia Portuguesa de Seguros de Saúde, S.A.
- 26 March 2012/30 June 2014 - Vice-Chairman of the Board of Directors and Chairman of the Audit Board of Ocidental – Companhia Portuguesa de Seguros, S.A.
- 26 March 2012/27 May 2015 - Vice-Chairman of the Board of Directors and Chairman of the Audit Committee of Millennium bcp Ageas Grupo Segurador, SGPS, S.A.
- 26 March 2012/27 May 2015 - Vice-Chairman of the Board of Directors and Chairman of the Audit Committee of Ocidental – Companhia Portuguesa de Seguros, S.A.
- 26 March 2012/27 May 2015 - Vice-Chairman of the Board of Directors and Chairman of the Audit Committee of Pensões Gere – Sociedade Gestora de Fundos de Pensões, S.A.
- 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.
- 22 April 2012/21 May 2015 - Member of the Supervisory Board of Bank Millennium, S.A. (Poland)
- 28 June 2012/25 March 2013 - Member of the General Council of AEM – Associação de Empresas Emitentes de Valores Mobiliários Cotados no Mercado, in representation of Banco Comercial Português, S.A.

José Jacinto Iglésias Soares

Personal Details

Date of Birth: 25 June 1960

Nationality: Portuguese and Angolan

Positions Held at the Bank

- Member of the Board of Directors
- Member of the Executive Committee

Direct Responsibilities

- Operations Division
- Information Technology Division
- Procurement Division
- Legal and Litigation Advisory Division
- Compliance Office

Positions Held in the Group

- Chairman of the Board of Directors of Millennium bcp Prestação de Serviços, ACE

Positions Outside the Group

- Non-executive director of SIBS, SGPS, S.A. and SIBS Forward Payment Solutions, S.A.
- Member of the Remunerations Committee of UNICRE – Instituição Financeira de Crédito, S.A.
- Member of the General Council of AEM – Associação de Empresas Emitentes de Valores Mobiliários Cotados em Mercado, in representation of Banco Comercial Português, S.A.
- Member of the General Council of IPCG – Instituto Português de Corporate Governance, in representation of Banco Comercial Português, S.A.
- Alternate member of the Plenary and Economic and Social Policy Committee (CEPES), both of the Economic and Social Board (CES)

Academic and Specialised Qualifications

- Licentiate degree in Law from the Faculty of Law of the University of Lisbon
- Monitor at the Faculty of Law of the University of Lisbon
- Post-graduation in Commercial Law and Commercial Companies from Universidade Católica de Lisboa
- Corporate Senior Management Programme at AESE
- Post-graduation in Accountancy and Finance from Universidade Católica de Lisboa

Professional Experience in the Last Ten Years Relevant to the Position

- 2004/2005 – Chairman of Instituto Português de Apoio ao Desenvolvimento (IPAD)
- 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 areas of Compliance, Legal Advisory Services and Internal Audit
- 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 the Millennium bcp Foundation.

- 28 February 2012/11 May 2015 - Member of the Board of Directors and Member of the Executive Committee of Banco Comercial Português, S.A.

ANNEX II

CURRICULA VITAE OF THE MEMBERS OF THE REMUNERATION AND WELFARE BOARD OF BANCO COMERCIAL PORTUGUÊS, S.A.

(Detailed curricula are available at the Bank's website, on the page with the following address: http://ind.millenniumbcp.pt/en/Institucional/governacao/Pages/governacao.aspx)

José Gonçalo Ferreira Maury

Positions Held at the Bank

- Chairman of the Remuneration and Welfare Board

Academic and Specialised Qualifications

- Licentiate Degree in Finance from the former ISCTE/ISE, Instituto Superior de Gestão in Lisbon
- MBA from INSEAD, Fontainebleau

Professional Experience in the Last Ten Years Relevant to the Position

- 1990/2014 – Worked at Egon Zehnder International, Consultores, Lda., having co-initiated and co-led its process of creation and development in the national market. Partner of the international structure of Egon Zehnder and Managing Partner of the office in Portugal. In the international structure of Egon Zehnder, held positions related to different thematic areas, namely: Financial Services Practice Group; Consumer Practice Group; Family Advisory Business Practice Group; and Board Consulting Group.
- Since 2006 – Chairman of the Remuneration Committee of Semapa - Sociedade de Investimento e Gestão SGPS, S.A. and Secil – Companhia Geral da Cal e Cimentos, S.A.
- Since 2007 - Chairman of the Remuneration Committee of Portucel, S.A.
- Since 2014 - Member of the Remuneration Committee of CTT- Correios de Portugal, S.A.
- Since 2015 - Non-executive director and Member of the Remuneration and Nomination Committee of Gestmin SGPS, S.A., and Non-executive director of Gestmin Serviços, Lda.

José Guilherme Xavier de Basto

Positions Held at the Bank

- Member of the Remuneration and Welfare Board

Academic and Specialised Qualifications

- Licentiate Degree in Law from the University of Coimbra
- Supplementary Course of Political-Economic Sciences
- 1961/1974 – Professor of Political Economics and Fiscal Law at the Faculty of Law of the University of Coimbra
- 1974/2004 (retirement) - Lectured on Taxation and Tax Harmonisation at the School of Economics of the University of Coimbra
- Published books and articles on taxation and fiscal law, especially concerning VAT and personal income tax

Professional Experience in the Last Ten Years Relevant to the Position

- 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 Tax Consultants Association
- Member of the Research Office of the Chartered Accountants Association
- 1988/2007 - Member of the Privatisation Monitoring Commission
- 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 Audit Committee of Banco Comercial Português, S.A.
- 28 February 2012/19 October 2012 - Member of the Board of Directors of the Millennium bcp Foundation
- 2012/May 2015 - Member of the Board of Directors and Audit Committee of Banco Comercial Português, S.A.

José Luciano Vaz Marcos

Positions Held at the Bank

- Member of the Remuneration and Welfare Board

Academic and Specialised Qualifications

- Licentiate Degree in Law from the Faculty of Human Sciences of Universidade Católica Portuguesa
- Lecturer in post-graduation courses in different Portuguese Universities and at conferences on urban issues, spatial planning and public contracting

Professional Experience in the Last Ten Years Relevant to the Position

- Partner of FALM-Ferreira de Almeida, Luciano Marcos & Associados – Sociedade de Advogados, RL
- Works mainly in legal counsel in the areas of Urban and Real Estate Law, Public Contracting, Civil Law, Commercial and Tax Law
- Since 1996, has provided consultancy services to companies in the areas of real estate, tourism, entertainment, industrial parks and urban restructuring operations, and to companies in the public contracting area
- Since 1996, has intervened frequently in tender processes for concession, under the regime of Public Private Partnerships

Manuel Pinto Barbosa

Positions Held at the Bank

- Member of the Remuneration and Welfare Board

Academic and Specialised Qualifications

- Licentiate Degree in Finance from the Economic and Financial Sciences Institute (ISCEF) of Universidade Técnica de Lisboa
- Masters from Yale University
- Doctorate from Yale University and Aggregation from Universidade Nova de Lisboa
- Former Professor at the Faculty of Economics of Universidade Nova de Lisboa

Professional Experience in the Last Ten Years Relevant to the Position

- 1994/2006 - Member of the Governing Board of the Luso-American Foundation
- 2002/2006 - Non-executive director of Portugal Telecom - PTII
- 2004/2006 – Chairman of the Board of Directors of TAP
- Since 2005 - Chairman of the Supervisory Board of TAP Portugal
- Since 2007, Chairman of the Remuneration Committee of Cimpor
- Currently Chairman of the Board of Directors of Nova Fórum

Annual Report for 2015

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Banco Comercial Português, S.A.,
Public Company

Head Office:
Praça D. João I, 28
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Share Capital:
4,094,235,361.88 euros

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