

2014

Annual Report

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

ANNUAL REPORT FOR 2014

BANCO COMERCIAL PORTUGUÊS, S.A.

Public Company

Head Office: Praça D. João I, 28, 4000-295 Porto - Share Capital of 3,706,690,253.08 euros
Registered at Porto Commercial Registry, under the single registration and tax identification
number 501 525 882



The Annual Report 2014 is a translation of the Relatório e Contas de 2014 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 2014 prevails.

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

CONTENTS

INFORMATION ON THE BCP GROUP	4
Message from the Chairman of the Board of Directors and the Chairman of the Executive Committee	5
Key Indicators	8
Main Highlights	10
BCP Group in 2014	12
Business Model	17
Governance	21
Main Events in 2014	23
Responsible Business	27
BCP Share	41
Qualified Holdings	46
Economic Environment	47
Main Risks and Uncertainties	50
Information on trends	52
Vision, Mission and Strategy	54
FINANCIAL INFORMATION	56
Liquidity and Funding	57
Capital	58
Results and balance sheet	61
Business Areas	87
Pension Fund	115
BCP ratings	117
RISK MANAGEMENT	118
Risk Management	119
Exposure to Activities and Products Affected by Financial Crisis	136
Internal Control System	137
Compliance with the Recommendations on the Transparency of Information and Valuation of Assets	139
SUPPLEMENTARY INFORMATION	143
Financial Statements for 2014	144
Proposed application of the 2014 Results	146
ACCOUNTS AND NOTES TO THE CONSOLIDATED ACCOUNTS FOR 2014	147
ACCOUNTS AND NOTES TO THE INDIVIDUAL ACCOUNTS FOR 2014	281
DECLARATION OF COMPLIANCE	386
ANNUAL REPORT OF THE AUDIT COMMITTEE	389
OPINION OF THE AUDIT COMMITTEE	400
EXTERNAL AUDITORS' REPORT	403
CORPORATE GOVERNANCE REPORT	413

Information on the BCP Group

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

In 2014, the rate of global growth remained moderate, reflecting the loss of vitality of the emerging economies and the anaemic growth registered in the developed countries, particularly in the Eurozone.

In the Eurozone, in spite of the fall in interest rates to record lows, the significant depreciation of the euro and the general appreciation of European financial assets, credit and investment remained below expected growth levels, private consumption stagnated and unemployment remained high. Even so the moderate growth of the Eurozone countries in 2014 represented an improvement relative to the contraction observed in the preceding year.

In this context and in the absence of inflationary pressures, the European Central Bank (ECB) reinforced its monetary policy through the reduction of the main refinancing rate to 0.05%, placing the rate of the deposit facility at negative values (-0.20%), new refinancing operations and a mortgage bond purchase and credit securitisation programme. As a result, the very short-term euro reference rates ended 2014 in negative territory.

Nevertheless, the Portuguese economy grew 0.9% in 2014, following three consecutive years of recession, driven by the improvement of private consumption and investment, as well as export growth. In 2015, the recovery trend for economic activity should continue to be underpinned by domestic demand, in spite of the risks of some uncertainty in European economic policy and, domestically, because it is an election year.

In the other geographical areas where Millennium bcp has operations, performances were positive but diverse. In Poland, economic activity in 2014 accelerated relative to the previous year, benefiting from the buoyancy of domestic demand and the resilience of exports. There were, however, worsening deflationary pressures that led to a more accommodative monetary policy stance, reflected in the depreciation of the zloty. In Angola, the slowdown in non-oil sector activity and the contraction in the levels of oil extraction resulted in a slowdown of GDP, which nonetheless and according to the IMF achieved a 3.9% growth in 2014. In Mozambique, the sound performance of the mining, construction and financial services sectors enabled the economy to remain on a strong growth path, which the IMF estimates to have been 7.5% in 2014.

For the BCP Group, 2014 was a very important year, since the bank was able to reverse the trend of net losses and achieved the main targets of the agreement signed with the Directorate-General for Competition (DG Comp) and of the Strategic Plan ahead of initial expectations.

Following the capital increase of approximately 2.242 billion Euros, completed successfully despite the very unfavourable economic environment, 1.85 billion Euros of CoCos were repaid to the State, in addition to the 400 million Euros that had been paid in the first half of the year. It is important to highlight that the Bank currently has only 750 million Euros of exposure to the State, down from 3 billion Euros in CoCos from the support received in the first half of 2012. We thereby reduced the pressure on net interest income and moved a few steps closer to guaranteeing our independence.

We would like to take this opportunity to express our gratitude for the vote of confidence the Shareholders and new investors expressed regarding Millennium bcp's restructuring plan, which leaves the Bank better prepared to face future challenges.

In addition, during this year, Millennium bcp continued to divest non-core activities, with a favourable impact on capital. The Non-Life subsidiary Ocidental was sold and the bank signed agreements for the sale of the operation in Romania (completed at the start of 2015) and of Millennium Gestão de Activos.

The annual consolidated net income of -226.6 million Euros reveals a clear improvement in relation to the net loss of 740.5 million Euros recorded in 2013, reflecting the increasing contribution of the international operations and the favourable evolution of the profitability of the activity in Portugal, in line with the trends forecast in the Strategic Plan.

The international operations (Poland, Angola, Mozambique, Switzerland and Cayman Islands) contributed to consolidated results with 201.5 million Euros (310.0 million Euros before minority interests), a year-on-year increase of 13.1%.

It is important to underline the excellent evolution of the consolidated operating profit, which more than doubled, from 474 million Euros in 2013 to 1.143 billion Euros in 2014, which reflects the very

positive contribution of net interest income (+31.6%) and the significant reduction in operating costs (-11.2%).

The activity in Portugal in 2014 registered a significant improvement in net operating revenues (+49.5%), driven by the very positive performance of net interest income (+53.7%), sustained by the continued decline in the cost of term deposits and by the lower level of interest associated with CoCos.

In 2014, efforts to reduce operating costs continued, especially in Portugal, with a decline of 19.5% (-5.9%, excluding specific items), achieving the targets set out in the Strategic Plan, namely the restructuring of the domestic operation, with the reduction of total staff, from 8,584 in December 2013 to 7,795 in December 2014, and of branches, from 774 in December 2013 to 695 in December 2014, as well as the decrease in salaries undertaken in the third quarter of 2014.

New net past due loans in Portugal declined by 14.7%, which led to a recurrent reduction of the cost of risk, in spite of the reinforcement of provisioning, due to the recording of the impacts of the Asset Quality Review exercise. Nevertheless, the consolidated ratios of credit at risk (12.0%) and of NPL (11.5%) remained high, having slightly increased relative to the previous year.

In terms of liquidity, at the end of the year the Bank presented a well-balanced balance sheet, having reduced its commercial gap by more than 4 billion Euros relative to December 2013, through a combination of an increase in customer deposits (+2.5%) and a reduction in loans granted to customers (-4.3%).

The ratio of net loans to total balance sheet customer funds fell from 108%, in December 2013, to 102%, in December 2014, whereas the ratio of net loans to deposits (pursuant to the criteria of the Banco de Portugal) decreased from 117% in December 2013 to 109%, in December 2014, well below the recommended limit of 120%.

The use of funding from the ECB fell to 6.6 billion Euros (1.5 billion Euros of which are relative to TLTRO), compared with 10 billion Euros recorded at the end of 2013, with the State guaranteed issues having been fully reimbursed. At the end of the year, the Bank had a pool of eligible assets at the ECB of 14.2 billion Euros (net of haircuts).

Regarding capital levels, the common equity tier 1 ratio came to 12.0% according to the phased-in criterion and to 8.9% on a fully implemented basis (considering the new deferred tax assets regimen). These figures already reflect the exogenous impacts arising from the change in the discount rate of the pension fund to 2.5% via the decline in market yields, the recording of the impact of the AQR and the favourable evolution of operating profit.

During 2014, we showed that we were closer than ever to our Customers and supported the economies where we have operations.

In Portugal, we held the Millennium Days for Companies and the Millennium Days for Agricultural Entrepreneurship to support companies from all regions, both in their internationalisation and in the reinforcement of their competitiveness. We also signed new protocols and new funding lines to continue to ensure the most advantageous conditions for our corporate customers. And because we believe that it is crucial to contribute to society's cultural enrichment, we exhibited the Bank's collection of art works, at various points throughout the country. It is also important to highlight the work of the Millennium bcp Foundation in social responsibility initiatives, namely in institutional cultural patronage, having supported the reconstruction of works of a high architectural and patrimonial value in our country.

In Poland, Bank Millennium continued to develop the functionalities and services for the mobile channel and reinforced its commitment to the companies segment with an increase in funding for companies and with the launch of products and services more oriented towards the needs of the Polish corporate sector. Millennium Angola maintained its leading position in the financing of Angolan SMEs through the "Angola Invests" programme and launched the "SME Excellence", with preferential services and conditions for financially solid companies with innovative and sustainable projects. In Mozambique, Millennium bim maintained its relevant role in supporting Mozambican SMEs, with a series of products and services aimed at supporting day-to-day management, investment and international trade.

In 2015, we will pay close attention to the context of uncertainties that may constrain the banking activity, namely those regarding the political and macroeconomic outlook, the maintenance of a long horizon of low interest rates, the structural changes in the competitive environment and, in addition, the requirements arising from the entry into force of the new European supervisory model, with new capital requirements.

We will continue to take, with determination, all the necessary measures to ensure the sustainable growth of Millennium bcp, focusing our strategy on the recovery of the profitability of the operation in

Portugal and in the development of our operations in other geographical areas, whose contribution has been of vital importance for the Group.

We would also like to say a special word of thanks to all the Employees who, through their commitment, perseverance and professionalism, play a fundamental role in the Group's performance.

Thanks to the efforts made by all, we are building a more efficient Millennium bcp, to continue to serve our Customers with excellence, ensuring a leading position in the markets where we operate and adequately guaranteeing the interests of our Shareholders and other Stakeholders.

Nuno Amado

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

António Monteiro

Chairman of the Board
of Directors

KEY INDICATORS

	Million euros					
	2014	2013	2012	2011	2010	Chan. % 14/13
Balance sheet						
Total assets	76,361	82,007	89,744	93,482	98,547	-6.9%
Loans and advances to customers (net) (1)	53,686	56,353	58,415	63,046	68,604	-4.7%
Total customer funds (1)	64,739	64,260	63,936	60,950	62,302	0.7%
Balance sheet customer funds (1)	52,593	52,392	52,545	49,846	47,937	0.4%
Customer deposits (1)	49,817	48,595	46,181	44,308	42,204	2.5%
Loans to customers, net / Customer deposits (2)	108%	117%	128%	145%	164%	
Loans to customers, net / Customer deposits (3)	109%	117%	128%	143%	-	
Shareholders' equity and subordinated debt	6,238	6,945	7,671	4,973	7,153	-10.2%
Profitability						
Net operating revenues	2,292	1,769	2,101	2,311	2,902	29.6%
Operating costs	1,150	1,295	1,321	1,465	1,543	-11.2%
Impairment and Provisions	1,316	1,287	1,319	1,730	941	2.3%
Income tax						
Current	101	116	81	66	54	-12.7%
Deferred	-199	-326	-213	-495	-40	
Non-controlling interests	110	94	82	86	59	17.5%
Net income attributable to shareholders of the Bank	-227	-740	-1,219	-849	344	
Return on average shareholders' equity (ROE)	-6.5%	-26.5%	-35.4%	-22.0%	9.8%	
Income before tax and non-controlling interests / Average equity (2)	-5.1%	-24.9%	-31.5%	-27.3%	10.6%	
Return on average total assets (ROA)	-0.1%	-0.8%	-1.3%	-0.8%	0.4%	
Income before tax and non-controlling interests / Average net assets (2)	-0.3%	-1.0%	-1.4%	-1.2%	0.4%	
Net interest margin	1.6%	1.1%	1.3%	1.7%	1.7%	
Net operating revenues / Average net assets (2)	2.8%	2.1%	2.3%	2.4%	3.0%	
Cost to income (2) (4)	51.7%	66.5%	62.6%	57.8%	54.1%	
Cost to income - activity in Portugal (4)	53.7%	80.9%	68.9%	60.2%	48.0%	
Staff costs / Net operating revenues (2) (4)	28.6%	36.8%	35.5%	32.2%	29.0%	
Credit quality						
Crédito vencido há mais de 90 dias / Crédito total (10)	7.3%	7.1%	5.8%	4.2%	3.0%	
Overdue loans (>90 days) + doubtful loans / Total loans (2)	9.6%	9.2%	8.1%	6.2%	4.5%	
Overdue loans (>90 days) + doubtful loans, net / Total loans, net (2)	3.8%	3.7%	1.9%	1.4%	1.2%	
Credit at risk / Total loans (2)	12.0%	11.9%	13.1%	10.1%	7.1%	
Credit at risk, net / Total loans, net (2)	6.3%	6.6%	7.2%	5.5%	4.0%	
Total impairment / Overdue loans (>90 days)	83.1%	80.1%	92.7%	115.0%	109.4%	
Cost of risk	194 p.b.	137 p.b.	157 p.b.	186 p.b.	93 p.b.	
Capital (5)						
Common equity tier I (CRD IV/CRR phased-in)	12.0%	-	-	-	-	
Common equity tier I (CRD IV/CRR fully-implemented) proforma (6)	8.9%	-	-	-	-	
Own Funds (7)	5,800	6,421	6,773	5,263	6,116	
Risk Weighted Assets (8)	42,376	43,926	53,271	55,455	59,564	
Core tier I (Basel II) (2)	-	13.8%	12.4%	9.3%	6.7%	
Core Tier I ratio EBA	-	10.8%	9.8%	-	-	
Tier I (Basel II) (2)	-	12.9%	11.7%	8.6%	9.2%	
Total (Basel II) (2)	-	14.6%	12.7%	9.5%	10.3%	
BCP share						
Market capitalisation (ordinary shares)	3,561	3,279	1,478	980	2,732	8.6%
Adjusted basic and diluted earnings per share (euros)	(0.005)	(0.022)	(0.058)	(0.031)	0.020	
Market values per share (euros) (9)						
High	0.1406	0.1060	0.0692	0.2270	0.3207	
Low	0.0650	0.0447	0.0307	0.0374	0.2020	
Close	0.0657	0.0966	0.0435	0.0509	0.2020	

Note: The data and indicators disclosed result from the financial statements in each year, except when referred. Following the classification of activities as discontinued operations between 2012 and 2014, 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 2010); Millennium bank in Greece (2012 to 2010).

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

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

(4) Excludes the impact of specific items.

(5) Capital ratios based on the IRB approach - detailed information in the chapter "Capital".

(6) Calculated based on the Notice from Bank of Portugal no. 3/95 and Law no. 61/2014 published on 26 August 2014 related with DTA.

(7) Own funds calculated according to Notice from Bank of Portugal no. 6/2010 between 2010 and 2013 and according to CRD IV/CRR in 2014.

(8) Risk weighted assets according to Bank of Portugal rules (Notice no. 5/2007, 7/2007, 8/2007 and 9/2007) between 2010 and 2013 and according to CRD IV/CRR in 2014.

(9) Market value per share adjusted from the capital increase that occurred in 2014.

(10) Excludes guarantees.

	Unit	2014	2013	2012	2011	2010	Change 14/13
CUSTOMERS							
TOTAL OF CUSTOMERS	Thousands	5,282	5,162	5,523	5,384	5,163	2.3%
Interest paid on deposits and interbak funding	Million euros	897	1,148	1,774	1,722	1,160	-21.9%
Claims registered	Number	71,348	81,719	81,146	74,638	75,934	-12.7%
Claims resolved	Percentage	95.1%	98.5%	94.1%	98.5%	99.0%	
ACCESSIBILITIES							
BRANCHES	Number	1,373	1,518	1,699	1,722	1,744	-9.6%
Activity in Portugal		695	774	839	885	892	-10.2%
International activity		678	744	860	837	852	-8.9%
Branches opened on Saturday		140	131	131	148	74	6.9%
Branches with access conditions to people with reduced mobility		981	1,137	1,031	1,015	1,142	-13.7%
Internet	Users number	1,377,480	1,352,188	1,303,603	1,204,624	1,112,317	1.9%
Call Center	Users number	301,338	230,046	257,963	276,315	287,184	31.0%
Mobile banking	Users number	506,976	339,095	221,475	165,636	163,645	49.5%
ATM	Number	3,112	3,341	3,658	3,708	3,904	-6.9%
EMPLOYEES							
PORTUGAL EMPLOYEES	Number	7,795	8,584	8,982	9,959	10,146	-9.2%
INTERNATIONAL EMPLOYEES (1)	Number	9,908	10,136	11,383	11,549	11,224	-2.2%
LABOUR INDICATORS (2)							
Breakdown by professional category	Number						
Executive Committee		33	36	34	36	42	-8.3%
Senior Management		161	165	175	207	206	-2.4%
Management		1,768	1,874	1,981	2,013	2,019	-5.7%
Commercial		10,648	11,013	11,966	12,599	12,288	-3.3%
Technicians		3,641	3,921	4,040	4,226	4,156	-7.1%
Other		1,452	1,711	2,223	2,486	2,586	-15.1%
Breakdown by age	Number						
<30		3,387	3,710	4,335	4,998	4,992	-8.7%
[30-50[10,925	11,510	12,716	13,142	13,178	-5.1%
>=50		3,391	3,500	3,368	3,427	3,127	-3.1%
Average age	Years	37	36	36	35	35	1.6%
Breakdown by contract type	Number						
Permanent		16,329	17,504	18,906	19,709	19,531	-6.7%
Temporary		1,073	894	1,272	1,769	1,706	20.0%
Trainees		301	329	241	89	60	-8.5%
Employees with working hours reduction	Number	155	169	157	184	171	-8.3%
Recruitment rate	Percentage	8.1%	6.6%	7.2%	10.5%	9.6%	22.2%
Internal mobility rate	Percentage	16.4%	15.9%	24.9%	17.7%	15.2%	3.3%
Leaving rate	Percentage	11.1%	9.1%	13.1%	10.2%	9.1%	22.2%
Free association (3)	Percentage						
Employees under Collective Work Agreements		99.6%	99.7%	99.7%	99.7%	99.9%	-0.1%
Union Syndicated Employees		73.2%	75.9%	76.2%	76.2%	79.3%	-3.6%
Hygiene and safety at work (HSW)							
HSW visits	Number	180	376	621	655	673	-52.1%
Injury rate	Percentage	0.0%	0.0%	0.0%	0.0%	0.0%	
Death victims	Number	0	0	0	0	0	
Absenteeism rate	Percentage	3.6%	3.8%	3.5%	4.3%	4.5%	-5.9%
Lowest company salary and minimum national salary	Ratio	1.7	1.7	1.7	1.5	1.4	0.0%
ENVIRONMENT							
Greenhouse gas emissions	tCO2eq	52,938	74,574	80,072	74,356	81,736	-29.0%
Electricity consumption (4)	MWh	94,856	106,933	122,209	127,837	127,210	-11.3%
Production of waste (5)	t	1,584	1,311	1,553	1,474	1,038	20.8%
Water consumption	m3	566,131	365,671	402,414	393,623	415,522	54.8%
SUPPLIERS							
Time of payment and time contractually agreed, in Portugal	Ratio	1	1	1	1	1	0.0%
Purchase from local suppliers	Percentage	86.5%	92.6%	90.6%	90.7%	90.5%	
DONATIONS	Million euros	2.2	3.2	3.4	3.2	3.8	-32.1%

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

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

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

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

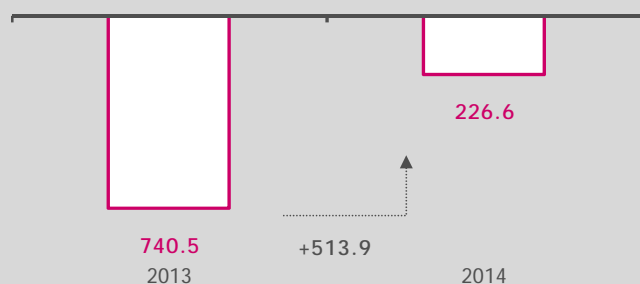
(5) Does not include Mozambique and Angola.

n.a. - Information not available.

MAIN HIGHLIGHTS

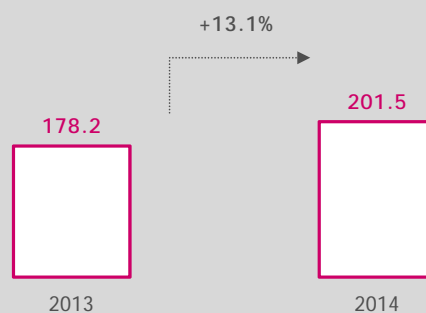
NET INCOME

Million euros



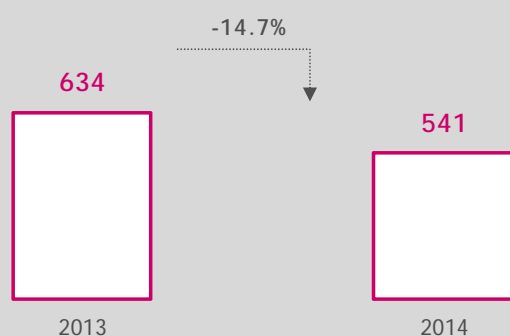
CONTRIBUTION OF THE INTERNATIONAL OPERATIONS

Million euros



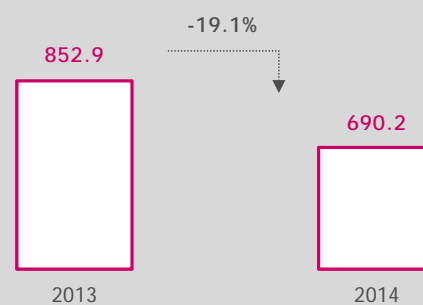
NEW ENTRIES IN NPL IN PORTUGAL, NET OF RECOVERIES

Million euros



OPERATING COSTS IN PORTUGAL

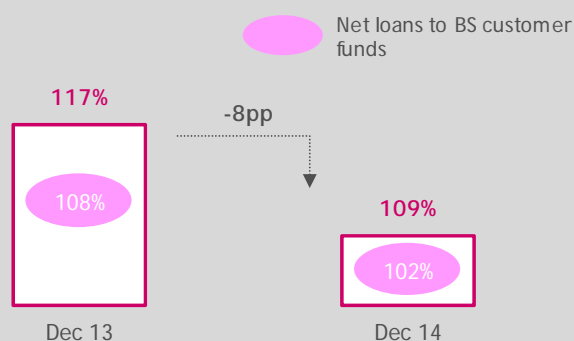
Million euros



* Operating costs decreased 5.9% in Portugal excluding specific non recurring items.

LOANS TO DEPOSITS*

(%)



* Calculated based on customer deposits and net loans to customers (BoP criteria)

CAPITAL RATIOS (CET1 - CRD IV / CRR)

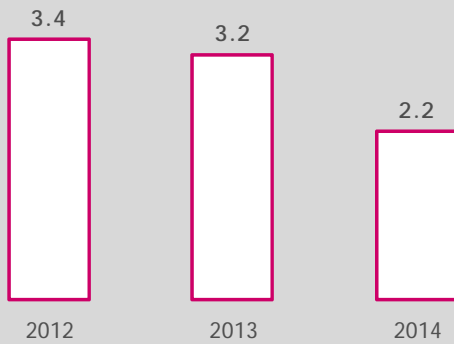
(%)



* Reflecting the new regime for deferred tax assets.

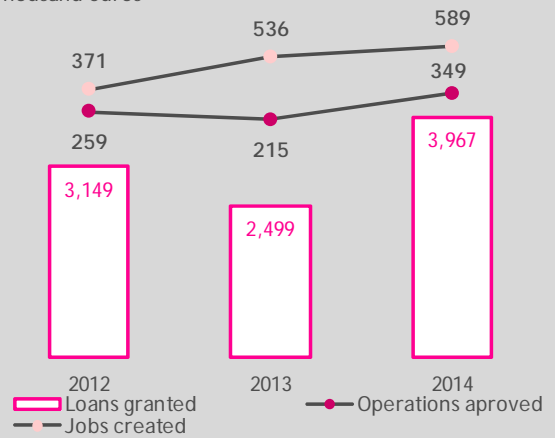
DONATIONS

Million euros



MICROCREDIT ACTIVITY

Thousand euros

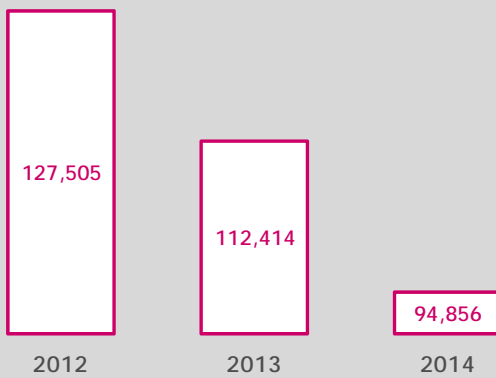


The indicator - Operations approved - is not comparable with previous years due to updated criteria.

The new - Operations approved - may have not be implemented in 2014 exercise.

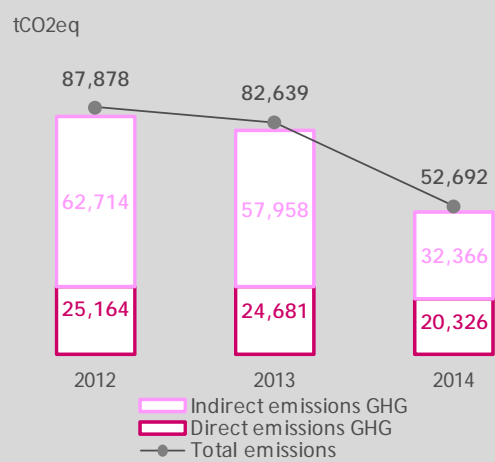
ELECTRICITY CONSUMPTION

MWh



GHG EMISSIONS

tCO2eq



BCP GROUP IN 2014

OVERVIEW

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

HISTORY

Foundation and organic growth to become a relevant player	Development in Portugal through acquisitions and partnerships	Internationalisation and creation of a single brand	Restructuring Process involving the divestiture in non-strategic assets
<p>1985: Incorporation</p> <p>1989: Launch of NovaRede</p> <p>Up to 1994: Organic growth, reaching a market share of approximately 8% in loans and deposits</p>	<p>1995: Acquisition of Banco Português do Atlântico, S.A.</p> <p>2000: Acquisition of Banco Pinto & Sotto Mayor from CGD and incorporation of José Mello Group (Mello Bank and Império)</p> <p>2004: Agreement with CGD Group and Fortis (Ageas) for the insurance business</p>	<p>1993: Beginning of the presence in the East</p> <p>1995: Beginning of the presence in Mozambique</p> <p>1998: Partnership agreement with BBG (Poland)</p> <p>1999: Set up of a greenfield operation in Greece</p> <p>2000: Integration of the insurance operation into Eureka</p> <p>2003:</p> <ul style="list-style-type: none"> - Banque Privée incorporation - Change of Poland operation's denomination to Bank Millennium <p>2006: Adoption of a single brand "Millennium"</p> <p>2006: BMA incorporation</p> <p>2007: Beginning of activity in Romania</p> <p>2008: Strategic partnership agreement with Sonangol and BPA</p> <p>2010: Transformation of Macau branch from off-shore</p>	<p>2005:</p> <ul style="list-style-type: none"> - Sale of Crédilar - Sale of BCM and maintenance of an off-shore branch in Macao - Divestiture in the insurance activity, following the partnership agreement with Ageas for the bancassurance activity <p>2006:</p> <ul style="list-style-type: none"> - 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 <p>2010:</p> <ul style="list-style-type: none"> - 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 <p>2013:</p> <ul style="list-style-type: none"> - 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 <p>2014:</p> <ul style="list-style-type: none"> - 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 Média - Agreement for the sale of the entire share capital of Millennium bcp Gestão de Ativos

COMPETITIVE POSITIONING

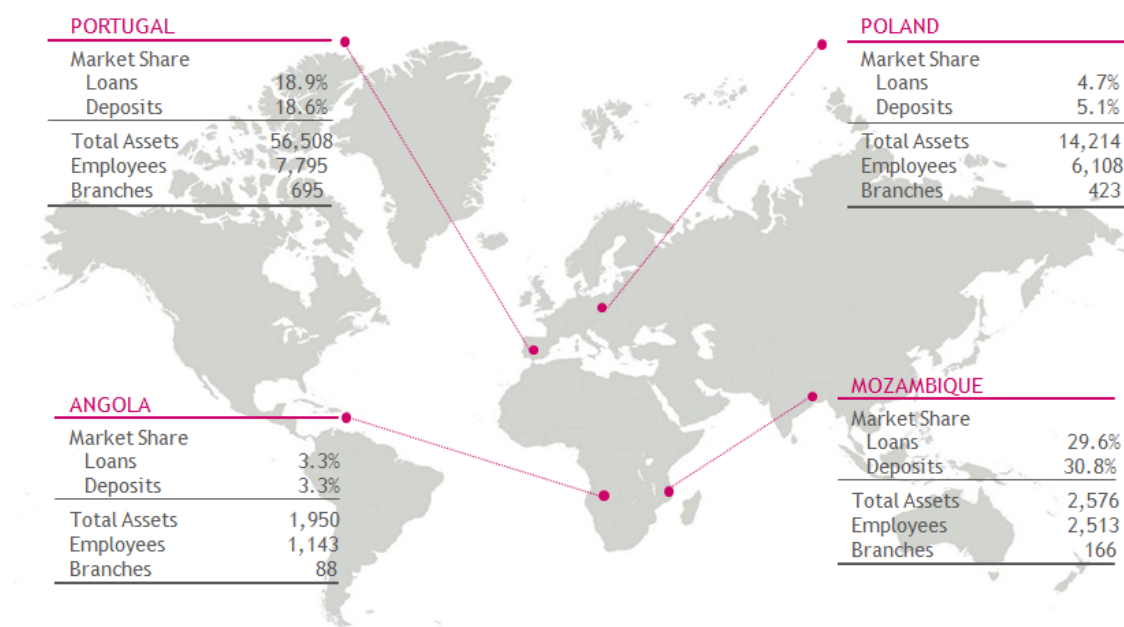
Millennium bcp is the largest Portuguese privately-owned banking institution, with the second largest branch network in Portugal (695) and a position of growing expansion in other countries where it operates, especially in African affinity markets.

Always attentive to the Customers in order to understand their needs, the Bank offers a wide range of banking products and financial services, directed to Individuals and Companies. The Bank 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 makes the Bank distinctive and differentiated from the competition. Accompanying the changes in consumer preferences for digital banking, the development of ActivoBank represents a privileged way of serving a group of urban customers who are young at heart, intensive users of new communication technologies and who value simplicity, transparency, trust, innovation and accessibility in banking relations.

By the end of 2014, operations in Portugal accounted for 74% of total assets, 77% of total loans to customers (gross) and 75% of total customer funds. The Bank had over 2.3 million customers in Portugal and market shares of 18.9% and 18.6% for loans to customers and customer deposits, respectively.

Millennium bcp was also present in the five continents of the world through its banking operations, representative offices and/or commercial protocols, serving over 5.5 million customers, at the end of 2014.



Millennium bcp continues to pursue plans to expand its operations in Africa. Millennium bim, a universal bank, has been operating since 1995 in Mozambique, where it is the leading bank, with over 1.3 million customers, 29.6% of loans to customers and 30.8% of deposits. Millennium bim is a highly reputed brand in the Mozambican market, associated with innovation, significant penetration in terms of electronic banking and an 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, dynamic communication, availability and convenience. In Angola, the Group aspires, with the investment in progress, to become a reference player in the banking sector in the medium term. In 2013, BMA constituted a corporate centre dedicated to the oil industry, a sector characterised by low credit positions (loan-to-deposit ratio of 6.2% as at 31 December 2014) and generator of funds in foreign currency. In this segment, BMA mainly provides treasury and trade finance services. As at 31 December 2014, the Bank had a market share of 3.3% both in loans to customers and deposits.

In Poland, Bank Millennium has a well-distributed network of branches, supported on modern multi-channel infrastructure, top service quality, high brand recognition, a robust capital base, comfortable

liquidity and solid risk management and control. At the end of 2014, Bank Millennium had market share of 4.7% in loans to customers and 5.1% in deposits.

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

The Bank also has 10 representative offices (1 in the United Kingdom, 1 in Germany, 3 in Switzerland, 2 in Brazil, 1 in Venezuela, 1 in China in Canton and 1 in South Africa), 5 commercial protocols (Canada, USA, Spain, France and Luxembourg) and 1 commercial promoter (Australia).

MILLENNIUM NETWORK

DISTRIBUTION NETWORK

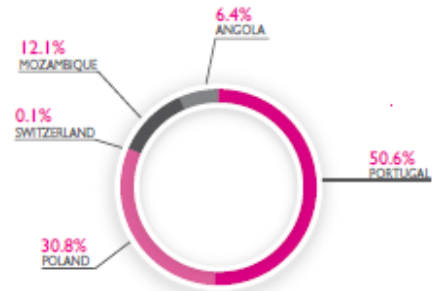
1,373 MILLENNIUM BRANCHES

NUMBER OF BRANCHES

	2014	2013	2012	Change % '14/'13
TOTAL IN PORTUGAL^(*)	695	774	839	-10.2%
Poland	423	439	447	-3.6%
Switzerland	1	1	1	-
Mozambique	166	157	151	5.7%
Angola	88	82	76	7.3%
TOTAL OF INTERNATIONAL OPERATIONS	678	679	675	-0.1%
TOTAL	1,373	1,453	1,514	-5.5%

(*) Includes Macao branch.

BRANCHES BREAKDOWN



PORTUGAL



TOTAL OF BRANCHES 695^(*)

BRANCHES OPENED ON SATURDAY 151

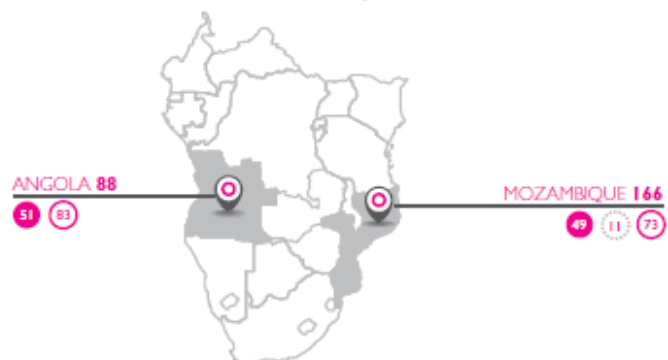
BRANCHES WITH DIFFERENTIATED SCHEDULE 460

BRANCHES WITH ACCESS CONDITIONS TO PEOPLE WITH REDUCED MOBILITY 1

(*) Includes Macao branch.

INTERNATIONAL
POLAND AND SWITZERLAND

ANGOLA AND MOZAMBIQUE



REMOTE CHANNELS AND SELF-BANKING

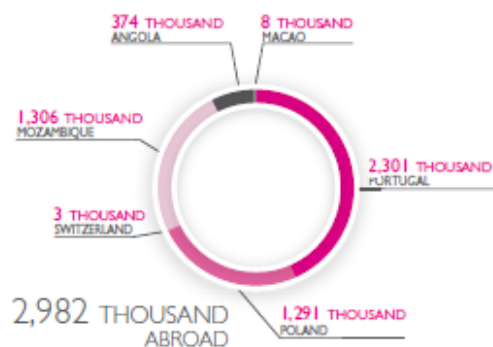
5.283 MILLION CUSTOMERS

	Internet	Call Centre	Mobile Banking	ATM (*)	POS (**)
TOTAL IN PORTUGAL	547,161	96,897	96,559	2,013	35,307
Poland	828,780	92,024	145,000	539	-
Switzerland	233	-	-	-	-
Mozambique	16,003	112,412	265,308	440	6,009
Angola	1,539	5	109	120	1,780
TOTAL OF INTERNATIONAL OPERATIONS	846,555	204,441	410,417	1,099	7,789
TOTAL	1,393,716	301,338	506,976	3,112	43,096

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, and is present in the following markets: Poland, Mozambique, Angola and Switzerland. All its banking operations develop their activity under the Millennium brand. Always attentive to the challenges imposed on an increasingly more global market, the Group also ensures its presence in the five continents of the world through representative 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, in particular asset management and insurance.

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 2014, the Bank had 695 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 (18.9%), and customer deposits (18.6%), in December 2014.

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 customer base, 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 become 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 instruments (CoCos) underwritten by the Portuguese State in 2014, bringing forward the full repayment of these instruments to 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.

Innovation and capability to deliver

Since its incorporation, the Bank has built a reputation associated with innovation. BCP was the first bank in Portugal to introduce specific innovative concepts and products, including direct marketing methods, branch layouts based on customer profiles, salary accounts, simpler branches ("NovaRede"), telephone banking services, health insurance (Médias) 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. Other examples of innovative solutions include: (i) "Commercial GPS", a new commercial efficiency programme in the SME and Corporate network sectors of Millennium bcp, which permits detection of sale opportunities for SMEs and Corporate Customers through CRM software installed on a tablet, enabling relationship managers to be in contact with their Customers in a more efficient manner; (ii) "Service to Sales", focused on the adjustment of the service model in mass market branches (level of staff per branch, employee operation model, customer card readers) to maximise personal contact with Customers, take advantage of cross-selling opportunities and offer customer-tailored solutions; and (iii) Mobile Banking for companies, which permits the validation of operations on the mobile phone without having to register on Millennium bcp's website.

Technology

With the purpose of continuing improvement of its information systems, the Bank developed a series of initiatives and structuring projects, among which the following are particularly noteworthy: the start-up of a project to renew the Treasury systems, which includes, in addition to Portugal, the operations of Poland, Angola and Mozambique; the creation, on the "millenniumbcp.pt" website, of an exclusive area with information and a differentiating offer for Shareholders of the Bank; the implementation, on the ActivoBank website, of the SaxoBank trading platform, and the renewal of the Apps for individual Customers of Millennium bcp and ActivoBank, including the provision of the new version of the respective Stock Market Apps. Also noteworthy is the launch of the new application for collateral management, which simplifies the management of processes associated to guarantees received by the Bank; the provision of the decentralised capture of cheque images, which ensured the feasibility of the scanning and capture of the image of the cheque at the counter and its sending in digital format to SIBS; the project to evaluate the application portfolio, with the objective of optimising all the applications under management and the implementation of a new tool to support credit decision strategies. Particular reference should be made to the provision of new resources to Companies, Corporate and Private Banking Networks, which enable the Employees of these networks to access their desktop remotely, an important contribution to a new way of working. Furthermore, with regard to Companies and Corporate Networks, the provision of a new version of the "Commercial GPS" tool is also noteworthy. It is also worth highlighting the implementation of a Disaster Recovery Plan for the Bank's websites and mobile solutions, which guarantees, in the event of an anomaly, the continuing operation of these services, and the conclusion of the Office Printing 2 project involving the technological renewal of the printer fleet. In addition, it is important to mention the start-up of the "GO Paperless" project aimed at transforming and simplifying business processes through the "dematerialisation" of operations, using e-document production and signature solutions and the development projects of the new Web solution for Mobile directed at Individual Customers, as well as the Forex Trading Platform integrated in the Companies portal, which provide a more complete offer adapted to the needs and behaviour of Customers, increasingly based on digital channels.

Within the scope of the projects of a legal and/or regulatory nature, it is important to mention the implementation of a new solution that enables compliance with the requirements relative to Common Reporting (COREP) and Financial Reporting (FINREP), in addition to the continuing adaptation of the systems to the new requirements relative to the issuing of invoices and communication to the Tax Authority.

Internet & Mobile

The Bank is committed to the innovation, maintenance and promotion of the Internet channels (Individuals and Companies), Mobile for Individuals (App Millennium, Mobile Web and Mobile SMS) and Mobile for Companies (App companies), and Facebook pages (Millennium Mobile and More Millennium).

In terms of Mobile services, in 2014 the Bank registered an increase in the number of users and operations carried out, of 33% and 55% respectively, relative to the previous year. The main innovations

consisted in the possibility of establishing deposits, the launch of a new version of the Millennium App, the updating of the MBolsa App for iOS and Android and a Millennium App version with an exclusive layout for Prestige Customers. According to the results of a mobile services user satisfaction survey, 91% of respondents indicated that they were satisfied or very satisfied.

With regard to the promotion of the Individuals website, the savings area was reformulated into the current Savings Centre, the multimedia platform area - MVideos, simulators and the subscription of new insurance were provided, the management of creditors (SEPA direct debits) was provided and interbank transfer costs were eliminated. Aimed at improving the user experience, several usability tests and workshops/proof of concept with Customers and Employees were also conducted. The number of users and transactions carried out increased by 2% and 3% respectively, relative to the same period of 2013.

Regarding the Companies website, new tools were made available to enhance and improve the control of the payment and collection movements of Companies within the SEPA area. A common area was also created for Companies, which brought together all the public domain information contents. In addition, the offer of tutorial videos was reinforced and interbank transfer costs were eliminated. Companies Customers continued to count on the permanent support of the various automatic channels, concerning the adaptation to the new SEPA formats, with special focus on the Companies Portal, where there were increases in the number of users and transactions, of 2% and 20% respectively, relative to 2013.

Access to the Millennium App and to the Individuals website were made available to non-depositor Customers, with registration provided through any ATM or the website, enabling them to consult financial information of products such as, among others, co-branded cards.

Through the Individuals website, the Shareholders Club was made available to all of the Bank's Shareholders, depositors and non-depositors, as a means of creating value through the provision of financial and non-financial offers and information to Shareholders through a dedicated Newsletter available on a quarterly basis.

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.

In 2014, Millennium bcp altered its positioning significantly, including the way in which it presents itself, interacts and communicates, based on the idea "For a new World, A new Millennium" .

The repositioning of the brand, undertaken in the first half of the year, emerged as a natural and expected evolution of an institution that understands change in the behaviour, needs and attitudes of all its Customers and of Society. Based on the motto "Millennium understands, Millennium resolves", the accompanying institutional campaign reinforced the moment of transition that the Bank, Families and the Economy are going through, in a clear acknowledgement that the world has changed and it is time to move forward.

Millennium bcp thus positions itself as a Bank that knows how to listen to its Customers and adjust to this new reality. Millennium which presents a new commercial attitude and with solutions and products that respond to the "new normal".

The new positioning of the Millennium bcp brand allows the Bank to introduce a more realistic, valid and transparent argument, presenting itself as an institution with a differentiating attitude - that of a closer and more available bank, that lives and understands the present moment.

The campaigns developed during 2014 were a reflection of this attitude and commitment. Both the institutional campaign "For a new World, a new Millennium" and the Companies campaign, under the slogan "Let's move forward", are noteworthy. More than the reinforcement of an intention, these campaigns represented a landmark of a communication strategy that was intended to be comprehensive and differentiated - with the updating of contents, graphic layouts, concepts and messages - as well as focus on differentiating and innovative communication supports, as a way for the Bank to be increasingly close to its Customers.

Main awards received¹

In 2014, the Bank received several awards, of which the following are noteworthy:

- Distinction of Bank Millennium in Poland in the “2014 European Structured Products Awards”, in the category of “Best Distributor of Structured Products in Poland in 2013”;
- Recognition of Millennium bim by consumers as the Best Brand in Mozambique in the banking sector. The award is attributed annually by the organisation Best Brands of Mozambique, a partnership between DDB and Intercampus;
- Election of Médis for the sixth time and for the fourth year consecutively, as Trusted Brand in the category of Health Insurance, by the readers of Seleções do Reader's Digest.
- Recognition of Millennium bim for its performance in the banking sector, having conquered, for the fifth consecutive time, the "Best Bank of Mozambique 2014" award, a distinction attributed annually by Global Finance magazine;
- Classification of ActivoBank in 1st place in Marktest's 2014 Reputation Index ranking, in the Online Banking category;
- Award of the Good Social Responsibility Practices Prize, in the area of External Social Responsibility, by the Portuguese Association of Contact Centers.
- “Best Internet Bank” in Portugal and in Poland in the “Corporate/Institutional” category, awarded by Global Finance within the scope of the World's Best Internet Banks in Europe 2014.
- Award of the PC Guia's reader prize in the category of best online banking site, which distinguishes brands, products and services of excellence in the national technological sector.
- Election of Millennium bcp as "Best Private Bank" in Portugal by Wealth & Finance International, a magazine specialised in financial services.
- Distinction of Médis as "Consumer Choice" in the category of Health Systems, the prize awarded by the Consumer Choice, Consumer Satisfaction Assessment Centre, for the second consecutive year.
- Nomination of Banco Millennium Angola as "Bank of the Year - Angola 2014" by The Banker magazine.
- First place in the Internet Banking category of the ranking of "Friendly Bank 2014" awarded by Newsweek magazine to Bank Millennium (Poland).

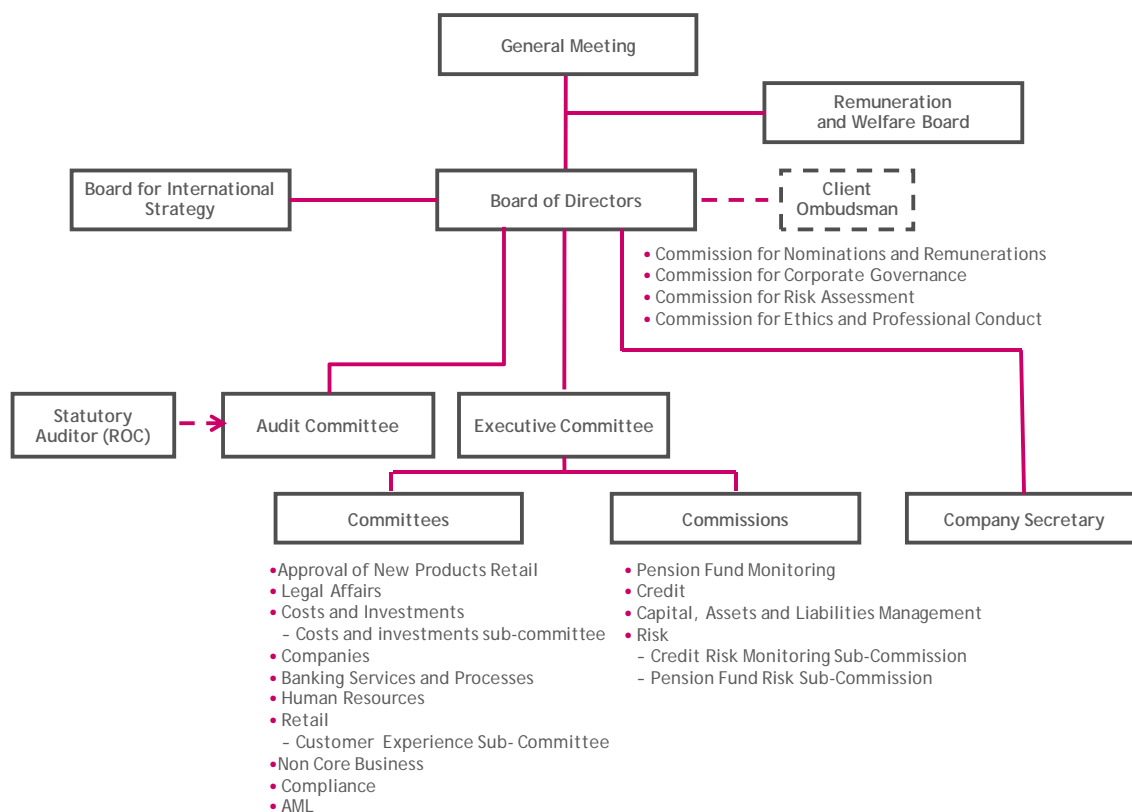
¹ Awards are the exclusive responsibility of the entities that attributed them.

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 was deliberated at the General Meeting.

ORGANISATIONAL CHART OF THE COMPANY'S CORPORATE GOVERNANCE MODEL



The General Meeting is the highest governing body of the company, representing the entirety of the Shareholders, and its deliberations are binding for all when taken under the 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 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 2014 was composed of 20 permanent members, with 13 non-executives, including 2 members appointed by the State for the period the public investment to strengthen the Bank's own funds is in force, 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 2014 the Executive Committee was assisted in its management functions by several committees and commissions which oversaw the monitoring of certain relevant matters.

The supervision of the company is ensured by an Audit Committee, elected by the General Meeting, composed of a minimum of 3 and 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)	•				•
Carlos José da Silva (Vice Chairman)	•				•
Nuno Manuel da Silva Amado (Vice Chairman 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 (*)	•			•	
Jaime de Macedo Santos Bastos	•		•		
João Bernardo Bastos Mendes Resende	•				
João Manuel de Matos Loureiro (Chairman CAUD)	•		•		
José Guilherme Xavier de Basto	•		•		
José Jacinto Iglésias Soares	•	•			
José Rodrigues de Jesus (*)	•		•		
Luís Maria França de Castro Pereira Coutinho	•	•			
Maria da Conceição Mota Soares de Oliveira Callé Lucas	•	•			
Miguel de Campos Pereira de Bragança (Vice Chairman of EC)	•	•			
Miguel Maya Dias Pinheiro (Vice Chairman of EC)	•	•			
Raquel Rute da Costa David Vunge	•				
Rui Manuel da Silva Teixeira	•	•			
José Manuel Archer Galvão Teles (Chairman of RWB)				•	
Manuel Soares Pinto Barbosa				•	
José Luciano Vaz Marcos				•	
Carlos Jorge Ramalho dos Santos Ferreira (Chairman of BIS)					•
Francisco Lemos José Maria					•
Josep Oliu Creus					•

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

MAIN EVENTS IN 2014

JANUARY

- Launch of a new multimedia advertising campaign focused on the account opening process at ActivoBank, dispensing with the use of paper.
- Launch of a major campaign, directed at Portuguese companies, announced on the covers of the main generalist and economic daily newspapers, marked by the innovation of the financial offer.
- Launch by Bank Millennium in Poland of a unique solution in the market enabling the obtainment of credit and the increase of credit card limits through a Mobile application.
- Launch by Bank Millennium in Poland of the Quick Withdrawal Credit service available to Customers without the need to submit a tax return.

FEBRUARY

- On 19 February 2014, issue of 500 million euros of bonds, representing senior unsecured debt, with a 3-year maturity and an annual coupon of 3.375%.
- Launch, on 4 February 2014, of the Millennium bcp Shareholders Service, through which the Bank intends to be closer to its Shareholders. Through this service, Shareholders, in addition to being able to access products and services of the Bank under preferential conditions, are able to benefit from a series of advantages and discounts agreed between Millennium bcp and its partners.
- Inauguration, on 14 February, of the exhibition "Loves" by the Millennium bcp Foundation, showcasing the traditional Valentine's handkerchiefs of Viana do Castelo, as well as the painting "Loves' Handkerchief" by Paula Rego.

MARCH

- The organization in Caldas da Rainha of another edition of the "Millennium Day for Companies", with the objective of being closer to Portuguese companies, supporting their internationalisation and reinforcing their competitiveness.
- Launch, by Millennium bcp, of the Savings Centre, an innovative service that combines a number of tools and applications that help Customers save, offering attractive solutions adapted to the profile of each Customer.
- Participation of Millennium bcp Microcredit in Idea Lab, an initiative promoted by the European Microfinance Network in Brussels, aimed at developing innovative ideas in the Microfinance area.
- Signing of an agreement by the Calouste Gulbenkian Foundation, Camões-Instituto da Cooperação e da Língua I.P., Banco Millennium bim and the Millennium bcp Foundation aimed at supporting the treatment of cancer patients at the Maputo Central Hospital, in Mozambique.
- Inauguration, by the Millennium bcp Foundation, of the archeological exhibition "Pre-Classical Lisbon, a Mediterranean port on the Atlantic coast" in the Millennium Gallery in Lisbon.

MAY

- Agreement with the international insurance group Ageas regarding the partial reformulation of the strategic cooperation agreements established in 2004, including the sale of the 49% held in the entities that operate exclusively in the Non-Life business, i.e., "Ocidental - Companhia Portuguesa de Seguros, S.A." and "Médic - Companhia Portuguesa de Seguros de Saúde, S.A.", subject to the necessary regulatory authorisations from the competent authorities, for a base price of 122.5 million euros, subject to adjustment contingent on medium-term performance;
- Repayment of 400 million euros of CoCos to the Portuguese State after having obtained authorisation from the Banco de Portugal, following the analysis of the evolution of the Bank's capital ratios.

- Holding of the General Meeting of Shareholders on May 30, attended by Shareholders' representatives holding 45.48% of the share capital. Among the main resolutions adopted at the General Meeting, the following are noteworthy: approval of the individual and consolidated annual report, balance sheet and financial statements for 2013; the transfer of the losses recorded in the individual balance sheet to "retained earnings", the election of the Statutory Auditor and respective alternate for the 2014/2016 term of office; the election of the External Auditor for the 2014/2016 term of office; approval of the proposal on the remuneration policy of the Executive Board of Directors and approval of the proposal for the reformulation of equity headings, through reduction of the share capital;
- Organization in Leiria of another edition of "Millennium Day for Companies";
- Inauguration by Millennium bcp of its new headquarters in Maputo;
- Collaboration between American Express and Ajuda de Berço, including a multimedia campaign, through which the holders of American Express cards, issued by Millennium bcp, are given the opportunity to help the disadvantaged children supported by that institution.

JUNE

- Announcement, on 24 June, of a capital increase for Millennium bcp of approximately 2.24 billion euros. This operation was part of the Bank's strategic plan for 2017, which was approved by the European Commission in 2013, and was intended to bring forward the scheduled repayment of public funds, as well as reinforce the capital position relative to regulatory requirements;
- Conclusion of a new credit securitisation operation ("Caravela SME No.4") involving a portfolio of leasing contracts of companies and entrepreneurs trading under their own name of 1 billion euros;
- Renewal of the protocol with the Portuguese Society of Authors, with Millennium bcp becoming a sponsor for one year.
- Participation of Millennium Volunteers in the food collection campaign promoted by Banco Alimentar, on 1 June, throughout the country.
- Millennium bcp Contact Center awarded with the Best Practice Award for Social Responsibility (regarding External Social Responsibility) assigned by APCC - Portuguese Association of Contact Centers.
- Millennium bcp confirmed in Sustainability Indexes "Euronext Vigeo Europe 120" and "Euronext Eurozone Vigeo 120".

JULY

- Completion of the share capital increase, comprising the issue of 34,487,542,355 ordinary, book-entry and nominative shares, without nominal value, with the issue value and unit subscription price of 0.065 euros, reserved for the Bank's Shareholders, under the exercise of their respective preemptive rights, following the announcement made on 24 June.
- Holding in Coimbra of another edition of the "Millennium Day for Companies".
- Establishment of a collaboration agreement between Millennium bcp and the Madeira Delegation of the Portuguese Association for Handicapped People, aimed at boosting entrepreneurial activity in the region of Madeira through access to microcredit.
- Signing of an agreement between the Millennium bcp Foundation and Instituto de Saúde Doutor Ricardo Jorge, IP to provide financial support to a research project focused on the development of a innovative therapeutic approach for a group of rare diseases of lysosomal origin that affect mostly children.
- Millennium bcp Accession to the Movement ECO - Companies Against Fires, a project that aims to contribute to the prevention of forest fires and raise public awareness for risk behavior.

AUGUST

- Repayment to the Portuguese State of 1,850 million euros of Common Equity Tier 1 equity instruments (CoCos) after having obtained authorisation from the Bank of Portugal.

SEPTEMBER

- Conclusion of a partnership agreement between the Millennium bcp Foundation and the Portuguese Association of Large Families for the reinforcement of the Observatory of Family-Responsible Municipalities.

OCTOBER

- Agreement with the CIMD Group regarding the sale of the entire share capital of Millennium bcp Gestão de Activos - Sociedade Gestora de Fundos de Investimento, S.A., for an agreed price of 15.75 million euros.
- Decision taken at the meeting of the Board of Directors to co-opt Raquel Rute da Costa David Vunge as non-executive member of the Board of Directors, to fill the vacancy arising from the resignation of César Paxi Manuel João Pedro.
- Approval at the General Meeting of Shareholders to adhere to the special scheme applicable to deferred tax assets, provided for under Law number 61/2014, of 26 August and respective annex.
- Establishment of a partnership agreement between Millennium bcp Microcredit and Entroncamento City Hall, with the objective of simplifying the procedures of access to microcredit, and stimulating entrepreneurial activity in the region.
- Inauguration of the exhibition "Abstraction, Shared Art Millennium bcp" at the Chamber of the Municipal Gallery of Torres Vedras, bringing 39 works of Portuguese and foreign abstractionism to the general public.
- Inauguration of the exhibition "Júlio Pomar, works of the Millennium bcp collection" at the Millennium Gallery.
- Millennium bim concludes a few more "Banking Olympics Millennium bim 2014," a project that aims to train a new generation of consumers of financial services.

NOVEMBER

- Signing of a loan agreement between the European Investment Fund (EIF) and Millennium bcp with the objective of supporting more than 800 micro enterprises in Portugal.
- Signing of an agreement between Millennium bcp and the Regional Directorate of Culture of the North, to serve as sole sponsor of the Guimarães Castle for the execution of renovation works and to improve the visiting and safety conditions at all accesses.
- Millennium bcp participated at a national level, in the food collection campaign promoted by the Food Bank against Hunger.

DECEMBER

- Granting of a new loan to Millennium bcp of 300 million euros by the European Investment Bank (EIB) to finance investment projects of SMEs and mid-caps.
- Holding of an edition of the "Millennium Day for Companies" in São João da Madeira, seeking to be closer to Portuguese companies, supporting their internationalisation and reinforcing their competitiveness.
- Establishment of a partnership agreement between Millennium bcp Microcredit and Mértola City Hall with the objective of disclosing and promoting microcredit as an instrument of support to the creation of self-employment and to effectively tackle social exclusion and poverty.
- Banco Millennium Angola supports the foundation of Nazareth Home, in the municipality of Cacuaco, a work that aims to accommodate about 30 orphans between 4 and 18 years old.

EVENTS AFTER 2014

- Completion, on 8 January 2015, of the sale of Banca Millennium in Romania to OTP Bank, pursuant to the general conditions announced on 30 July 2014, 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 Millennium of approximately 150 million euros. The operation had a negligible impact on the consolidated common equity tier 1 ratio of BCP.
- On 24 February 2015, Banco Comercial Português, S.A. informed that is currently evaluating several scenarios to enhance the value of ActivoBank, a leading online bank in Portugal.
- On 26 March 2015, Banco Comercial Português S.A. announced 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 PLN6.65 per ordinary share. Gross proceeds raised by BCP from the Placement are expected to be approximately PLN 1.24 billion (EUR 304 million), resulting in an increase in the Group CET1 ratio versus end-2014 figures of 46 bps under fully-implemented rules and of 64 bps according to phased-in criteria. As already announced, after the completion of the Placement, BCP continues to hold a majority shareholding in Bank Millennium, corresponding to 50.1% of the Company's share capital.

RESPONSIBLE BUSINESS

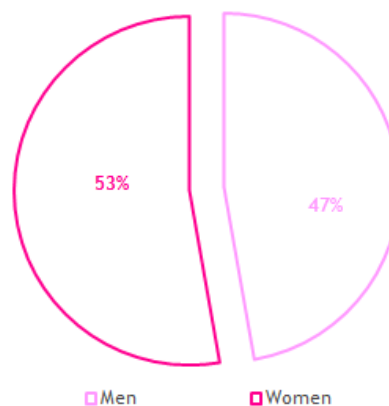
The BCP Group has pursued dynamic strategies that are adjusted to the new challenges posed by stakeholders with which it relates, materialising a business model based on continuous and transparent dialogue with its Stakeholders, so as to interpret, understand and address their expectations.

EMPLOYEES

The BCP Group ensures a fair treatment 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.

The general principles that guide 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 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.

BREAKDOWN BY GENDER
Percentage



Training

Employees constitute one of the strategic pillars of the BCP Group, 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.

In overall terms, 3,009 training actions were ministered, corresponding to over 580,300 hours of training, with an average of 33 training hours per Employee. During 2014, training effort kept its focus not only on the commercial and credit recovery areas, but also on team management and leadership.

TRAINING ⁽¹⁾

	2014	2013	2012	Change 14/13
NUMBER OF PARTICIPANTS ⁽²⁾				
Presencial	30,124	25,873	27,508	16.4%
E-learning	244,601	199,269	120,925	22.7%
Distance learning	78,080	84,533	24,328	-7.6%
NUMBER OF HOURS				
Presencial	252,134	238,515	441,419	5.7%
E-learning	114,139	125,095	129,366	-8.8%
Distance learning	214,060	245,745	35,880	-13%
By Employee	33	33	30	0.6%

⁽¹⁾ The distance learning suffered a significant increase, impacted by the integration of new criteria for counting in Portugal.

⁽²⁾ The same Employee could have attended several training courses.

Talent Management

In the BCP Group, people management is a foundational vector and one of the strategic pillars of competitiveness and sustainability of the Bank. 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 geographic areas of the BCP Group, are a specific response to Employees with high performance and potential, which enable: 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 fundamental 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 various Internal Providers - 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.

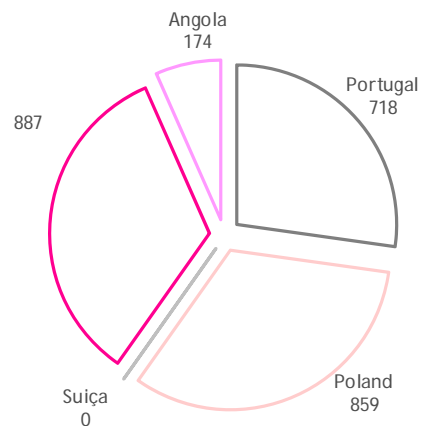
In Portugal, the total value of 74.8 i.p. reflected a slight increase in satisfaction with the service provided by the Bank's internal suppliers, when compared with the previous year.

Benefits

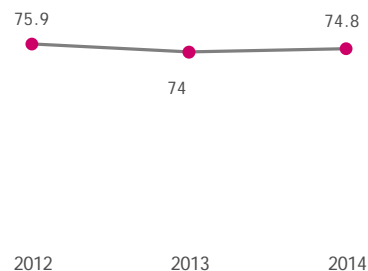
The BCP Group offers its Employees a series of corporate benefits, apart from those established in the applicable legislation.

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.

PROMOTIONS
Number of Employees



SATISFACTION WITH INTERNAL SERVICE
Index points



HEALTH SERVICES ⁽¹⁾

	2014	2013	2012	Change 14/13
MEDICAL SERVICES				
Appointed held	35,110	37,503	38,008	-6.4%
Check-ups made	9,253	9,192	10,810	0.7%
HEALTH INSURANCE				
Persons covered	52,039	49,724	55,345	4.7%

⁽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 motives, 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

	2014		2013		2012	
	AMOUNT	EMPLOYEES	AMOUNT	EMPLOYEES	AMOUNT	EMPLOYEES
MORTGAGE						
In portfolio	853.7	10,989	911.8	11,550	1,007.8	12,292
Granted in the reporting year	18.4	310	20.7	335	31.0	437
SOCIAL PURPOSES						
In portfolio	23.0	3,803	22.7	3,817	25.0	4,695
Granted in the reporting year	10.8	1,372	10.6	1,346	9.1	1,206

⁽¹⁾ Includes active and retired Employees.

Evolution of Staff Numbers

The number of BCP Group Employees fell by 2.5% (-455 Employees) in 2014 in relation to the previous year, already considered the divestment of the Romanian operation. Of the 17,703 Employees of the Group, 56% worked in the international business and 44% in Portugal.

In Portugal, the downward trend in the number of Employees continued, with 846 having left, 95% of whom through mutual agreement and/or retirement plans. Among the Employees who left, 51% had worked in the commercial areas. In Poland, the total staff number increased (3.8% relative to 2013), with 795 having left, 65% of whom through own initiative and 72% had been allocated to commercial areas, more than offset by the recruitment process, which involved 996 Employees. In Mozambique, the numbers recruited continued to exceed those leaving, with a turnover of 179 and 142 Employees, respectively. Of the Employees who left, 59 % left through own initiative and 58% had worked in the commercial areas. Banco Millennium Angola also maintained its trend of growth of number of Employees (6.3%) with the recruitment of 250 Employees and leaving of 180 Employees, 74% of the latter through own initiative and 69% allocated to the commercial areas.

EMPLOYEES

	2014	2013	2012	Change 14/13
TOTAL IN PORTUGAL	7,795	8,584	8,982	-9.2%
POLAND	6,183	5,956	6,073	3.8%
SWITZERLAND	69	67	68	3.0%
MOZAMBIQUE	2,513	2,476	2,444	1.5%
ANGOLA	1,143	1,075	1,027	6.3%
TOTAL INTERNATIONAL	9,908	9,574	9,612	3.5%
TOTAL	17,703	18,158	18,594	-2.5%

CUSTOMERS

Satisfaction Surveys

In Portugal, 2014 was marked by the development and consolidation of the "Assessment of Experience" model, an innovative methodology where Customers assess their experience with the Bank, after its occurrence. Using NPS (Net Promoter Score) - difference in the percentage of Promoter Customers (who score 8 or 9, on a scale of 0 to 9) and the percentage of Detractor Customers (scoring between 0 and 5, on the same scale) - as a measurement for this assessment, the obtained results indicated that 65.0% of Mass Market Customers repurchase and recommend the Bank's service (promoters) and 13.3% are presented as brand detractors, reflecting a 51.7 NPS and a 8.8% improvement over 2013. In the Prestige segment, where 62.8% of Customers promote the Bank and 8.1% of Customers do not recommend it, NPS is 54.8, which represents an increase of 12.7 points compared to the previous year. Over 150,000 Customers were surveyed.

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 79 index points (i.p.), influenced by the upturn recorded in Mozambique, which shifted from 71 to 75 i.p.

Poland, with 83 i.p. of overall satisfaction, saw Internet banking and Mobile banking channels reach 91 i.p. of positive rating in 2014.

In Angola, focus has continued on "Mystery Shopping" actions, which included visits to Branches of Private and Enterprise networks in which attributes related to treatment were especially valued.

Complaints

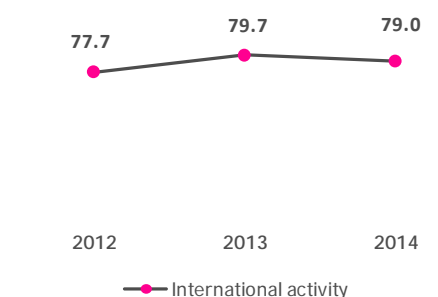
In Portugal, the total number of complaints, 24,690, continued in line with the previous year. The majority, 87%, are claims related to current account movements, card transactions and automatic services. The Bank has shown constant concern to boost the swift settlement of complaints, and has managed to ensure an average settlement period of 6 business days.

Regarding international activity: i) Poland recorded 2.3% fewer complaints than in the previous year, 60% of which were related to card transactions and current accounts; ii) in Mozambique, complaints decreased by 4.9%, with cards and current accounts being the most frequently mentioned themes; iii) in Angola, the number of complaints grew by 40.6%, where this increase was explained by the growing level of Customer demands. The issues most raised in these claims were related to cards, banking products and bank withdrawals.

The average resolution time recorded was 11, 7 and 27 working days in Poland, Mozambique and Angola, respectively.

CUSTOMERS SATISFACTION

Index points



Information not available for Angola in 2012, 2013 and 2014.

CLAIMS

	2014	2013	2012	Change 14/ 13
CLAIMS REGISTERED				
Activity in Portugal	24,690	24,487	24,170	0.8%
International activity	46,658	53,541	56,983	-12.9%
CLAIMS RESOLVED				
Activity in Portugal	22,378	21,800	23,195	2.7%
International activity ⁽¹⁾	45,472	50,444	53,182	-9.9%

⁽¹⁾ Includes valid claims related with the disregard of the privacy of Customers in Poland (49) and in Mozambique (4), based on the wrong processing of personal data and operational errors.

Culture of Rigour

The BCP Group considers that respect for the defined mission and values, 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 defined 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, performance and operating in different business areas enabled the training, in Portugal, of 1,035 employees in various topics related to the activity of the Compliance Office, focusing 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. 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

	2014	2013	2012	Change 14/ 13
Activity in Portugal	1,035	845	1,057	22.5%
International Activity	7,490	7,950	16,726	-5.8%
TOTAL	8,525	8,795	17,783	-3.1%

⁽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 249 communications were sent to local Judicial Entities and 756 requests were answered.

Social and Environmental Products and Services

Millennium bcp offers a complete and broad range of financial products and services, and continues, under the development of its responsible business lines, to offer products and services which incorporate social principles and respect for the environment.

In Portugal, Millennium bcp Microcredit continues to be recognised as an



alternative for the funding and feasibility of entrepreneurial action, having approved 349 new operations, which granted the total credit of 3,967 thousand euros and helped to create 589 jobs. The volume of loans granted to the 1,017 operations in portfolio stood at 11,121 million euros, corresponding to principal of 7,928 million euros.

With the objective of continuing to support Customers in financial difficulties and prevent default, Millennium bcp maintained its focus on the stimulation and applicability of SAF packages (Financial Follow-up Service). In this context, 42,523 contractual amendments were made during 2014 (15,043 mortgage loans and 27,480 consumer credit), with a restructuring value of 1,065 million euros (963 mortgage loans and 102 consumer credit).

In the context of the Entities that make up 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. 359 accounts with these features were opened, which already corresponds to a total of 2,458 accounts in the Bank's portfolio.

As for students who wished to pursue their academic path, in 2014, 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 Bank granted 84 new loans, amounting to 926 thousand euros. The volume of credit granted to the 1,149 operations in the portfolio totalled 10,959 million euros.

A cooperation protocol between American Express and Ajuda de Berço was signed, within a credit card activation campaign issued by Millennium bcp in which 1 euro was donated to Ajuda de Berço for each activated card, besides reinforcing the possibility of cardholders with Membership Rewards programme to use the points accumulated through the donations to this institution. This action raised 18,484 euros.



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

- Support for enterprise creation investment projects by unemployed persons, through the following credit lines: i) Microinvest Line - which financed 46 entrepreneurs to a total of 625 thousand euros; and ii) Invest+ Line which supported 44 entrepreneurs, to a total value of 1,841 thousand euros.
- Support for companies which need to meet treasury needs and seek to implement investment projects; 17 operations were financed to a total of 1,640 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 3,222 operations, with total funding of 214,748 thousand euros.
- Regarding support to companies in the agricultural and/or fisheries sector, 127 operations were conducted involving a total financing of 8,235 thousand euros through the PRODER/ PROMAR and IFAP Short Term credit lines.
- A credit line - Social Invest - was launched in to facilitate the inclusion of Third Sector institutions in the financial system. In 2014, the Bank financed 7 operations with a total value of 505 thousand euros.
- Credit Lines to Support Tourism, aimed at supporting, with favourable conditions, companies that develop activities related to tourism. 8 operations were financed, to a total amount of 4,308 thousand euros.

In Poland, the WWF Millennium MasterCard credit card, available to Customers 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.

Under 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), under which 78 operations were approved.

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, funds are available through: i) an online platform of Millennium bcp - which marketed 21 environmental funds in the area of water and energy, amounting to a portfolio value above 5,477 thousand euros; and ii) ActivoBank - which provided 16 investment funds, of which 8 are ethical and 8 are environmental funds. Of these funds, by the end of the year 11 had subscribed participation units, with a portfolio value above 715 thousand euros.
- In Poland, Bank Millennium also has a solid offer of SRI funds, fundamentally aimed at Customers of the Prestige and Private segments, where the offer reflects the investment in businesses whose principles incorporate environmental concerns, namely regarding climate change. The 4 available funds assured a subscribed value of 54,542 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 materialised, preferably focusing 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 Collection campaigns of the Food Bank, the Bank was present at the collection warehouses, helping to separate and channel the food. In 2014, in the two regular campaigns, the Bank encouraged the participation of more than 400 volunteers at national level, including Employees and their families.
- Supports Junior Achievement Portugal (JAP) in its entrepreneurial, creativity and innovation projects, through the Employees participation as volunteers. In the academic year 2013/2014, the Bank had about 100 enrolled volunteers who helped train 1,145 students.



As an important contribution to execute its Social Responsibility policy, the Bank has also encouraged and accompanied actions developed by several divisions in Portugal:

- The Operations Division promoted the "DOa o Litro" (Give the litre) action, to internally collect the largest number of litres of milk for donation to the Comunidade Vida e Paz and Cáritas Portuguesa, which managed to collect over 2,250 litres of milk.
- In the Information Technology and Direct Banking Divisions, we highlight the solidarity campaign "Dê uma Nova Casa a um Velho Brinquedo" (Give an Old Toy a New Home), launched with the objective of collecting toys to be delivered to EMDIIP - Equipa Móvel de Desenvolvimento Infantil e Intervenção Precoce (Child Development and Early Intervention Mobile Team), São Marcos Parish Council and Cáritas Portuguesa. This action supported about 180 families and more than 390 children.
- The DBD also developed, as part of Food Bank's "Papel por Alimentos" (Paper for Food) campaign, an internal action that collected around 1 ton of paper.

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

- - Participation in the 2014 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 4,177 pieces of IT equipment and furniture during 2014.
- 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 6th edition, is aimed at providing the Lisbon Oncological Institute with a new treatment machine in the fight against cancer.



- As a contribution to improve financial literacy and, at the same time, encourage saving habits in families, ActivoBank published and distributed two free books mainly for young people and their parents: "Como ensinar os meus filhos a poupar" (How to teach my children to save money), which is a guide to help parents in their children's financial education, and "O meu primeiro livro de finanças pessoais" (My first personal finance book), which shows young people the basic principles of money management.
- Provision of a space at the Bank's premises, for solidarity institutions to disseminate and collect funds in defined periods. In 2014, APAM - Associação Portuguesa de Apoio à Mulher com Cancro da Mama (Portuguese Association to Support Women with Breast Cancer), MSV - Movimento ao Serviço da Vida (Movement in the Service of Life), CERCÍ Oeiras and BIPP - Inclusão para a Deficiência (Inclusion for Disability) were at Tagus Park.

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

- Partnership with the United Way Foundation, supporting the "Nikifory" programme of combat of isolationism of disabled artists, assisting them to develop, promote and disseminate their creative activity.
- "Charity Corporate" races - 104 Employees were present in charity races, organised by Everest Foundation, with the funds raised having been donated 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 for centres for vulnerable children.
- 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 are high school students, aims to convey financial knowledge in a practical perspective and contribute to the use of informed financial products and services. The classes taught by Millennium bank volunteers were attended by 247 students.
- With regards to education, we highlight: i) Millennium Bankers programme, to support university students in their approach to the labour market. 24 students participated in 2014; ii) partnerships with AISEC (International Students Association) and CEMS Club Warsaw, initiatives within a policy of direct proximity with the academic community.

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

- A Clean City for Me: Recycle and Win - programme started in 2007 and already in its 8th edition, has so far involved over 11,000 students of primary and secondary schools in the cities of Maputo, Matola, Tete and Vilanculos, and is intended to raise awareness of young people and the general public of the importance of their behaviour in the reduction of urban waste.
- Partnership with AMOR - Recycling Project, for the 5th consecutive year, a reference in the context of recycling and reuse of solid waste.
- The Millennium bim Mini Basketball Tournament, in its 9th edition, involved 2,000 athletes, aged between 8 and 12 years old, from 9 cities.
- More Sports for All - aimed at supporting school sports, where the programme covered 10 schools.
- Millennium bim Run - 9th edition of the race, which seeks to boost the development of this sport and the appearance of new talent, having involved the participation of over 1,200 athletes.
- Responsible Millennium bim - in the context of corporate voluntary action, 600 employees and their families helped recover Casa do Gaiato, an institution which cares for young boys in a precarious situation who come from all over Mozambique.
- The 5th edition of Millennium bim Banking Olympics was held so as to contribute to a better informed generation in terms of financial concepts and services. The 20 students who competed in



the final were those who, from among the 400 participants who took the written test, had the best results.

- Road Safety Campaign - conducted in partnership with the Police of the Republic of Mozambique (PRM) and Impar - Seguradora Internacional, involving lectures given by PRM officers to 2,500 children of 20 schools.

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

- Was present in the first food collection campaign promoted by the Food Bank Angola, through the participation of volunteers who helped collecting, sorting and packaging the donated goods.
- Supported Lar de Nazaré (Home of Nazareth), in the municipality of Cacuaco, a work which resulted from a joint initiative of BMA and FEC - Fundação Evangelização e Cultura (Evangelisation and Cultural Foundation), which aims to care for about 30 orphans between 4 and 18 years old. The employees also offered food, educational materials, toys and clothes.
- In the context of support to National Artists, the Bank supported the "Observatório dos Sentidos" (Observatory of the Senses) exhibition of the Angolan artist António Ole at the Portuguese Cultural Centre, in Luanda. Ole presented more than 20 pieces that constitute a synthesis of various artistic expressions and reaffirm his rich and varied view of art.

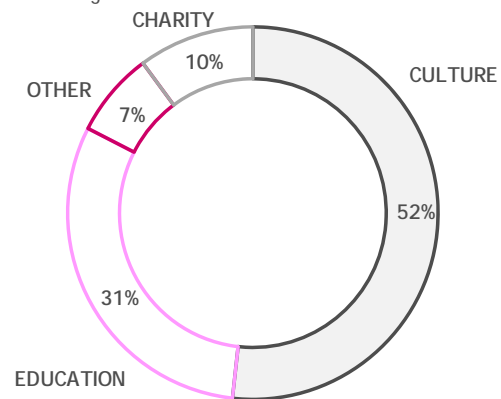
Millennium bcp Foundation

The Foundation's guidelines have progressively considered a growing concentration of activity in the areas of Culture, Education and Charitable Work. In 2014, based on a strategy of patronage support, it strengthened its attention to the geographic distribution of the granted support, with a view to its decentralisation.

In the context of Culture, the Foundation has focused on initiatives of Conservation and Dissemination of the Bank's heritage, namely:

- Maintenance of the Archaeological Centre of Rua dos Correeiros (NARC), with the expansion of visiting hours and participation in relevant initiatives: "International Day of Monuments and Sites"; "Museum Day"; "Museum Night"; and "Heritage Days". Received 11,830 visitors.
- Exhibition space - Millennium Gallery - temporary exhibitions: i) Atmospheres Script by Boguslaw Kott, an exhibition of photographs of the author, which received 1,105 visitors; ii) Loves - composed of five "Valentine's Handkerchiefs", (assigned by the Museum of Folk Art) and Paula Rego's "Love Scarves" painting. iii) Pre-Classic Lisbon, a Mediterranean port on the Atlantic coast, an archaeological exhibition devoted to the city's origins, received 6,600 visitors; iv) What a Sardine You are!, an action in partnership with EGEAC as part of Lisbon Festivities, which received 20,008 visitors; v) Júlio Pomar - Works from the Millennium bcp Collection, received over 6,300 visitors.
- Travelling exhibition project - Shared Art -: i) Naturalist Painting in the Millennium bcp Collection, in Viseu - Grão Vasco Museum and in Caldas da Rainha - Cultural Congress Centre (2,806 visitors); ii) Abstraction, Millennium bcp Shared Art in City Hall at the Municipal Gallery of Torres Vedras; iii) "Poetry is on the Streets", organised in collaboration with Arpad Szenes-Vieira da Silva Foundation and Porto City Hall, displayed in Almeida Garrett Gallery, in Porto.

DONATIONS ALLOCATED BY INTERVENTION AREA
Percentage



To support projects for the modernisation of important national museums and promote museum activities and other cultural activities, in particular:

- National Museum of Ancient Art (MNAA) - patronage for the restoration of the Museum's main hall and support to permanent and temporary exhibitions.
- National Tile Museum (MNAz) - patronage for the upgrade of the D. Manuel room and the Madre de Deus chapel.

- National Museum of Contemporary Art - Chiado Museum (MNAC)- Support of Museum activities, including the permanent exhibition and temporary exhibitions.
- National Museum of Ancient Art (MNAA) - patronage for the recovery of national treasures through the conservation project of the archaic jewellery collection.
- Exclusive patronage for the rehabilitation of Guimarães Castle.
- Architecture Triennial - renewal of the cooperation protocol with the architecture triennial.

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

- Millennium bcp Foundation scholarship programme for students from Portuguese-speaking African Countries and Timor (PALOP), having supported 12 scholarship students in the academic year of 2013/2014.
- Partnership with Millennium bim to award grants to young people of low income and demonstrated academic merit. 19 grants were awarded.
- Agreement with Banco Millennium Angola to support Angolan university students. 9 candidates were considered.
- Support to the Master's course in Legal-Political Studies of the Institute of Legal Cooperation, at Eduardo Mondlane Law School, in Mozambique.
- Universidade Católica Portuguesa: i) Faculty of Economics and Business Studies - Scholarships for the Lisbon MBA; ii) Faculty of Human Science - "The Lisbon Consortium" scholarships; iii) Law School - Support to foreign students of the "Master of Laws" course.
- University of Coimbra - Medical Teaching Hospital of Coimbra - support for "A Nobel Day" project, a debate event between professionals and scientists in the health field and representatives of the Health and Science ministries, also involving four Nobel laureates.
- AESE - Business Management School - GOS programme (Management of Social Organisations), developed in a partnership with AESE - Business Management School and ENTRAJUDA. The programme is intended to improve management practices by those responsible for IPSS.
- National Confederation of Solidarity Institutions - conduct of four studies on the economic and social impacts of IPSS.
- Start Up Programme (7th edition) of Junior Achievement Portugal - development of entrepreneurship programmes among university students.
- 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 Pediatrics" research project.
- Institute of Molecular Medicine (IMM) - support to research for the treatment of brain tumours, through a cooperation agreement.
- National Institute of Health 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 prizes to the best research projects in various areas of Sport Sciences.
- Under the difficult circumstances, the Foundation strengthened the social support, especially:
- Food Bank Against Hunger - in the context of the food collection campaigns: i) supported the production of collection bags; and ii) gave a donation for the acquisition of 20,000 Kg of tuna fish.
- Vida Norte Association - support to activities promoting social, professional and family integration of pregnant women at risk;

*millen
arte partilhada millennium bcp
EXPOSIÇÃO ITINERANTE DE PINTURA
nium*

- Karingana Wa Karingana - "Can you tell them no?" campaign. This was the first National Campaign for school supplies collection carried out in Portugal and was designed to support Portuguese children in greatest need identified by Caritas.
- Portuguese Large Families Association (APFN) - support for the Observatory of Family Responsible Municipalities project, a body set up 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.
- 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 278 partner organisations.

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 88%.

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

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

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

Environmental Efficiency

Millennium bcp has pursued an increasingly responsible business in the management of its environmental aspects and impacts, and therefore maintained its investment in minimising its ecological footprint by promoting the adoption of good practices in terms of energy consumption, gas emissions with greenhouse effect and consumption of natural resources. The Bank 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 optimisation of processes and activities and in the renewal of equipment and infrastructures. All the actions are developed based on careful and thorough cost-benefit analyses with the fundamental premise of maintaining the quality of the service provided, enhancing the satisfaction of the Bank's Customers and ensuring service efficiency. The Bank implements its strategic guidelines for sustainability across the countries where it operates.

Portugal

In Portugal, during 2014 and following on the work that has been progressively developed over previous years, various measures were implemented to reduce the consumption of electricity and increase the Bank's energy efficiency. The optimisation of the functioning of the transformer station, in facilities equipped with more than one transformer, and of the operational parameters of the equipment for production of cold water for the air conditioning systems, are among the energy efficiency measures that were implemented and which enabled an estimated saving of



around 2,626 MWh, corresponding to an estimated reduction of greenhouse gas emissions of 21,115 tCO₂eq.

The focus on the "Be Lean DO" programme was strengthened, through the expansion of the Financial Operations Department and Human Resources Division. This programme, created in 2010, aims to promote operating excellence and disseminate a culture of continuous improvement (Lean) in the organisation.

Regarding the consumption of materials, the Bank continued to invest in the dematerialisation of documents, being account statements in digital format the best example of this strategy.

Poland

In Poland, energy and water were the areas that received most investment. In 2014, various initiatives to reduce the consumption of these resources were implemented, including:

- Continuous monitoring of water and energy consumption;
- Replacement of lights in the external advertising panels (traditional fluorescent bulbs were replaced by low-consumption LED bulbs, installed in 27 new branches - in total, there are already 316 branches with LED lighting);
- Automatic system to turn off the lighting of advertising panels from 00:00 h and at the headquarters from 18:00 h;
- In addition, there is a rationalisation plan for energy consumption in offices and branches for the use of air conditioning and ventilation depending on the season;
- Introduction of low-emission vehicles in the car fleet. Company cars with higher emissions are gradually being replaced by vehicles with less environmental impact. In 2014, 100% of the bank's car fleet was in line with the Euro 5 standards.

In terms of material consumption, the Bank maintains the "8 in 1" initiative, which enables a new Customer, when acquiring various services, to receive only one contract, instead of receiving various contracts, one for each product, thus contributing to the dematerialisation processes. The Internet banking channel also offers customers online services and supporting documents. For new customers, the option for digital bank statement is assumed by default.

With regard to waste management, the Bank follows environmental regulations (Waste Act), which requires the bank to properly manage waste, through a set of protocols (Acceptance Protocols, Protocols of Confirmed Utilisation, Waste Transfer Card), as well as obligation to submit specifications regarding waste types and volumes at local offices.

Remaining Countries

In Angola and Mozambique, the focus on the increasing use of digital bank statement remained, as well as the implementation of video conferencing practices to reduce the number of trips.

Environmental Awareness

The environmental awareness raising of the Employees is assumed by the Bank as a very important aspect, since part of the Bank's environmental impacts in terms of energy, water and material consumption depends essentially on change of behaviour.

In Portugal, the awareness of the Employees has been heightened concerning the importance of the adoption of more responsible conduct towards the environment through regular publication of environmental content in internal communication platforms.

In terms of environmental management, on the International Energy Day Millennium bcp launched an internal campaign to reduce consumption, in particular electricity, water and paper, aimed at sharing information about what has been done to make the management of these resources more efficient, and also to encourage the adoption of behavioural practices to streamline their use.

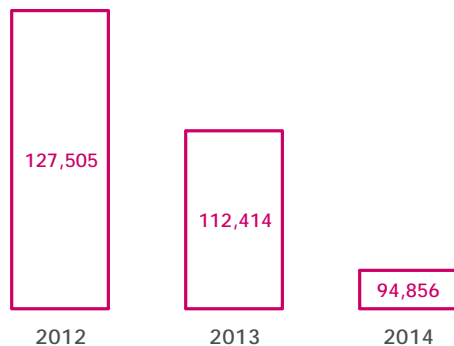
In Poland, the Bank maintained its participation in the Earth Hour, environmental action promote by WWF. As part of this campaign, the lighting and billboards are turned off for one hour, both at branches and the central buildings. The purpose of this event is to attract attention to human impact on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

Ecological Footprint

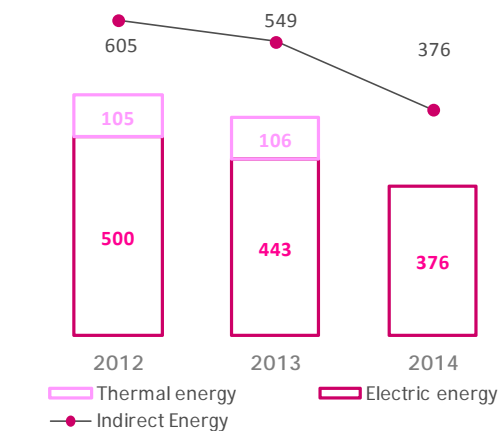
BCP Group regularly monitors a series of environmental performance indicators which measure the Bank's efficiency with regard to its main consumption of resources (1). As a whole, the Bank's eco-efficiency level has improved, as a result of the continuous investment in new equipment, optimisation of processes and change in the Employee behaviour. Although, in absolute terms, all indicators register an improvement - when the respective eco-efficiency indicator is analysed -, for both energy and water, there is a slight relative increase. This fact is justified by the reduction in the total number of Employees and the consequent increase in the consumption ratio per employee.

The majority of the Bank's energy consumption derives from indirect sources (electric and thermal), which represented, in 2014, 55% of Millennium's power needs. The consumption of indirect and direct energy decreased by 32% and 14%, respectively, compared to 2013, where the majority of these reductions occurred through lower consumption of direct energy in Portugal, by 10%, and in Mozambique, through the decrease of indirect energy by 60%. These figures are the result of energy efficiency measures implemented and the closure of 67 branches.

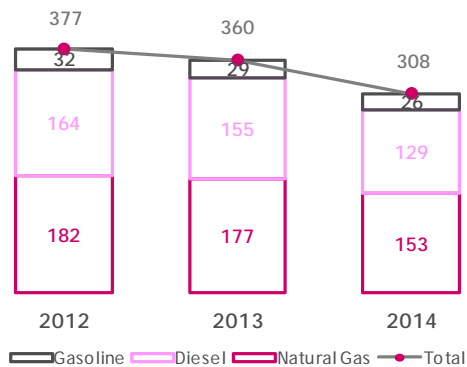
ELECTRICITY CONSUMPTION
MWh



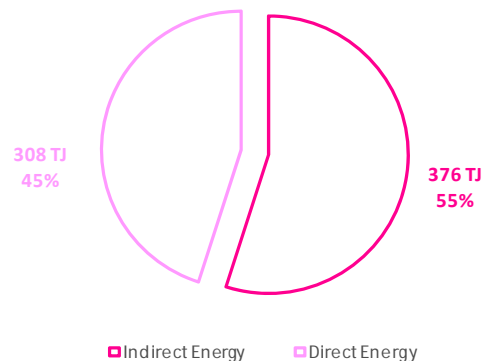
INDIRECT ENERGY CONSUMPTION
TJ



DIRECT ENERGY CONSUMPTION
TJ

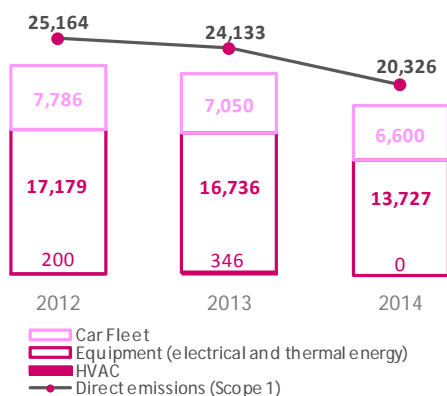


DIRECT AND INDIRECT ENERGY CONSUMPTION IN 2014

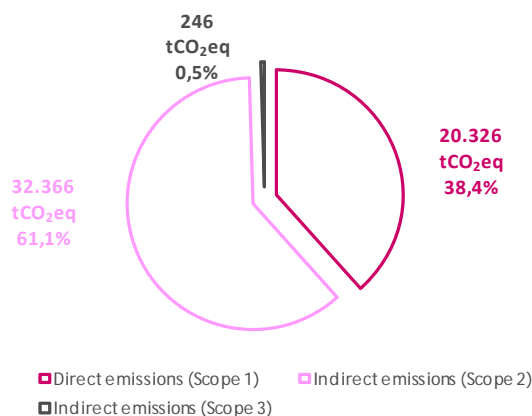


BCP Group, under the effort to minimise greenhouse gas emissions and combat climate change, calculates and monitors its carbon footprint and annually participates in the Carbon Disclosure Project (CDP). Millennium's carbon footprint follows a downward trend recorded in the Bank's direct and indirect energy consumption, with total greenhouse gas emissions having fallen by 35% in relation to 2013. Scope 1 emissions fell by 14%, reflecting the 14% reduction observed in direct energy consumption. Scope 2 emissions fell by 43%, due to the 32% reduction observed in indirect energy consumption.

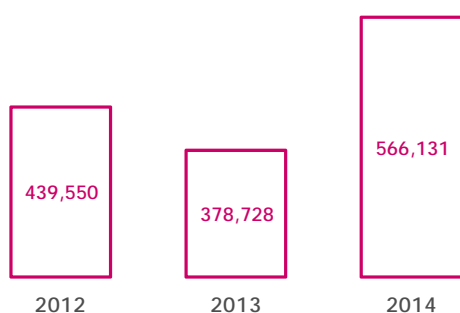
GHG EMISSIONS (SCOPE 1)

tCO₂eq

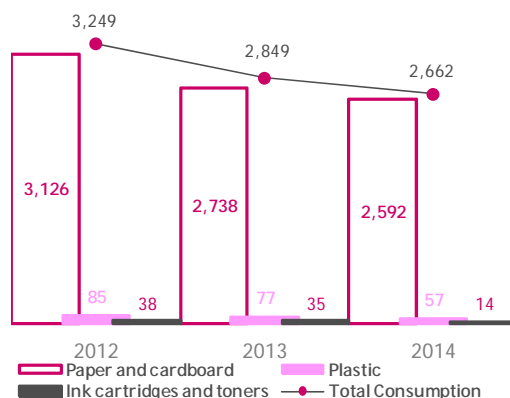
TOTAL EMISSIONS (SCOPE 1, 2 and 3) IN 2014



The total water consumption of the BCP Group grew 49% in comparison with the previous year, due to the increase in Mozambique. In 2014, the BCP Group reduced its consumption of the main materials (paper and cardboard, plastic, ink cartridges and toners) by 5% in relation to 2013, due to the optimisation which occurred in most of its geographic areas. Regarding the materials consumed at the Bank, the most significant in terms of quantities is paper and cardboard, the consumption of which was cut by 5% relative to 2013, influenced by the dematerialisation measures implemented in all geographic regions, which led to considerable reductions in Mozambique (60%) and Poland (11%).

WATER CONSUMPTION (M³)

MATERIALS CONSUMPTION (t)



(1)The data pertaining to 2014 do not contain the figures relating to the operation of Romania, which came out of the scope of consolidation of the Bank in 2014, which can affect comparability.

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 SHARE

PERFORMANCE OF BCP SHARES

The year of 2014 was positive overall for world equity markets, in spite of some divergent performance in Europe.

In Europe, the asset purchase plan of the European Central Bank (ECB) and the cut in the euro zone reference rate to historical lows of 0.05%, with the main objective of reviving inflation, had a positive effect on capital market performance, boosting the confidence of investors.

The year of 2014 was marked by the departure of the troika from Portugal and by the successful return of the country to the markets, with national sovereign interest rates reaching record lows and debt securities being among the most profitable in the world. Nonetheless, the PSI 20, the national reference index, registered a negative performance, falling 26.8%.

BCP Shares indicators

	Units	2014	2013
Adjusted prices			
Maximum price	(€)	0.1406	0.1060
Average price of the year	(€)	0.1038	0.0610
Minimum price	(€)	0.0650	0.0447
Closing price	(€)	0.0657	0.0966
Shares and equity			
Number of ordinary shares	(M)	54,195	19,707
Shareholder's Equity attributable to the group	(M€)	4,213	2,583
Shareholder's Equity attributable to ordinary shares (1)	(M€)	4,041	2,412
Value per share			
Adjusted net income (EPS) (2) (3)	(€)	-0.004	-0.038
Book value	(€)	0.075	0.123
Market indicators			
Closing price to book value	(PBV)	0.88	0.79
Market capitalisation (closing price)	(M€)	3,561	3,279
Liquidity			
Turnover	(M€)	8,188	3,651
Average daily turnover	(M€)	32.1	14.3
Volume	(M)	78,521	34,249
Average daily volume	(M)	307.9	134.3
Capital rotation (4)	(%)	317.9	173.8

(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 shares finished the year with a depreciation of 32%, with share performance having been characterised by various phases. Between January and early April there was a significant increase in the share price, following the improvement of the macroeconomic environment in Portugal. On 19 February, the Bank returned to the debt placement markets, having issued 500 million euros of senior debt. May was a less positive month for BCP shares, with the positive impact of the exit from the economic and financial adjustment programme and the approval by the Council of Ministers of the draft law on deferred tax assets having been off set by the effect of the rumours concerning a possible future capital increase, resulting in a correction of previously recorded gains. At the end of June, with the announcement of the Bank's capital increase, BCP shares rose significantly and initiated the month of July reflecting the positive effect associated to their integration in the MSCI index. Performance during July was quite negative, penalised by the crisis in the Espírito Santo Financial Group and in Banco Espírito Santo, which led to a general sell-off of Portuguese shares. Early August was still heavily penalised by the uncertainty surrounding the Resolution Fund, in spite of this effect having been offset by the early repayment of 1,850 million euros of hybrid equity instruments. In September, the ECB announced that it was going to initiate an asset purchasing programme. The last quarter was quite negative for BCP shares, reflecting the uncertainty surrounding the start of the ECB's asset purchasing programme, expectations relative to the disclosure of the results of the AQR/Stress Test and the negative effects of a series of macroeconomic factors, with emphasis on the IMF cutting its estimates for world growth, and in particular for the euro zone, the spectre of deflation, the non-regulatory equivalence of Angola and the political instability in Greece.

LIQUIDITY

BCP shares were the most traded shares on the Portuguese market and in the national financial sector in 2014, with a significant increase in liquidity. Approximately 78,521 million shares were traded, representing an increase of 129% in relation to the previous year and corresponding to an average daily volume of 308 million shares (134 million in 2013). The capital turnover index continued to be very high, corresponding to 318% of the annual average number of issued shares.

INDICES IN WHICH BCP SHARES ARE LISTED

BCP shares are listed in over 50 national and international stock market indices, among which the following are noteworthy: Euronext PSI Financial, PSI 20, Euronext 150, NYSE Euronext Iberian and Euro Stoxx Banks. In addition, at the end of 2014, Millennium bcp was also included in Sustainability Indexes. In the context of the evaluation made by ESG Analyst (Environmental, Social & Governance) - Vigeo - the European leader for the evaluation of sustainability and social responsibility: i) BCP was included in "Euronext Vigeo Europe 120", "Euronext Eurozone Vigeo 120" and "Ethibel Excellence Europe" indexes, with the former two including the 120 European companies with the best performance in sustainability matters (200 for the latter); ii) was part of the "Ethibel EXCELLENCE Investment Register", a recognition that reflects BCP's high performance in terms of sustainability. The Bank was also part of the "STOXX Europe Sustainability" and "EURO STOXX Sustainability" indexes, as a result of the evaluation by ESG - Sustainability - a reference multinational analyst under the context of sustainable development.

Sustainability Indices

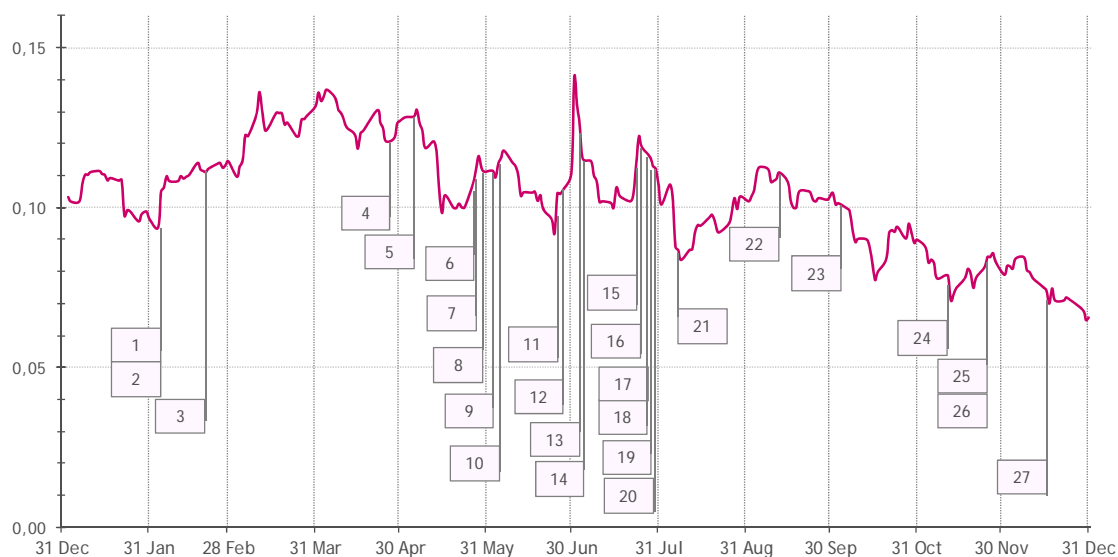


MATERIAL INFORMATION AND IMPACT ON THE SHARE PRICE

The table below summarises the material information directly related to Banco Comercial Português that occurred during 2014, 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	3/Feb	Bank Millennium (Poland) Consolidated Results in 2013	11.8%	10.2%	10.7%	15.4%	10.6%	11.9%
2	3/Feb	Consolidated Earnings Presentation 2013	11.8%	10.2%	10.7%	15.4%	10.6%	11.9%
3	19/Feb	500 million euros senior unsecured debt issue	-0.3%	0.0%	0.0%	0.9%	0.1%	1.1%
4	28/Apr	Bank Millennium (Poland) results for the 1st quarter of 2014	3.7%	2.5%	1.6%	5.5%	3.3%	4.3%
5	5/May	First quarter of 2014 consolidated results	1.6%	1.2%	2.4%	-6.1%	-4.2%	-5.9%
6	26/May	Sale of 49% in the Non-Life Insurance Business	3.8%	2.8%	3.4%	3.7%	1.3%	2.8%
7	27/May	Reimbursement to the Portuguese State of €400 million CoCos	4.0%	2.9%	3.3%	-2.0%	-2.9%	-1.8%
8	30/May	Resolutions of the Annual General Meeting	0.3%	-0.4%	0.1%	5.9%	2.6%	3.7%
9	3/Jun	Registry of the share capital	3.9%	3.4%	3.6%	3.4%	-1.1%	0.1%
10	5/Jun	Synthetic securitization	1.9%	0.4%	0.2%	-10.2%	-10.5%	-11.1%
11	24/Jun	Approval of rights offering and update of the strategic plan	13.6%	12.6%	14.7%	52.9%	53.1%	54.1%
12	27/Jun	Publication of the roadshow presentation of the rights issue	4.9%	5.7%	5.6%	9.3%	9.7%	8.0%
13	7/Jul	Information about ratings decision	-3.9%	-0.9%	-1.7%	-11.4%	-3.4%	-9.3%
14	8/Jul	Information about ratings decision	-1.5%	0.6%	-2.1%	-9.1%	-3.0%	-8.8%
15	22/Jul	Announcement of the results of the offer and allocation of shares from share capital increase	8.8%	7.1%	8.3%	8.8%	7.0%	5.8%
16	24/Jul	Information about registration of share capital increase	-2.6%	-2.3%	-2.9%	-12.3%	-4.7%	-11.1%
17	28/Jul	Bank Millennium (Poland) results for the 1st half of 2014	-2.4%	-1.1%	-2.8%	-7.4%	2.1%	-5.2%
18	28/Jul	First half of 2014 consolidated results	-2.4%	-1.1%	-2.8%	-7.4%	2.1%	-5.2%
19	29/Jul	Information about ratings decision	-0.8%	2.5%	-1.0%	-8.4%	0.5%	-5.0%
20	30/Jul	Agreement for the sale of Banca Millennium (Romania) to OTP Bank	-4.4%	-1.2%	-2.4%	-21.6%	-12.0%	-16.6%
21	7/Aug	Reimbursement to the Portuguese State of €1,850 million CoCos	-3.6%	-2.8%	-3.6%	9.0%	8.0%	7.0%
22	12/Sep	Board of directors' decision to call a General Meeting	-2.7%	-1.4%	-2.2%	-5.4%	-5.7%	-7.0%
23	7/Oct	Agreement for the sale of Millennium Asset Management	-5.8%	-3.7%	-4.9%	-11.0%	-6.3%	-8.2%
24	15/Oct	Information about Board of Directors and General Meeting resolutions	-6.9%	-3.6%	-5.4%	11.8%	9.7%	6.1%
25	24/Oct	Bank Millennium (Poland) results for the first nine months of 2014	-3.8%	-3.0%	-2.1%	-4.3%	-5.2%	-4.6%
26	26/Oct	First nine months of 2014 consolidated results and Comprehensive Assessment results	-3.8%	-3.0%	-2.1%	-4.3%	-5.2%	-4.6%
27	17/Dec	Information about non-regulatory equivalence of Angola	6.7%	3.0%	3.9%	2.0%	-1.9%	-2.3%

The following graph illustrates the performance of BCP shares during 2014:



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.

As announced in the capital increase operation carried out in July 2014, the Bank intends to create the conditions to accelerate its return to normal conditions, which involves the distribution of dividends.

MONITORING OF INVESTORS AND ANALYSTS

The very positive evolution of the Bank's results and the increased confidence in its capacity to implement the Strategic Plan contributed to the overall improvement of the perception of analysts from the main national and foreign investment analysts that monitored the BCP share price in 2014: at the end of the year, the buy and neutral recommendations represented 87% of total recommendations (64% at the end of 2013), while the average of price targets stood at 11 cents (8 cents at the end of the previous year). As at 31 December 2014, all the recommendations and price targets stood at more favourable or identical levels than those registered at the end of 2013.

Over the reference period, the Bank participated in various events, having attended 13 conferences and 10 roadshows in Europe and the USA, where it made institutional presentations and held one-on-one meetings with investors. More than 500 meetings were held with analysts and institutional investors in 2014, which continues to demonstrate the significant increase in interest shown by investors in relation to the Bank.

TREASURY SHARES

As at 31 December 2014, Banco Comercial Português, S.A. did not hold any treasury shares and no treasury shares were purchased or sold during 2014. However, pursuant to IAS 39, 24,280,365 shares (76,664,387 shares as at 31 December 2013) held by Customers, whose acquisition was financed by the Bank and regarding which there is evidence of impairment, are considered treasury shares and registered under this heading for book-keeping purposes.

SHAREHOLDER STRUCTURE

According to information from Interbolsa, as at 31 December 2014 the number of Shareholders of Banco Comercial Português totalled 189,805. The Bank's Shareholder structure continues to be extremely scattered, with only six Shareholders with qualified holdings (over 2% of the share capital) and only two Shareholders with a stake above 5%. Particular reference should also be made to the increased weight of companies, which accounted for 40.24% of the share capital at the end of 2014 (36.61% at the end of 2013).

Shareholder structure	Number of Shareholders	% of share capital
Group Employees	3,682	0.48%
Other individual Shareholders	180,475	33.96%
Companies	4,970	40.24%
Institutional	678	25.32%
Total	189,805	100.00%

Shareholders with more than 5 million shares represented 69% of the share capital. In 2014 there was a slight increase of the percentage of share capital held by foreign Shareholders.

Number of shares per Shareholder	Number of Shareholders	% of share capital
> 5,000,000	484	69.03%
500,000 to 4,999,999	7,155	15.32%
50,000 to 499,999	45,830	12.95%
5,000 to 49,999	69,259	2.51%
< 5,000	67,077	0.19%
Total	189,805	100%

With regard to geographic distribution, it is worth noting the weight of Shareholders in Portugal, who represented 49.9% of the total number of Shareholders as at 31 December 2014.

	Nr. of Shareholders (%)
Portugal	49.9%
Africa	19.6%
UK / USA	9.0%
Others	21.5%
Total	100%

QUALIFIED HOLDINGS

As at 31 December 2014, the following Shareholders held 2% or more of the share capital of Banco Comercial Português, S.A.:

31 December 2014

Shareholder	Nr. of shares	% of share capital	% of voting rights
Sonangol - Sociedade Nacional de Combustíveis de Angola, EP	10,534,115,358	19.44%	19.44%
Total of Sonangol Group	10,534,115,358	19.44%	19.44%
Bansabadell Holding, SL	2,644,643,445	4.88%	4.88%
BANCO DE SABADELL, S.A.	350,219,968	0.65%	0.65%
Total do Grupo Sabadell	2,994,863,413	5.53%	5.53%
EDP -Imobiliária e Participações, S.A	1,087,268,954	2.01%	2.01%
EDP Pensions Fund	373,431,822	0.69%	0.69%
Members of the management and supervisory bodies	7,752,755	0.01%	0.01%
Total of EDP Group	1,468,453,531	2.71%	2.71%
Interoceânico - Capital, SGPS, S.A.	1,199,549,296	2.21%	2.21%
ALLPAR SE	162,450,000	0.30%	0.30%
Members of the management and supervisory bodies	5,610,890	0.01%	0.01%
Total of Interoceânico Group	1,367,610,186	2.52%	2.52%
BlackRock	1,308,152,656	2.41%	2.41%
Total of BlackRock*	1,308,152,656	2.41%	2.41%
Ageas Insurance International, N.V.	437,113,737	0.81%	0.81%
Ocidental - Companhia de Seguros de Vida, S.A.	652,087,518	1.20%	1.20%
Total of Ageas	1,089,201,255	2.01%	2.01%
Total of Qualified Shareholders	18,762,396,399	34.62%	34.62%

* 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.

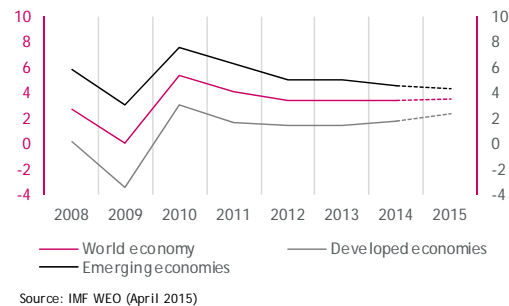
ECONOMIC ENVIRONMENT

GLOBAL ECONOMIC ENVIRONMENT

According to the International Monetary Fund (IMF), the rate of expansion of global economic activity in 2014 remained at 3.4%, which is below historical standards and, in addition, masks significant differences between the major world economies. While the North American economy has shown renewed vigour, the main Member States of the euro zone have registered very moderate growth levels and emerging markets have slowed once again.

In the euro zone, in spite of the fall in interest rates to record levels and the significant depreciation of the euro, credit and investment did not take off, private consumption stagnated and unemployment remained at high levels. The consequent anaemic growth of the EMU countries in 2014 (0.9%) represented, nonetheless, an improvement relative to the contraction observed in the two preceding years. Economic fragility, alongside worsening deflationary pressures, favoured an intensification of the degree of monetary policy accommodation by the European Central Bank (ECB). In 2015, the recovery path of the euro zone is expected to continue at a moderate pace, penalised by the lack of buoyant investment and weak foreign demand, from emerging markets in particular.

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



In the US, the rise in employment and consumer confidence favoured the expansion of private consumption and investment, which translated into an acceleration of GDP from 2.2% to 2.4% in 2014. In this context of improvement of economic conditions, the US Federal Reserve decided to terminate its asset purchase programme at the end of 2014. In 2015, the North American economy is expected to accelerate once again, supported by domestic demand, which will benefit from the current context of falling oil prices and the expected maintenance of the general expansionary trend of monetary and fiscal policies. This expectation may, however, be offset by the adverse effects of the appreciation of the dollar on the evolution of external demand and the stability of financial markets.

The Chinese economy further decelerated in 2014 as a result of the loss of competitiveness of its export sector, as well as the greater rationalisation of the supply of credit and the consequent decline in the intensity of public and private investment, particularly in the construction sector. For 2015, the IMF forecasts a further slowdown of economic activity, mainly due to the continued restrictions on investment and also to the loss of vigour of the economies in the Southeast Asian region.

In 2015, the challenges facing the global economy are many and varied. The significant fall in oil prices can either have a positive net impact, due to the stimulus to aggregate demand at a global level, or trigger a correction in financial markets, whose exposure to the energy sector is significant. On the other hand, the desynchronisation between the monetary policy of the US and of the other major world economies entails the risk of pronounced movements in the foreign exchange market, with potentially adverse consequences for the global financial system. Finally, the prevalence of various areas of geopolitical tension constitutes a risk that is difficult to quantify, but of no less importance.

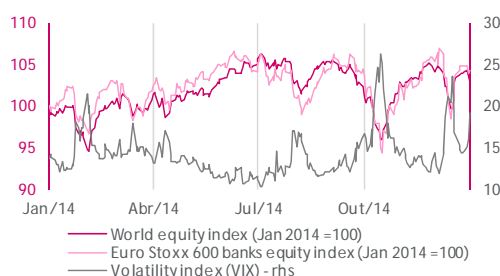
GLOBAL FINANCIAL MARKETS

The performance of financial markets in 2014 was characterised by an extension of the appreciation trend of most asset classes, although in a more volatile environment, presumably justified by the switch to a less expansionary monetary policy of the US Federal

Reserve. The North American key stock indices appreciated by around 15%, about 10 percentage points above the analogous European indices.

In the debt markets, the worldwide inflation-reducing process, combined with the maintenance of high levels of liquidity provided by the major central banks, resulted in a general decline in the yields on public and private debt securities perceived as more secure. In the euro zone, sovereign debt risk premiums continued to fall, in a context of investor confidence in the economic and financial recovery of the countries that benefited from financial assistance, as well as expectations surrounding the ECB's implementation of a sovereign debt purchase programme. In addition, the reduction of the key ECB interest rates to historical lows led to a compression of the indexing interest rates of the euro to extremely low or even negative levels for the shortest maturities, an evolution which also contributed to the depreciation of the euro, particularly against the dollar.

EXPANSIONARY MONETARY POLICIES SPUR FINANCIAL MARKETS

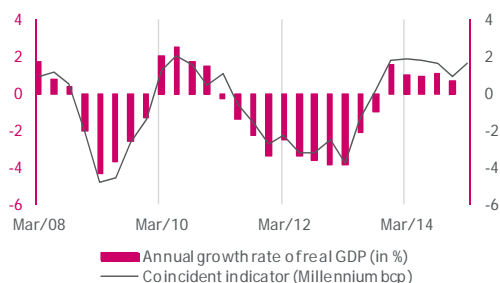


OUTLOOK FOR THE PORTUGUESE ECONOMY

Following three years of a consecutive slowdown, the Portuguese economy grew 0.9% in 2014, driven by the improvement in private consumption and investment, alongside the growth of exports. The recovery of economic activity and the fulfilment of the objectives defined in the Memorandum of Understanding of the Economic and Financial Assistance Programme (PAEF) signed in 2011 enabled the Portuguese State to resume funding in the international financial markets, thereby concluding the PAEF successfully in June 2014, as scheduled.

In 2015, the recovery trend of economic activity should continue to be driven by domestic demand, which is expected to benefit from the increase in employment and disposable income, the fall in oil prices and the downward trend in interest rates on bank loans. However, the risk of increased lack of definition in European economic policy, associated to the emergence of new political frameworks in several countries, and the uncertainty surrounding the outcome of the national parliamentary elections scheduled for October 2015, may hamper the economic recovery and jeopardise the trend towards an improvement of the funding conditions of Portuguese companies and households.

PORTUGUESE ECONOMY CONTINUES TO RECOVER IN 2014



In 2014, the profitability of the banking sector remained under pressure due to low interest rates, with an adverse impact on net interest income, the cost of risk and the increase in credit risk coverage levels, partially explained by the Comprehensive Assessment exercise conducted by the ECB within the scope of the implementation of the Single Supervisory Mechanism.

The application of the resolution measure to Banco Espírito Santo constituted a significant disruption to the banking system, with implications in terms of business evolution, the redefinition of the competitive context and the confidence of investors and customers, whose developments may condition the future performance of the Portuguese banking sector.

The main challenge of the banking sector for 2015 involves the improvement of profitability, whose success depends on the recovery of the Portuguese economy and the relationship between the cost of risk and the net interest income margin, in a context of implementation of new regulatory requirements within the scope of the Banking Union, which will continue to determine new approaches and the repositioning of banks within the business.

INTERNATIONAL OPERATIONS

In 2014, the real GDP in Poland grew 3.3%, which corresponds to a sharp acceleration of economic activity, due to greater dynamism in private consumption, underpinned by the increase in employment and real salaries, and the expansion of investment, alongside the robustness of exports. These factors mitigated the adverse effects arising from the geopolitical tensions between the Ukraine and Russia. The worsening of deflationary pressures, due to the fall in energy and food prices, led to a more accommodative monetary policy stance, which was reflected in the depreciation of the zloty. Similarly to 2014, for 2015, the IMF forecasts that the Polish economy will continue to show strong dynamism, benefitting from the resilience of its domestic demand, which is expected to offset the risks of any slowdown in external demand, particularly of its European Union partners and Russia.

The estimates available suggest that in 2014 the Mozambican economy continued to grow at levels around 7.4%, in a context of remarkable macroeconomic solidity, reflected in effective exchange rate stability and the decline in the inflation rate to levels close to 2%, comfortably below the 5%-6% level established by the central bank. However, the harsh floods that hit the country in January 2015 led to a decline in the agricultural production, which caused a reduction in employment and also an increase in food prices thereby constraining the purchasing power of households and, consequently, hindering the evolution of the domestic demand. As a result, the pace of growth of the Mozambican economy should slow down in 2015. Additionally, the changes in the public investment policies brought about by the need to rebuild the damaged infrastructures should temporarily affect the development of megaprojects that are crucial to the economic progress of Mozambique.

The adverse nature of the evolution of the Angolan oil sector over the course of 2014 had as a likely consequence a significant slowdown in GDP, whose growth rate the IMF estimates to have fallen from 6.8% in 2013 to 4.2% in 2014. In the first half of the year, the decline in oil production associated to technical issues may have affected exports and private investment, while the very pronounced fall in international oil prices in the second half of the year, implying a sharp decrease in tax revenue, may have restricted public investment and final consumption. This scenario fostered a depreciation of the kwanza and a rise in inflation, which nonetheless remained below 10%. The predominance of oil in the economy implies that 2015 may be a challenging year at the macroeconomic level if the price of crude remains at materially lower levels than those registered in 2014, a scenario that the government has already begun to prepare for through the implementation of monetary and fiscal measures that ensure financial stability and, at the same time, limit the negative impact of the fall in oil prices on aggregate demand.

GROSS DOMESTIC PRODUCT

Annual growth rate (in %)

	'12	'13	'14	'15	'16
European Union	-0.4	0.1	1.4	1.8	1.9
Portugal	-4.0	-1.6	0.9	1.6	1.5
Poland	1.8	1.7	3.3	3.5	3.5
Sub-Saharan Africa	4.2	5.2	5.0	4.5	5.1
Angola	5.2	6.8	4.2	4.5	3.9
Mozambique	7.1	7.4	7.4	6.5	8.1

Source: IMF WEO Database (april 2015)

IMF estimate

MAIN RISKS AND UNCERTAINTIES

Risk	Sources of risk	Risk Level	Trend	Interactions
ENVIRONMENT				
Regulatory	<ul style="list-style-type: none"> New regulations aimed at improving the credit profile of banks and the transparency of the information provided by banks CRD IV / CRR Banking Resolution and Recovery Directive (BRRD) Single Supervisory Mechanism of the ECB MIFID, MREL 	High	↔	<ul style="list-style-type: none"> Comply with the regulatory minimums in phased-in and possible establishment of buffer in Pillar II Regular practice of conducting Stress Tests by the ECB / impact on cost of risk Impact on Banks' ratings because Rating Agencies consider governmental support more unlikely Disclosure of the LCR and NFSR and Leverage ratios that will have to exceed the regulatory minimums
Delays in the implementation of the Banking Union	<ul style="list-style-type: none"> Banking Resolution and Recovery Directive of Financial Institutions (BRRD) Interaction between sovereign credit risk and bank credit risk / reduction of governmental support Prospects of maintaining inflation at levels below the ECB objective 	Medium-level	↔	<ul style="list-style-type: none"> Deepening of mechanisms for resolution and deposit guarantees of banks Regular functioning of the IMM Progressive opening of access to international debt markets / still high risk premiums in peripheral countries under pressure Conduct of monetary policy in the euro zone (TLTRO)
Sovereign	<ul style="list-style-type: none"> Continuation of fiscal consolidation / Implementation of structural reforms / Upcoming parliamentary elections Correction of the unbalances of the current and capital balance Regular access to international funding markets 	Medium-level	↔	<ul style="list-style-type: none"> Confidence of internal economic agents Tax relief / personal income tax reform / green tax Reallocation of resources to tradable goods sectors Economic upturn in Portugal / dynamism of main trade partners Confidence of international investors
FUNDING AND LIQUIDITY				
Access to WSF markets	<ul style="list-style-type: none"> Resolution of BES / Impact on Portuguese financial system / reputation Resurgence of appetite for risk / Pricing of debt instruments and cost of funding Still high dependence on ECB funding 	Medium-level	↓	<ul style="list-style-type: none"> Banking Resolution and Recovery Directive of Financial Institutions (BRRD) Decrease of cost of funding <i>De-risking</i> Credit financing almost entirely through balance sheet customer funds Open and regularly operating markets Pressure on LT ratings
Funding structure	<ul style="list-style-type: none"> Irregular functioning of WSF/IMM markets Loss of eligibility of debt guaranteed by the State Alteration of ECB rules on collateral 	Medium-level	↔	<ul style="list-style-type: none"> Deleveraging of internal economic agents <i>De-risking</i> / Reduction of commercial gap Increased weight of balance sheet customer deposits and funds in the funding structure Progressive replacement of the funding obtained from the ECB by WSF market issues

Risk	Sources of risk	Risk Level	Trend	Interactions
CAPITAL				
Credit risk	<ul style="list-style-type: none"> ▪ New entries into still positive overdue credit put pressure on the evolution of asset quality ▪ Regularity of Stress Tests conducted by the ECB ▪ Pressure on the cost of risk ▪ Increase in the cost of risk in Poland / Mortgage loans denominated in CHF 	High	↓	<ul style="list-style-type: none"> ▪ Moderate upturn in Portugal ▪ Evolution of disposable income / evolution of unemployment rate / company delinquency level ▪ High leveraging of companies ▪ Exposure to problematic sectors ▪ Abandonment of the EUR/CHF parity, resulting in a significant appreciation of CHF / 39% of the loan portfolio in Poland is mortgage loans denominated in CHF
Market risk	<ul style="list-style-type: none"> ▪ Volatility in capital markets ▪ Effective hedging ▪ Adverse behaviour in the real estate market 	Medium-level	↔	<ul style="list-style-type: none"> ▪ Evolution of situation in Greece ▪ Uncertainty in markets ▪ Monetary policies of the different Central Banks ▪ Profitability of the pension fund ▪ Reduction of earnings from trading
Operating risk	<ul style="list-style-type: none"> ▪ Pressure to cut operating costs 	Medium-level	↔	<ul style="list-style-type: none"> ▪ Simplification of processes ▪ Deterioration of controls ▪ Increased risk of fraud ▪ Business continuity
Concentration and interest rate risk	<ul style="list-style-type: none"> ▪ Historically low interest rates ▪ High concentration in terms of credit-risk 	Medium-level	↔	<ul style="list-style-type: none"> ▪ 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	<ul style="list-style-type: none"> ▪ Inherent to the Group's activity 	Medium-level	↔	<ul style="list-style-type: none"> ▪ The negative opinion of the public opinion or the sector could adversely affect the capacity to attract Customers (in particular depositors) ▪ Possible Customer claims ▪ Possible penalties or other unfavourable procedures arising from inspections ▪ Instability of the regulatory environment applicable to financial activity ▪ AML rules and against the financing of terrorism
Profitability	<ul style="list-style-type: none"> ▪ Almost zero interest rates place pressure on net interest income ▪ Difficulty in reducing spreads on term deposits significantly ▪ Regulatory pressures on fees and commissions ▪ Asset quality/impairments ▪ Possible exceptional contributions to the resolution fund arising from the resolution of BES 	Medium-level	↓	<ul style="list-style-type: none"> ▪ Less concession of mortgage loans with reduced spreads ▪ Repayment of Cocos and reduction of the cost related to Cocos ▪ Progressive reduction of negative impact of the liability management operations carried out in 2011 on net interest income ▪ Need to continue the repricing of the spreads on term deposits ▪ Possible sale of Novo Banco below its capitalisation value

INFORMATION ON TRENDS

In May 2014, Portugal concluded the Economic and Financial Assistance Programme (PAEF). Its implementation resulted in a number of significant adjustments to the Portuguese economy, namely at the level of fiscal consolidation and deleveraging of the non-financial private sector, with a significant impact on the deleveraging of the banking sector and on the correction of the unbalances of the external accounts.

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 should gradually pass on to Euribor rates. At the same time, there has been a compression of risk premiums, namely the reduction of the spreads of government bonds relative to German government bonds, which has favoured the countries under pressure in the euro zone. This framework has also contributed to the appreciation of the fixed-income debt securities portfolios, particularly affected during the most critical period of the sovereign debt crisis in the euro zone.

In Portugal and in spite of the recent pick-up in economic activity and the improvement of labour market conditions, the low GDP growth rates, in addition to low levels of inflation, represent a challenge to the activity and profitability of the financial sector. In addition to the low economic growth environment, the maintenance of high levels of debt of the private and public sectors also affects the economic recovery.

Credit granted by BCP may continue to diminish or at least stabilise following its contraction over the last few years, 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 should continue to increase, associated with increased saving for reasons of precaution in view of future uncertainties as well as the transformation of off-balance sheet resources, showing Customer choice for lower risk. As a result, the commercial gap should continue to narrow, gradually leading to a situation where the credit is almost entirely funded by balance sheet funds, thus reducing access to ECB funding and to WSF markets and improving BCP's liquidity position.

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 a possible reduction of credit spreads. BCP is also expected to increase net interest income as a result of (i) lower costs supported by CoCos (after having repaid 2.25 million euros in 2014), and (ii) less impact on the margin of liability management operations carried out in 2011 and which consisted in the repurchase of own debt with the objective of generating gains and thus strengthening its capital and the issue of new debt at a higher cost than the repaid debt. An automatic saving in commissions paid will also be registered, associated to the full repayment of the debt issued guaranteed by the State.

In 2015, regulatory contributions are expected to increase relative to 2014, since under the new European regulation (transposition of the European directive to the implementation of the single resolution fund) 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 (change in methodology).

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 2015, although constrained by the economic environment. Therefore, in 2015, is expected a progressive reduction of the cost of risk, as new entries into overdue credit, net of recoveries, decline, implying lower credit impairment charges.

The high exposure of financial institutions to real estate assets represents an additional risk and has resulted in a permanent monitoring of the portfolios of the banking sector, through regular and comprehensive inspections and an adequate recording of impairments, in line with the actions that have been developed by the Banco de Portugal since 2011, and with the more recent exercise undertaken by the ECB, within the context of the creation of the Single Supervisory Mechanism. However, in spite of the signs of recovery in the real estate market and the evidence pointing to stability or even appreciation of residential real estate asset prices, a possible fall in prices cannot be excluded.

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 institutions, 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, even in the case of funding of the Resolution Fund through regular and/or special contributions of the participants, these contributions may be made over a period of time that has not yet been defined.

The supervision of the financial system and the solvency of credit institutions have been reinforced and the transition to the new regulatory requirements also poses important challenges to European banks. In this regard, the supervisor shows a preference for the reinforcement of bank's capitalisation levels, and in some cases recommends that minimum levels of regulatory capital be achieved.

The year of 2014 marked the start of the transition to a new supervisory regime. In May 2014, with the objective of ensuring an adequate transition until the full application of CRD IV / CRR and to prepare the main Portuguese banks for the AQR, the Bank of Portugal issued a number of recommendations on banks' capital plans.

On 24 October, Decree-Law 157/2014 was published, which transposed CRD IV ("Decree-Law 157/2014") into Portuguese law. Most amendments were incorporated in the RGICSF, and entered into force on 24 November 2014.

VISION, MISSION AND STRATEGY

VISION AND MISSION

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

The Bank's mission is to create value for Customers through high quality banking and financial products and services, complying with rigorous and high standards of conduct and corporate responsibility, growing 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 is 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, benefiting 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 2015, the Executive Committee defined a new set of strategic priorities 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 5 pillars which include various initiatives to be developed in order to achieve that objective, namely:

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;
3. Adjust the business model of the growth-oriented corporate segment, in order to be the reference bank in providing support to Companies in Portugal;

4. 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;
5. 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.

Financial Information

LIQUIDITY AND FUNDING

In 2014, Millennium bcp proceeded with the implementation of the Annual Liquidity Plan, based on the control of financing requirements, through an active and optimised management of collateral eligible for discount with the European Central Bank and in the follow-up and identification of opportunities offered by the wholesale funding market.

The decrease of funding needs in 2014 was, above all, due to the evolution of the commercial gap in Portugal, measured by the difference between net credit and balance sheet customer funds, which decreased by 3.9 billion euros in 2014, and the reduction of the Portuguese sovereign debt portfolio which decreased by 1.2 billion euros in 2014, reaching 4.7 billion euros.

Concerning the funding structure, the capital increase operation undertaken in the third quarter of 2014 to raise 2.249 billion euros enabled the early repayment of the hybrid instruments subscribed by the Portuguese State by 2.25 billion euros, above the objective of 400 million euros set out in the Liquidity Plan.

In 2014, including the repayment of CoCos, 5.3 billion euros of medium-long term debt was repaid in 2014, above the annual estimated total of 3.4 billion euros. On the other hand, market conditions enabled the Bank to return to the wholesale funding market earlier (in February), through the issue of 3-year senior debt of 500 million euros, scheduled only for the third quarter of 2014. In compliance with the Liquidity Plan, the Bank has fully endeavoured to diversify its funding sources, in particular through short-term loans contracted with international financial institutions and collateralised by securities, whose balance in Portugal reached 1.9 billion euros, 1.7 billion euros more than at the end of 2013.

In 2014, the combined effect of the refinancing of the medium-long term debt, reductions of the commercial gap, decrease of the sovereign debt portfolio, the share capital increase, the issue of senior debt and the added recourse to other sources of funding led to a reduction of 3.3 billion euros in the net financing from the Eurosystem, having decreased from 10.0 billion euros as at 31 December 2013 to 6.6 billion euros at the end of 2014. This decrease involved, over the course of the year, the early repayment at the ECB of additional tranches of the medium term liquidity assignment operations totalling 7 billion euros (of an initial total of 12 billion euros in 2012), reducing the balance to 4 billion euros. The total repaid was partially refinanced, in December 2014, through funds of 1.5 billion euros within the framework of targeted longer-term refinancing operations (TLTROs) promoted by the ECB.

As part of the management of the portfolio of eligible collateral at the Eurosystem, involving the optimised allocation of the various categories of available assets, two securitisation operations were cancelled and the underlying assets were reallocated to the monetary policy pool in the form of additional credit rights during the first quarter of 2014. At the same time, a new mechanism for selecting bank loans was implemented, aimed at its incorporation in the pool and the terms and conditions of an issue of mortgage bonds retained in the balance sheet were adjusted. In relation to additional credit rights, the Bank of Portugal accepted the application of IRB models to credit portfolios, with a consequent reduction of the applicable haircuts.

At the end of 2014, the volume of assets eligible for discount at the ECB reached 14.2 billion euros, enabling the maintenance of the liquidity buffer at a comfortable level of 7.6 billion euros, even after the early repayment of all the own issues with State guarantee in the value of 3.2 billion euros after haircuts.

CAPITAL

On 26 June 2013, the European Parliament and Council approved Directive 2013/36/EU and Regulation (EU) no. 575/2013 (Capital Requirements Directive IV / Capital Requirements Regulation - CRD IV/CRR), transposed to Portuguese law through decree-law no. 157/2014 of 24 October, that established new and more demanding capital requirements for credit institutions, with effects as from 1 January 2014.

These stricter requirements result from a narrower definition of the instruments and elements that constitute own funds and from changes in weights related to certain assets, together 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 transitional period (phased-in) in which institutions may accommodate the new requirements, both in terms of own funds and compliance with minimum capital ratios.

Nevertheless, Bank of Portugal, through Notice no. 6/2013 of 23 December, stipulated the obligation to ensure the maintenance of a CET1 ratio not lower than 7%, determining the adoption of capital conservation measures whenever such minimum is not complied with. Given that as of 31 December 2013, capital ratios were calculated based on the rules set out by Banco of Portugal under Basel II regulatory framework, the capital ratios as at 2013 and 2014 year-end are not on a comparable basis.

As of 31 December of 2013 and of 2014, methodologies based on Internal Rating models (IRB) for the calculation of capital requirements for credit and counterparty risk were used, covering a substantial part of the retail portfolio in Portugal and Poland and of the corporate portfolio in the activity in Portugal. For the purpose of general risk coverage, the advanced method was used (internal model) while for operational risk coverage the standard method was applied.

CAPITAL REQUIREMENTS: CALCULATION METHODS AND SCOPE OF APPLICATION

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 only 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.

CET1 ratio, calculated in accordance with CRD IV/CRR was 12.0% as at 31 December 2014, having the core tier I ratio, calculated in accordance with Bank of Portugal rules, reached 13.8% as at 31 December 2013, both above the respective minimum required thresholds.

According to the new rules on the calculation date, the estimated impact of the transition to CRD IV/CRR rules on 1 January 2014 was negative in 152 basis points, setting CTE1 ratio at 12,2%, to which contributed the CET1 reduction of 477 million euros and the increase of 1.574 million euros in risk weighted assets. The decrease of CET1 was due to the adoption of phased-in rules, namely related with the deduction of the shortfall of impairment and expected losses, and with the eligibility of minority interests and of the pension fund corridor. The increase in risk weighted assets resulted from the weighing of deferred tax assets associated to temporary differences and significant financial investments not deducted to CET1 and CVA (Credit Valuation Adjustments), notwithstanding the favourable weight applied to small and medium enterprises loans.

Additionally, the following effects determined CET1's evolution from 12.2% as at 1 January 2014 to 12.0% as at 31 December of 2014:

- Increase of 2,242 million euros in share capital in July 2014 and the reimbursement of 2,250 million euros of hybrid financial instruments (CoCos), of which 400 million euros in May 2014 and 1,850 million euros in August 2014, having an aggregated impact on CET1 as of 1 January 2014 of -2 basis points;
- Sale of Non-Life insurance business and distribution of Millenniumbcp Ageas's excess capital , which resulted in a gain of 69 million euros and a reduction of equity accounted earnings
- The fulfilment of the Caravela SME4 synthetic securitization, which increased CET1 ratio as of 1 January 2014 in 7 basis points, due to the 266 million euros of savings in risk weighted assets;
- Sale of the Tagus EDP EnergyON investment securitization in October 2014, with a positive impact of 10 basis points in CET1 ratio as of 1 January 2014, resulting from the release of 475 million euros of risk weighted assets, notwithstanding the decrease of 14 million euros in CET1, affected by the loss registered in the sale.
- Sale of the Group's Operation in Romania, which originated a 5 basis points favourable impact on CET1 as of 1 January 2014, due to the 371 million euros of savings in risk weighted assets which induced and compensated the unfavourable impact of 24 million euros on CET1 determined by the loss in the sale;
- Increase of the pension fund's negative actuarial differences, after taxes and including the corridor variation, which reduced CET1 by 422 million euros and caused a decrease of 89 basis points in CET1 as of 1 January 2014, resulting from the change of the actuarial assumptions (-574 million euros before taxes), the unfavourable deviation of the fund's return (97 million euros before taxes) and from the increase in the corridor defined for regulatory effects (47 million euros phased-in);
- Increase of risk weighted assets for the coverage of market risk in 433 million euros, associated with the growth of the public debt securities trading portfolio in the fourth quarter of 2014, having a negative impact of 12 basis points on CET1 ratio as of 1 January 2014;
- Decrease of the regulatory add-on level defined for the capital requirements of the Polish subsidiary, determined according to the IRB method, which reflected decreases of 980 million euros of risk weighted assets and 15 million euros of CET1, positively contributing with 24 basis points to CET1 ratio as of 1 January 2014;
- Excluding the effects of the previously described operations, the aggregated impact on CET1 from the net loss of 253 million euros, the increase of minority interests of 78 million euros and from the reduction of 1.3 billion euros in risk weighted assets, was practically null.

Million euros

CAPITAL RATIOS			
	CRD IV/CRR phased-in		Basel II
	31 dec. 14	1 jan. 14	31 dec. 13
Own funds			
Common equity tier 1 (CET1) / Core tier 1 (CT1)	5.077	5.563	6.040
Tier 1	5.077	5.563	5.646
Total capital	5.800	5.893	6.421
Risk weighted assets	42.376	45.500	43.926
Capital ratios			
CET1 / CT1	12,0%	12,2%	13,8%
Tier 1	12,0%	12,2%	12,9%
Total	13,7%	13,0%	14,6%

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 of the Council in the versions currently in force.

The consolidated financial statements are not directly comparable between 2014, 2013 and 2012, as a result of the divestment of the entire share capital of Millennium bank in Greece, concluded on 19 June 2013, and of Millennium bank in Romania, whose agreement was announced on 30 July 2014 and the process was concluded on 8 January 2015. With these operations, Millennium bcp eliminated the exposure to the Greek and Romanian markets, at an earlier time than had been established, with a favourable impact on the profitability and capital indicators, reflecting the focus on the fulfilment of the objectives defined in the Group's Strategic Plan, in particular on the creation of growth and profitability conditions.

Under the divestment process of all of the shareholdings held in the share capital of Millennium bank in Greece and Millennium bank in Romania, and pursuant to IFRS 5, Millennium bank in Greece and Millennium bank in Romania were classified as discontinued operations, with the impact of these operations being presented on a separate line item in the income statement, as at 31 December 2013 and 2014, under "discontinued operations". In this context, the income statement as at 31 December 2012 was restated, for comparative purposes.

Following the divestment of those subsidiaries, regarding the consolidated balance sheet, the assets and liabilities of Millennium bank in Greece were not considered as at 31 December 2014, whilst the assets and liabilities of Millennium bank in Romania, considering that the sale operation took place during the preparation of the financial statements of 2014, were not considered as at 31 December 2014, since the conditions for their derecognition were met.

In view of the commitment signed with the Directorate-General for Competition of the European Commission (DG Comp) relative to the Bank's restructuring plan, in particular the 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 "discontinued operations". The income statement as at 31 December 2012 has been restated, for comparative purposes, and the consolidated balance sheet has not been altered in view of the criteria considered in the consolidated financial statements as at 31 December 2012.

Notwithstanding the above, in order to offer a clearer understanding of the evolution of the Group's financial statements, only for the effect of this analysis, various balance sheet indicators are also presented on a comparable basis, i.e., excluding the operations under discontinuation - Millennium bcp Gestão de Activos.

The evolution of Millennium bcp's activity in 2014 was characterised by the strengthening of capital ratios and by the early repayment of hybrid financial instruments subscribed by the Portuguese State (CoCos), in a total of 2.25 billion euros, above the 400 million euros initially foreseen, as well as by the active and optimised management of the liquidity position, sustained by the follow-up of opportunities identified by the wholesale funding market and by the increase in customer deposits, enabling the reduction of the commercial gap and the continuous improvement of the loan-to-deposit ratio. In addition, a positive evolution of the profitability and efficiency levels was registered in 2014, reflecting the continued implementation of measures directed at rationalising and reducing operating costs and increasing net operating revenues.

Total assets reached a total of 76,361 million euros as at 31 December 2014, compared with 82,007 million euros as at 31 December 2013, mainly reflecting the contraction in loans and advances to customers and the contraction of the securities portfolio, in particular of financial assets available for sale, following the reduced exposure to Portuguese sovereign debt securities.

Loans to customers portfolio, before loan impairment and on a comparable basis, stood at 57,168 million euros as at 31 December 2014, compared with 59,734 million euros as at 31 December 2013. This performance was influenced by the contraction of loans to companies and individuals, due to lower demand for credit, in spite of the implemented initiatives focusing on the presentation of integrated solutions of banking products and services, aimed at supporting growth, modernisation and internationalisation processes and the reinforcement of the competitive capacity, in particular, of projects and sectors of the Portuguese economy with higher productivity levels.

Total customer funds, on a comparable basis, totalled 64,739 million euros as at 31 December 2014, compared with 64,261 million euros stated as at 31 December 2013. This evolution benefitted, on the one hand, from an increase in customer deposits, enabling a reduction of the commercial gap and an improvement of the loan-to-deposit ratio, and continued to be the main source of funding of the Group's activity, and on the other hand, from the growth of off-balance sheet funds, supported by the increase observed in assets under management.

The favourable evolution of net income for 2014, from -740 million euros in 2013 to -227 million euros in 2014, reflects the increase in net operating revenues and the reduction of operating costs given that impairments and provisions remained at broadly similar levels.

PROFITABILITY ANALYSIS

Net Income

Millennium bcp's net income was negative by 227 million euros in 2014, comparing favourably with the negative net income of 740 million euros recorded in 2013, and reflects the increase in net operating revenues and the reduction in operating costs, in line with the strategic priorities defined in the Strategic Plan, aimed at creating profitability conditions and stabilising the level of impairments and provisions.

The performance of net income in 2014, when compared to 2013, benefitted from the growth of net interest income, supported by the reduction of the cost of funding related to CoCos, due to the early repayment made during 2014, and by the reduction in the cost of customer deposits, underpinned by the consistent reduction in term deposit interest rates.

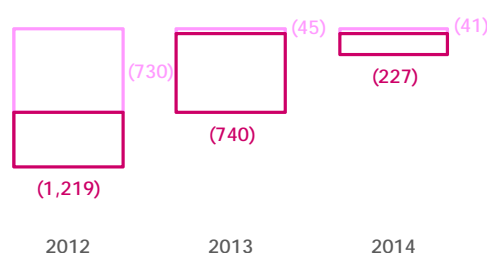
In addition, the evolution of net income was driven by the increase in net trading income, benefiting from the gains related to Portuguese sovereign debt securities of 225 million euros in 2014, net of taxes (48 million euros in 2013), as well as by the increase in other operating income, which includes the gain of 69 million euros associated with the divestment, in the second quarter of 2014, of all the shareholdings in associated companies that operated exclusively in the Non-Life business.

Net income in 2014 also benefitted from the reduction in operating costs, reflecting the implemented initiatives focused on the improvement of operational efficiency, in particular through the administrative size reduction and reorganisation, in addition to the increased simplification of processes. Nonetheless, net income for 2014 includes the same levels of impairment loss and provision charges, when compared to 2013, by reflecting the effect of the reinforcement of credit risk impairments associated with the Asset Quality Review (AQR).

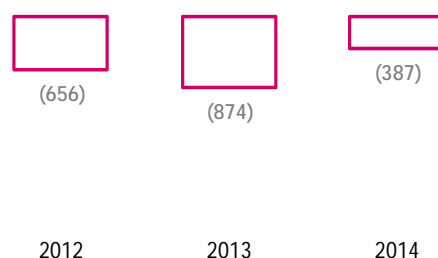
Following the reduction in the corporate income tax (IRC) set down in the State Budget for 2015, the amount of deferred taxes assets was updated at the end of 2014, having a negative net impact on net income of 134 million euros.

The favourable performance of net income in 2014, when compared to 2013, benefitted from the improvement in profitability in both the activity in

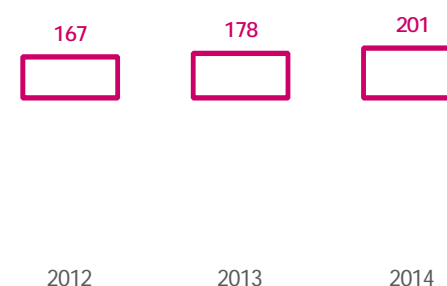
NET INCOME
Million euros



NET INCOME
Activity in Portugal
Million euros



NET INCOME
International activity
Million euros



Portugal and in the international activity, in line with the trends forecast in the Strategic Plan.

The favourable evolution of net income in the activity in Portugal reflected the increase in net operating revenues, benefiting from the growth of net interest income, net trading income and other operating income, on the one hand, and the reduction of operating costs, on the other, as a result of the initiatives that have been implemented within the scope of the restructuring programme initiated at the end of 2012, focused on increasing operational efficiency, in spite of the continued reinforcement of impairments and provisions.

The contribution of international activity to the consolidated net income for 2014 (excluding the impacts of the operations in Greece and Romania) increased by 13.1% relative to 2013, having benefited from the evolution of net income recorded by Bank Millennium in Poland, Banco Millennium Angola, Millennium bim in Mozambique, and Millennium Banque Privée in Switzerland, associated with the positive performance of the respective net operating revenues, driven by the growth of turnover.

QUARTERLY INCOME ANALYSIS

	2014					2013	2012
	Million euros						
	1st quarter	2nd quarter	3rd quarter	4th quarter	Total		
Net interest income	236	260	295	325	1,116	848	998
Other net income							
Dividends from equity instruments	3	2	0	0	6	4	4
Net commissions	165	177	165	175	681	663	655
Net trading income	112	63	182	85	442	264	437
Other net operating income	(15)	62	(14)	(22)	11	(72)	(48)
Equity accounted earnings	13	10	5	8	36	62	56
Total other net income	278	314	339	245	1,176	921	1,103
Net operating revenues	514	574	634	570	2,292	1,769	2,101
Operating costs							
Staff costs	160	163	155	158	636	767	751
Other administrative costs	108	114	110	117	448	460	502
Depreciation	16	16	17	17	66	68	68
Total operating costs	284	293	281	292	1,150	1,295	1,321
Operating results	230	281	353	278	1,143	474	781
Impairment							
For loans (net of recoveries)	192	180	503	232	1,107	821	970
Other impairment and provisions	59	55	29	66	209	466	350
Income before income tax	(21)	46	(179)	(20)	(173.4)	(813)	(539)
Income tax							
Current	33	30	26	13	101	116	81
Deferred	(38)	(22)	(199)	60	(199)	(326)	(213)
Net (loss) / income after income tax from continuing operations	(16)	38	(6)	(93)	(76)	(602)	(407)
Income from discontinued operations	0	(33)	0	(7)	(41)	(45)	(730)
Net income after income tax	(16)	5	(6)	(100)	(117)	(647)	(1,137)
Non-controlling interests	25	27	29	28	110	94	82
Net income attributable to shareholders of the Bank	(41)	(22)	(36)	(128)	(227)	(740)	(1,219)

Bank Millennium in Poland recorded a net income of 155 million euros in 2014, reflecting an increase of 22.1% from the 127 million euros recognised in 2013 (+21.5% in zlotys). This was driven by the favourable performance of net interest income, benefiting from an improvement in the cost of customer deposits, and commissions, in particular from investment products and from loans, which grew 19.2% and 3.9% respectively (in zlotys), in spite of the increase in other administrative costs, partly related to costs associated with supervision, and the cost of risk.

Millennium bim in Mozambique registered an increase in net income of 3.4% (7.4% in metical), having reached 88 million euros in 2014 relative to 86 million euros in 2013. This was underpinned by the increase in net operating revenues, in particular of net interest income having benefited from higher loan volumes, in spite of the impact of the expansion plan on the evolution of operating costs.

Banco Millennium Angola recorded a net income of 51 million euros in 2014, an increase of 25.5% (+27.6% in kwanza) relative to the 41 million euros recognised in 2013, reflecting the positive effect of net interest income associated with the increase in loans to customers, in spite of the reduction in results from foreign exchange operations and the growth of operating costs due to the expansion of the branch network.

Millennium Banque Privée in Switzerland recorded a net income growth to 7 million euros in 2014, compared with 6 million euros in 2013. This growth was influenced by the favourable evolution of commissions related to assets under management, in spite of the reduction of net interest income, as a result of the decrease in customer loans and the decrease in market interest rates, and the increase in operating costs.

Millennium bcp Bank & Trust in the Cayman Islands reported a net income of 8 million euros in 2014, lower than the 11 million euros recorded in 2013, due to the unfavourable performance of net interest income, mainly associated with the reduction in the net amount in credit institutions, and to net trading income, in spite of lower credit impairment levels associated with the appreciation of collateral and the positive contribution of commissions and operating costs.

Net income of foreign subsidiaries

	Million euros			
	2014	2013	2012	Chan. % 14/13
Bank Millennium in Poland (1)	155	127	113	22.1%
Millennium bim in Mozambique (1)	88	86	86	3.4%
Banco Millennium Angola (1)	51	41	37	25.5%
Millennium Banque Privée in Switzerland	7	6	3	18.5%
Millennium bcp Bank & Trust in the Cayman Islands	8	11	15	-30.4%
Non-controlling interests	(109)	(93)	(86)	
Subtotal	201	178	167	13.1%
Millennium bank in Romania (2)	(12)	(6)	(24)	
Millennium bank in Greece (2)	-	(63)	(266)	

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

(2) The net income of these operations are showed as net income from discontinued operations.

Net Interest Income

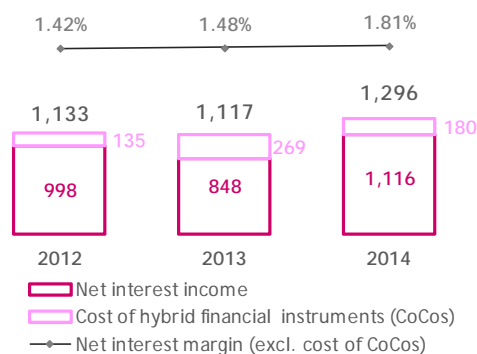
Net interest income reached 1,116 million euros in 2014, an increase of 31.6% from the 848 million euros recognised in 2013, benefiting from the performances of the activity in Portugal and of the international activity. The evolution of net interest income also reflects the lower level of interest related to the issue of hybrid financial instruments subscribed by the Portuguese State (Cocos), which fell to 180 million euros in 2014, from 269 million euros registered in 2013, following the early repayments made during 2014, totalling 2.25 billion euros, anticipating, in part, the initially defined schedule for the payment of these financial instruments.

The increase in net interest income, between 2013 and 2014, was driven by the positive interest rate effect of 324 million euros, reflecting the decrease in the cost of term deposits, in spite of the negative volume effect of 36 million euros, influenced by the contraction in the demand for credit, with a consequent impact on business volumes.

The successive and sustained reduction in the cost of deposits, in addition to the early repayment of CoCos in 2014, provided access to sources of funding of the activity under relatively more favourable conditions, thus contributing to the improvement in net interest income, relative to 2013, which more than offset the impact on the loan portfolio of the maintenance of market interest rates at low levels, in spite of the effort to adjust the price of operations contracted with customers to the respective cost of risk.

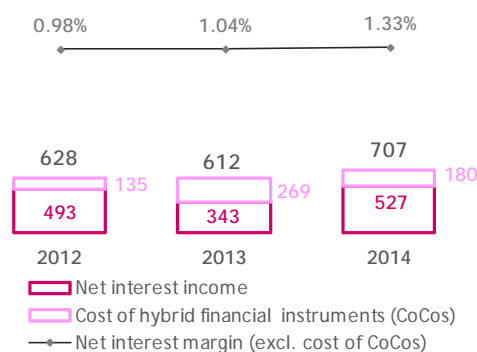
NET INTEREST INCOME

Million euros



NET INTEREST INCOME

Activity in Portugal
Million euros



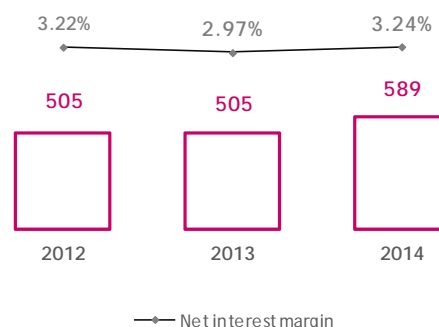
The deleveraging measures of the private sector constrained the granting of loans, penalising the evolution of net interest income, in spite of the continued promotion of commercial initiatives to support sustainable business plans. The growth of customer deposits, reflecting the continuation of the strategy focused on attracting stable balance sheet funds, enabled the improvement of the loan-to-deposit ratio and the reduction of the commercial gap between the end of 2013 and the end of 2014.

The favourable evolution of net interest income, in the activity in Portugal, between 2013 and 2014, reflects the continued decline in the cost of term deposits, as well as the lower level of costs related to CoCos and the positive effect of the share capital increase undertaken in July 2014, which offset the unfavourable context associated with interest rates at historically low levels and the contraction in demand for credit, in spite of the continued offer of credit solutions aimed at growth, modernisation, internationalisation and the reinforcement of the competitive capacity of Portuguese companies. On a quarterly basis, net interest income of the activity in Portugal recorded an increase of 22.3%, between the third and fourth quarters of 2014, reflecting the gradual and sustained growth trend observed in previous quarters of 2014.

Net interest income of the international activity increased by 16.6%, when compared to the amount recognised in 2013, as a result of the combined effect of reduction of the cost of deposits and increases in deposit and loan volumes, reflecting the implemented measures aimed at the creation of conditions for growth. This increase in net interest income benefited from the positive performance of the operations in Poland, Angola and Mozambique, reflecting the established priority of continuous development of the business in these geographies.

NET INTEREST INCOME

International activity
Million euros



AVERAGE BALANCES

Million euros

	2014		2013		2012	
	Average Balance	Yield	Average Balance	Yield	Average Balance	Yield
Interest Earning Assets						
Deposits in credit institutions	3,254	1.17%	3,931	1.31%	5,919	1.54%
Financial assets	12,236	3.41%	13,337	3.43%	10,892	4.33%
Loans and advances to customers	55,068	3.81%	57,335	3.92%	61,716	4.48%
Total Interest Earning Assets	70,558	3.62%	74,603	3.69%	78,527	4.24%
Discontinued operations (1)	398		1,879		3,773	
Non-interest earning assets	9,587		9,211		8,329	
Total Assets	80,543		85,693		90,629	
Interest Bearing Liabilities						
Amounts owed to credit institutions	12,217	0.67%	14,491	1.00%	16,889	1.30%
Amounts owed to customers	48,715	1.65%	46,880	2.15%	44,620	3.08%
Debt issued and financial liabilities	8,550	3.79%	11,694	3.75%	15,448	3.58%
Subordinated debt	3,335	7.23%	4,326	7.55%	2,764	7.13%
Total Interest Bearing Liabilities	72,817	1.99%	77,391	2.48%	79,721	2.94%
Discontinued operations (1)	323		1,910		3,614	
Non-interest bearing liabilities	3,027		2,773		3,088	
Shareholders' equity and Non-controlling interests	4,376		3,619		4,206	
Total liabilities, Shareholders' equity and Non-controlling interests	80,543		85,693		90,629	
Net Interest Margin (2)		1.56%		1.12%		1.25%
Excluding cost of hybrid financial instruments (CoCos)		1.81%		1.48%		1.42%

(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 2014, 2013 and 2012, to the respective balance item.

The analysis of the balance sheet shows that average net assets decreased to 80,543 million euros in 2014, compared with 85,693 million euros in 2013, reflecting the reduction of the interest earning assets balance, in particular of the customer loans average balance, which stood at 55,068 million euros in 2014, compared with 57,335 million euros in 2013, reflecting nonetheless a lower decline than in previous years. At the same time, the evolution of average net assets was influenced by the reduction in the financial assets average balances to 12,236 million euros in 2014 (13,337 million euros in 2013) and in deposits in credit institutions to 3,254 million euros in 2014 (3,931 million euros in 2013).

Average total interest bearing liabilities fell to 72,817 million euros in 2014, compared with 77,391 million euros in 2013, as a result of the reduction in the average balance of issued debt and financial liabilities to 8,550 million euros in 2014 (11,694 million euros in 2013), reflecting the maturity of medium and long term debt, as well as the replacement, on maturity, of bonds placed with customers by deposits, and of the decrease in deposits from credit institutions to 12,217 million euros in 2014 (14,491 million euros in 2013), reflecting the lower exposure to the European Central Bank financing, in addition to the reduction of the average balance of financial liabilities to 3,335 million euros in 2014 (4,326 million euros in 2013), following the early repayment of CoCos in 2014. These reductions were partially offset by the increase in customer deposits average balance that totalled 48,715 million euros in 2014, compared to 46,880 million euros recognised in 2013, reflecting the effort to attract and retain stable balance sheet funds, aimed at reducing the commercial gap and the funding of loans to customers by deposits.

In terms of structure of the average balance sheet, discontinued operations are classified outside of the aggregate of interest earning assets, hence the average balance of interest earning assets represented 87.6% of average net assets in 2014, which compares with 87.1% in 2013. The loans to customers component reinforced its relative weight in the balance sheet structure to 68.4% of average net assets in 2014 (66.9% in 2013), and continues to be the main aggregate of the assets portfolio. The financial assets portfolio reduced its weight in the balance sheet structure by representing 15.2% of average net assets in 2014 (15.6% in 2013).

In the structure of interest bearing liabilities, customer deposits continued to be the main source of funding and support of the intermediation activity, having increased its weight in the liabilities structure to 66.9% of the average balance of interest bearing liabilities in 2014, compared to 60.6% in 2013, driven by the effort to maintain and attract stable customer funds. The aggregate of debt securities issued and financial liabilities reduced its weight in the balance of interest bearing liabilities to 11.7% in 2014, compared to 15.1% in 2013; at the same time, the subordinated liabilities component reduced its weight in total interest bearing liabilities to 4.6%, from 5.6% in 2013, influenced by the early repayment of the hybrid financial instruments subscribed by the Portuguese State. The evolution of the average equity balance reflects the share capital increase undertaken in July 2014, in addition to the increase in fair value reserves, between the end of 2013 and the end of 2014.

The net interest margin stood at 1.56% in 2014, corresponding to an increase from the 1.12% in 2013, benefiting from the expansion of the activity in Portugal and the international activity. The performance of the net interest margin was influenced by the CoCos funding cost. However, excluding this impact, net interest margin stood at 1.81% in 2014, which compared with 1.48% in 2013. The average interest rates of the components directly related to operations with customers fell between 2013 and 2014, in particular the rate of customer deposits, which more than offset the evolution of the average rate of loans to customers.

FACTORS INFLUENCING NET INTEREST INCOME

Million euros

2014 vs 2013				
	Volume	Rate	Rate / Volume mix	Net change
Interest Earning Assets				
Deposits in credit institutions	(9)	(6)	1	(14)
Financial assets	(38)	(2)	-	(40)
Loans and advances to customers	(90)	(64)	3	(151)
Total Interest Earning Assets	(151)	(57)	3	(205)
Interest Bearing Liabilities				
Amounts owed to credit institutions	(23)	(49)	8	(64)
Amounts owed to customers	40	(237)	(9)	(206)
Debt issued and financial liabilities	(120)	5	(1)	(116)
Subordinated debt	(76)	(14)	3	(87)
Total Interest Bearing Liabilities	(115)	(381)	23	(473)
Net Interest Income	(36)	324	(20)	268

Other Net Income

Other net income, which aggregates income from equity instruments, net commissions, net trading income, other net operating income and equity totalled 1,176 million euros in 2014, corresponding to an increase of 27.7% from the 921 million euros in 2013, driven by most aggregates, in particular of net trading income. The increase of other net income benefited from the performance of the activity in Portugal, partially mitigated by the evolution in the international activity.

OTHER NET INCOME

Million euros

	2014	2013	2012	Chan. % 14/13
Dividends from equity instruments	6	4	4	60.0%
Net commissions	681	663	655	2.7%
Net trading income	442	264	437	67.4%
Other net operating income	11	(72)	(48)	-
Equity accounted earnings	36	62	56	-42.2%
Total	1,176	921	1,104	27.7%
of which:				
Activity in Portugal	829	564	762	46.9%
International activity	347	357	342	-2.7%

Income from Equity Instruments

Income from equity instruments, which includes dividends received from investments in financial assets available for sale, stood at 6 million euros in 2014, compared with 4 million euros in 2013, corresponding, in both years, mainly to income associated with the Group's equity investments and to investment fund participation units.

Net Commissions

Net commissions stood at 681 million euros in 2014, corresponding to an increase of 2.7% when compared to 663 million euros recognised in 2013, influenced by the increase in commissions related to financial markets, in addition to the favourable evolution of the commissions associated with the banking business. The increase in net commissions from 2013 was driven by the growth of 6.5% posted by the international activity, benefiting from the performance achieved in all geographies, as well as the increase of 0.7% in the activity in Portugal, over the same period.

Commissions more directly related to the banking business increased by 1.2%, amounting to 545 million euros in 2014, compared to 539 million euros in 2013, reflecting the rise in commissions related to cards and loans and guarantees, in spite of the negative impact of overdraft commissions, which was partially offset by the positive effect of the reduction of the cost of debt issues guaranteed by the State, as a result of the repurchase and cancellation of all these debt issues during 2014.

The commissions associated with the card business and transfers grew by 6.9%, amounting to 194 million euros in 2014, compared with 181 million euros recorded in 2013, benefiting from the performance of the activity in Portugal, in particular of the commissions related to transfers and income associated with the cards business, sustained by the increase in the number of cards and invoicing volume. In the international activity the increase in commissions with cards and transfers was supported by the growth of the subsidiaries in Poland, Mozambique and Angola.

Commissions related to loan operations and guarantees increased by 3.3% to 160 million euros in 2014, compared with 155 million euros in 2013, positively influenced by the international activity benefiting from the performance of the subsidiaries in Poland, Angola and Mozambique, in spite of the reduction recorded in the activity in Portugal, following the reduction of demand for credit, hindered by a persistent adverse economic environment.

Bancassurance commissions, which include the commissions obtained for the placement of insurance products through the Bank's distribution networks in Portugal, stood at 73 million euros in 2014, having stabilised from 2013.

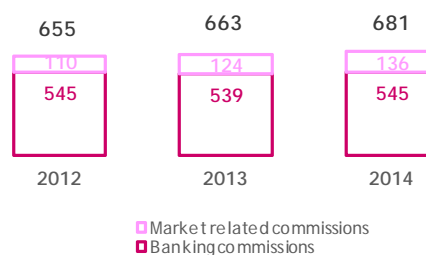
Net commissions related to customer accounts fell to 77 million euros in 2014, which compares to 105 million euros in 2013, reflecting the negative effect determined, namely, by the impact of the legislative changes related to overdraft commissions in the activity in Portugal.

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

Other commissions reached a total of 65 million euros in 2014, compared to 85 million euros posted in 2013, conditioned by the simultaneous contraction of the activity in Portugal and of the international activity.

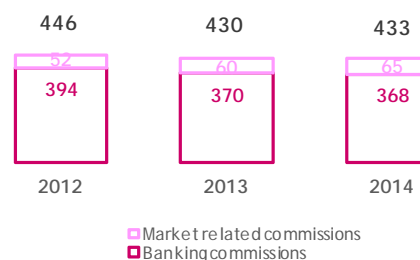
NET COMMISSIONS

Million euros



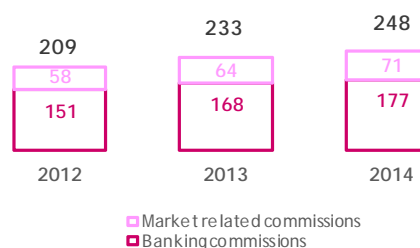
NET COMMISSIONS

Activity in Portugal
Million euros



NET COMMISSIONS

International activity
Million euros



Commissions related to financial markets grew by 9.1%, from 124 million euros in 2013 to 136 million euros in 2014, reflecting the favourable performance achieved in asset management and in transactions on securities, both in the activity in Portugal and in the international activity.

Commissions associated with transactions on securities increased by 6.2% to 97 million euros in 2014, from 91 million euros in 2013, reflecting the performance of the activity in Portugal, in particular the commissions related to placement and structuring of operations, in addition to the favourable evolution of the international activity, in particular through the operations in Switzerland and Poland.

Commissions generated by asset management reached a total of 39 million euros in 2014, compared to 33 million euros in 2013, benefiting from the activity in Portugal and the international activity, driven mainly by the commissions obtained by the subsidiaries in Poland, Mozambique and Switzerland.

NET COMMISSIONS

Million euros				
	2014	2013	2012	Chan. % 14/13
Banking commissions				
Cards and transfers	194	181	178	6.9%
Credit and guarantees	160	155	170	3.3%
Bancassurance	73	72	61	0.3%
Current accounts related	77	105	117	-27.1%
Commissions related with the State guarantee	(23)	(60)	(69)	
Other commissions	65	85	89	-23.6%
Subtotal	545	539	545	1.2%
Market related commissions				
Securities	97	91	84	6.2%
Asset management	39	33	26	17.2%
Subtotal	136	124	110	9.1%
Total net commissions	681	663	655	2.7%
of which:				
Activity in Portugal	433	430	446	0.7%
International activity	248	233	209	6.5%

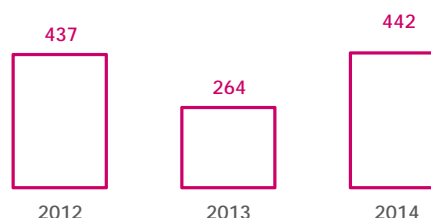
Net Trading Income

Net trading income, which includes net gains from trading and hedging activities, net gains from available for sale financial assets and net gains from held to maturity financial assets, stood at 442 million euros in 2014, compared to 264 million euros in 2013.

The evolution of net trading income reflects the performance of the activity in Portugal, by benefiting from the gains obtained in the sale of Portuguese sovereign debt securities, which reached a total of 319 million euros in 2014, compared to 69 million euros in 2013. In 2013, net trading income included the recording of gains related to the divestment of the shareholding in Piraeus Bank, as well as of the associated warrants, reflecting the focus on meeting the objectives defined in the Group's Strategic Plan, related to the divestment in the Greek market.

NET TRADING INCOME

Million euros



In the international activity, net trading income reached a total of 99 million euros in 2014, compared to 106 million euros in 2013. The lower level of net trading income posted by the subsidiaries in Angola and Poland, more than offset the gains registered by Millennium bim in Mozambique, reflecting the performance of foreign exchange operations.

NET TRADING INCOME

	Million euros			
	2014	2013	2012	Chan. % 14/13
Results from trading and hedging activities	154	80	392	91.9%
Results from available for sale financial assets	302	184	45	64.3%
Results from financial assets held to maturity	(14)	-	-	
Total	442	264	437	67.4%
of which:				
Portuguese sovereign debt	319	69	106	
Geographic breakdown:				
Activity in Portugal	344	158	315	117.4%
International activity	99	106	122	-7.1%

Other Net Operating Income

Other net operating income, which includes other operating income, other income from non-banking activities and gains from the sale of subsidiaries and other assets, recorded a gain of 11 million euros in 2014, compared with net losses of 72 million euros in 2013.

The increase in other net operating income reflects, in the activity in Portugal, the recording of a gain of 69 million euros, related to the sale of all the shareholdings held in associated companies that operated exclusively in Non-Life business.

This heading includes, however, the impact in terms of operating costs of the exceptional tax contribution on the banking sector, the contribution to the resolution fund, as well as the contribution to the deposit guarantee fund, totalling 51 million euros recorded in 2014 (51 million euros in 2013).

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 operational policies, amounted to 36 million euros in 2014, compared with 62 million euros in 2013.

Equity accounted earnings include the appropriation of results associated with the shareholding of 49% held in Millenniumbcp Ageas, which were penalised by the sale of the Non-Life business in the second quarter of 2014, within the scope of the process aimed at focusing on core activities, as defined in the Strategic Plan. In addition, in 2013, equity accounted earnings included higher earnings of the activities in the renting and venture capital areas.

EQUITY ACCOUNTED EARNINGS AND INCOME

	Million euros			
	2014	2013	2012	Chan. % 14/13
Millenniumbcp Ageas	36	50	54	-28.7%
Other	-	12	1	-
Total	36	62	56	-42.2%

Operating Costs

Operating costs, which aggregate staff costs, other administrative costs and depreciation for the year, reached a total of 1,150 million euros in 2014 (1,295 million euros in 2013). This decrease in operating costs contributed favourably to the evolution of the cost to income ratio, boosting efficiency gains in both the activity in Portugal and the international activity.

In 2013, operating costs included the following effects: i) the favourable impact of the legislative change related to the mortality allowance, in the amount of 7 million euros; ii) the recording of costs related to early retirement and contract termination through mutual agreement within the scope of the restructuring plan, in the total amount of 126 million euros.

On a comparable basis, operating costs fell by 2.3% in 2014, from 1,176 million euros in 2013, reflecting the reductions achieved in all aggregates, in particular the decline in staff costs and other administrative costs, by 2.3% and 2.0% respectively.

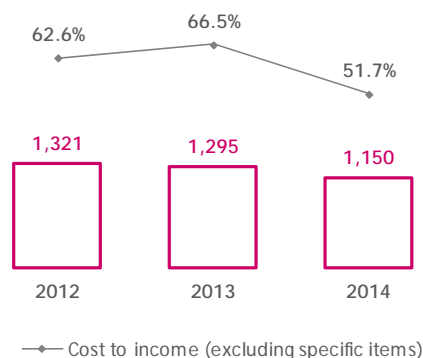
In the activity in Portugal, operating costs, on a comparable basis, fell by 5.9% to 690 million euros in 2014, compared with 734 million euros in 2013, reflecting the implemented initiatives aimed at containing and rationalising expenses, in line with the objectives set out in the Strategic Plan, in particular through the temporary reduction of salaries, implemented in the third quarter of 2014, as well as the decrease of the number of employees and branches.

In the international activity, operating costs increased by 3.9% to 459 million euros in 2014, compared with 442 million euros in 2013, as a result of the performances in the operations in Mozambique and Angola, following the reinforcement of the distribution networks and respective operational support, as well as in the subsidiaries in Poland and Switzerland.

The consolidated cost to income ratio, on a comparable basis, improved by reaching 51.7% in 2014, compared with 66.5% in 2013, incorporating the favourable contribution of the reduction in operating costs and the simultaneous increase in total income. The cost to income ratio of the activity in Portugal registered a positive evolution, reaching 53.7% in 2014, compared with 80.9% in 2013, reflecting the favourable impacts of the decrease in operating costs and the increase in income. In the international activity, the growth of net operating revenues more than offset the increase in operating costs. As a result, the cost to income ratio also improved from 51.3% in 2013 to 49.1% in 2014.

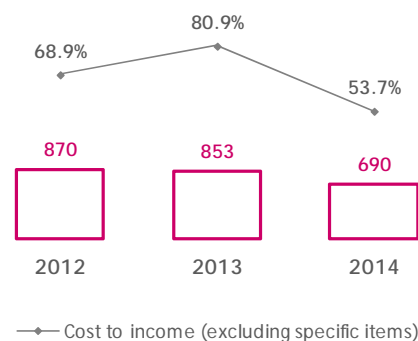
OPERATING COSTS

Million euros



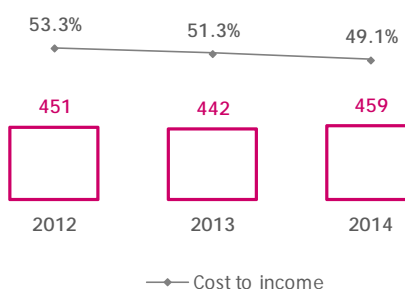
OPERATING COSTS

Activity in Portugal
Million euros



OPERATING COSTS

International activity
Million euros



OPERATING COSTS

	Million euros			
	2014	2013	2012	Chan. % 14/13
Activity in Portugal (1)				
Staff costs	411	433	525	-5.0%
Other administrative costs	247	263	300	-6.1%
Depreciation	32	38	40	-15.2%
	690	734	865	-5.9%
International activity				
Staff costs	225	218	221	3.1%
Other administrative costs	202	194	202	3.6%
Depreciation	33	30	28	10.8%
	459	442	451	3.9%
Consolidated (1)				
Staff costs	636	651	746	-2.3%
Other administrative costs	448	457	502	-2.0%
Depreciation	66	68	68	-3.8%
	1,150	1,176	1,316	-2.3%
Specific items				
Restructuring programme and early retirements	-	126	69	
Legislative change related to mortality allowance	-	(7)	(64)	
Total	1,150	1,295	1,321	-11.2%

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

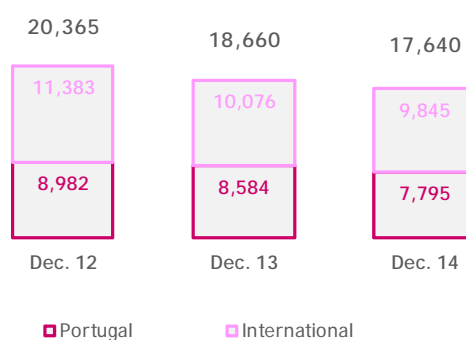
Staff Costs

Staff costs amounted to 636 million euros in 2014, compared with 767 million euros in 2013. Staff costs include the aforesaid effects, in the total amount of 117 million euros in 2013, totally recognised in the activity in Portugal. Therefore, on a comparable basis, staff costs fell by 2.3% from 651 million euros in 2013, benefiting from the performance of the activity in Portugal, in spite of the increase registered in the international activity.

In the activity in Portugal, staff costs, on a comparable basis, fell by 5.0% to 411 million euros, compared with 433 million euros in 2013, influenced by the lower level of remunerations, reflecting the implementation of temporary measures of salary reduction, as well as the reduction of the number of employees, arising from the effect of the restructuring plan, to a total of 7,795 employees at the end of 2014, compared with 8,584 employees allocated to the activity in Portugal at the end of 2013, including 27 and 29 employees in 2014 and 2013, respectively, which were allocated to discontinued operations.

In the international activity, staff costs stood at 225 million euros in 2014, having increased by 3.1% from 218 million euros in 2013, representing 35% of total staff costs on a consolidated basis in 2014. This increase was influenced by the performances in the subsidiaries in Angola, Mozambique and Switzerland, in spite of the stabilisation of staff costs in Bank Millennium in Poland. The number of employees allocated to the international activity stood at 9,845 employees at the end of 2014, compared with 10,076 employees at the end of 2013. Nonetheless, excluding 562 employees that were allocated, at the end of 2013, to the discontinued operation in Romania, the number of employees in the international activity increased, between the end of 2013 and 2014, driven by most geographies, in particular by the activities developed in Poland, Angola and Mozambique.

NUMBER OF EMPLOYEES



STAFF COSTS

Million euros

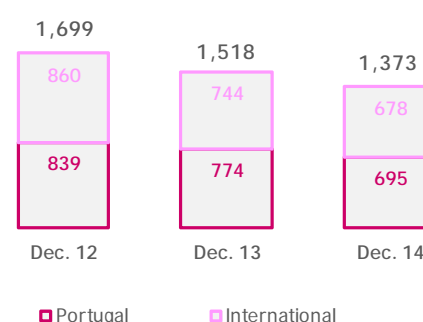
	2014	2013	2012	Chan. % 14/13
Salaries and remunerations	490	504	557	-2.8%
Social security charges and other staff costs (1)	146	147	189	-0.8%
	636	651	746	-2.3%
Specific items				
Restructuring programme and early retirements	-	124	69	
Legislative change related to mortality allowance	-	(7)	(64)	
Total	636	767	751	-17.2%

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

Other Administrative Costs

Other administrative costs, on a comparable basis, fell by 2.0% to 448 million euros in 2014, compared with 457 million euros in 2013, favourably influenced by the savings obtained in the headings of rents, outsourcing, advisory services, communications and maintenance and related services.

The decrease of other administrative costs benefited from the reduction of 6.1% in the activity in Portugal, caused by the impact of the initiatives to improve operational efficiency that have been implemented, in particular the optimisation of the branch network in Portugal, which ended 2014 with a total of 695 branches, representing a decline of 79 branches compared with the total of 774 branches at the end of 2013.

BRANCHES

In the activity in Portugal, the reduction of other administrative costs was achieved through lower costs related with rents, outsourcing, advisory services, communications and maintenance and related services, which enabled costs related with advertising, aimed primarily at supporting the commercial activity, to be more than offset.

In the international activity, other administrative costs stood at 202 million euros in 2014, having increased by 3.6% relative to the 194 million euros in 2013, reflecting the higher level of expenses related to advertising, communications and IT, recorded in the subsidiaries in Poland, Mozambique and Angola, excluding in the latter the foreign exchange effect of the kwanza against the euro. The total number of branches allocated to the international activity came to 678 branches at the end of 2014, compared with 744 branches at the end of 2013, following the reduction of 65 branches that were allocated to the discontinued operation in Romania, as well as the resizing of the distribution network in Poland, partially offset by the expansion of the commercial network in Mozambique and Angola.

OTHER ADMINISTRATIVE COSTS

	2014	2013	2012	Chan. % 14/13
Water, electricity and fuel	20	20	23	-2.5%
Consumables	6	6	7	3.3%
Rents	115	123	128	-6.4%
Communications	28	29	36	-4.0%
Travel, hotel and representation costs	10	10	11	2.4%
Advertising	32	28	32	14.5%
Maintenance and related services	30	31	34	-3.7%
Credit cards and mortgage	5	5	10	3.2%
Advisory services	13	16	18	-20.2%
Information technology services	21	19	23	7.5%
Outsourcing	76	81	81	-5.6%
Other specialised services	30	30	31	-0.8%
Training costs	2	1	2	17.2%
Insurance	5	5	7	1.4%
Legal expenses	7	7	9	-0.5%
Transportation	11	11	11	0.2%
Other supplies and services	39	36	38	9.1%
	448	457	502	-2.0%
Specific items				
Restructuring programme	-	2	-	
Total	448	460	502	-2.4%

Depreciation

Depreciation for the year stood at 66 million euros in 2014, decreasing by 3.8% from 68 million euros in 2013, benefiting from the performance of the activity in Portugal, in spite of the increase in the international activity, enabling depreciation for the year representative of the international activity to reach 51% of the consolidated amount in 2014, compared with 44% in 2013.

In the activity in Portugal the reduction of 15.2% in depreciation for the year, compared with 2013, reflects the gradual end of the period of depreciation of investments made in previous years, with emphasis on the lower level of depreciation recorded in the headings of real estate properties, software and IT equipment.

In the international activity, the 10.3% increase in depreciation for the year, compared with 2013 was influenced by the performance of the headings of real estate properties and software, reflecting in particular increases posted by the operations developed in Angola, Mozambique and, to a lesser extent, in Poland.

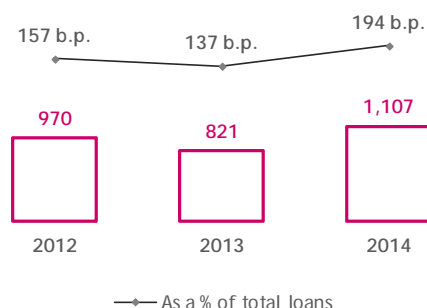
Loan impairment

Loan impairment stood at 1,107 million euros in 2014, which compares with 821 million euros in 2013, as a result of the reinforcement of charges observed both in the activity in Portugal and in the international activity.

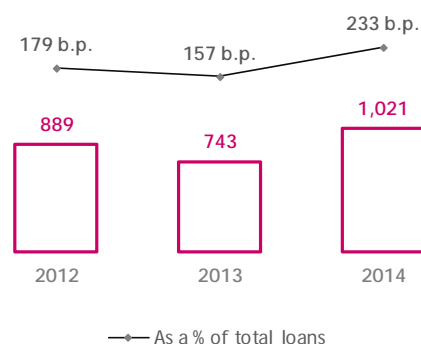
In the activity in Portugal, loan impairment charges recognised in 2014 include the reinforcement recorded within the scope of the asset quality review (AQR) of Banco de Portugal and of the European Central Bank and reflect the persistence of adverse economic circumstances, with impact on

IMPAIRMENT CHARGES (NET)

Million euros



IMPAIRMENT CHARGES (NET)

Activity in Portugal
Million euros

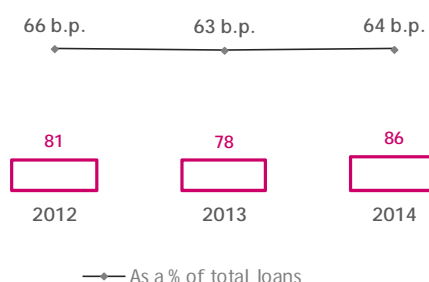
the economic situation of national households and companies, in spite of the signs of a moderate recovery of the Portuguese economy.

In the international activity, an increase in loan impairment charges was observed, compared with 2013, resulting from the reinforcement made in the subsidiary in Poland and, to a lesser extent, in the subsidiary in Mozambique.

The cost of risk, on a comparable basis, stood at 194 basis points in 2014, compared with 137 basis points in 2013, reflecting the extraordinary reinforcement of loan impairment charges recognised in the activity in Portugal.

IMPAIRMENT CHARGES (NET)

International activity
Million euros



LOAN IMPAIRMENT

	Million euros			
	2014	2013	2012	Chan. % 14/13
Loan Impairment	1,107	821	970	34.9%
Cost of risk (Loan impairment as a % of total gross loans)	194 p.b.	137 p.b.	157 p.b.	57 p.b.

Note: cost of risk adjusted from discontinued operations.

Other Impairment and Provisions

Other impairments and provisions aggregate the headings of charges for the 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 impairment and provisions stood at 209 million euros in 2014, a decrease of 55.1%, compared with 466 million euros in 2013, influenced by the lower level of charges recorded in the activity in Portugal, in particular related to the impairment of non-current assets held for sale (includes repossessed assets) and to the impairment of other financial assets, which included, in 2013, the charge related to the record of the impairment related with the subscription of ordinary shares of Piraeus Bank, following the process of divestment of the entire share capital of Millennium bank in Greece. The heading of other impairment and provisions also includes the reduction of provision charges related with guarantees provided and other contingencies.

In the international activity, the lower level of charges for other impairment and provisions in 2014, compared with 2013, reflects the decrease observed by Bank Millennium in Poland, in spite of the reinforcement recorded by the subsidiaries in Angola and Mozambique.

Income Tax

Income tax (current and deferred) reached a total of -98 million euros in 2014, compared with -211 million euros recorded in 2013.

Income tax included current tax costs of 101 million euros (116 million euros in 2013), net of deferred tax income of 199 million euros (326 million euros in 2013).

The deferred tax income recognised in 2014 refers mainly to impairment losses, which are not deductible for purposes of calculation of taxable profit, and to tax losses.

Non-controlling Interests

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

Non-controlling interests essentially reflected the net income attributable to third parties related to the shareholdings held in the share capital of Bank Millennium in Poland, Millennium bim in Mozambique and Banco Millennium Angola, standing at 110 million euros in 2014, compared with 94 million euros in 2013. This performance mainly benefited from the increase in net income recognised by Bank Millennium in Poland and Banco Millennium Angola.

REVIEW OF THE BALANCE SHEET

The macroeconomic scenario in Portugal in 2014 was characterised by a moderate recovery of economic activity, as outlined by the growth of gross domestic product for the year as a whole, boosted by domestic demand and exports. This evolution reversed the trend of contraction that has characterised the last three years, in a context of gradual recovery of economic agents' confidence levels.

In 2014, benefiting in particular from the recovery of economic activity, the Portuguese State returned to the international financial markets to obtain financing. In the euro zone, the public debt risk premiums continued to decline, reflecting investor confidence in the economic and financial recovery of the countries that successfully concluded their financial assistance programmes.

The European Central Bank (ECB) cut its reference rates to historical minimums, thus steering short-term interest rates downward, counteracting the upward effect arising from the early repayment of part of the liquidity assigned under the long term refinancing operations (LTRO), which also contributed to the depreciation of the euro, against the dollar in particular. Concerning Portuguese banks, particular note should be made of the continued decreasing usage of the liquidity provided by the ECB throughout 2014, as well as the impact of the increase in credit risk coverage levels, partially explained by the Comprehensive Assessment exercise conducted by the ECB.

In 2014, Millennium bcp pursued a liquidity management policy based on the control of financing requirements, through an active and optimised management of eligible collateral for discount with the ECB and in the follow-up and seizing of opportunities offered by the wholesale funding market.

Indeed, Millennium bcp reduced its commercial gap, measured by the difference between net loan and customer deposits, which contributed to lower funding needs, reflecting the impact of a number of initiatives aiming to increase customer deposits. This component thus reinforced its weight in the funding structure of the Group to 75% (67% at the end of 2013) and continued to be the main source of funding. In addition to this improvement in the commercial gap, the reduction of the Portuguese sovereign debt portfolio by 1.2 billion euros in 2014 also contributed to the reduction of funding needs.

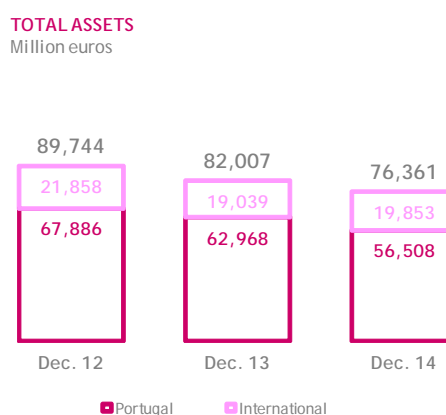
The share capital increase, in turn, undertaken in the third quarter of 2014 in the amount of 2.2 billion euros, enabled increasing the early repayment of the hybrid instruments subscribed by the Portuguese State to 2.25 billion euros, with only 750 million euros (25% of the amount subscribed) remaining outstanding. The reimbursement of medium and long term debt reached a total of 5.3 billion euros in 2014 and the total amount of debt guaranteed by the State was cancelled.

The combined effect of the refinancing of the medium and long term debt, reductions of the commercial gap, decrease of the public debt portfolio, share capital increase, issue of senior debt and the increased usage of other sources of funding led to a reduction of 3.3 billion euros in the net financing from the Eurosystem, having decreased from 10.0 billion euros as at 31 December 2013 to 6.6 billion euros at the end of 2014.

Total assets stood at 76,361 million euros as at 31 December 2014, compared with 82,007 million euros stated as at 31 December 2013, mainly reflecting the contraction in loans to customers in Portugal and the reduction of the securities portfolio, associated to the reduction registered in debt securities of public issuers, in particular of Portuguese sovereign debt securities.

Loans to customers, before loans impairment, decreased by 5.1%, to stand at 57,168 million euros as at 31 December 2014 (representing 75% of total assets), compared with 60,222 million euros recorded at the end of the previous year. Excluding the effect of the loan portfolio associated to the operation in Romania, loans to customers fell by 4.3%. This evolution reflected the moderate recovery trend of the Portuguese economy over the course of 2014, within a context of continuing reduction of household and company debt, limited private investment and consequent contraction of demand for credit.

The securities portfolio, which represented 16.0% of total assets as at 31 December 2014, fell by 10.8% relative to the previous year, reflecting the decrease in financial assets available for sale and financial assets held to maturity, in spite of the increase in financial assets held for trading. In fact, the financial assets held to maturity fell by 25.7%, to stand at 2,311 million euros as at 31 December 2014, reflecting the lower exposure to debt securities of public issuers, in particular of Portuguese sovereign debt



securities. On the other hand, the portfolio of financial assets held for trading and available for sale contracted as a whole to 9,937 million euros as at 31 December 2014 (-6.4% compared with the end of 2013), mainly due to the effect of the reduction of the portfolio of fixed income securities, partially offset by the increase in the portfolio of financial assets held for trading.

	million euros			
	2014	2013	2012	Chan. % 14/13
Assets				
Cash and deposits at central banks and loans and advances to credit institutions	3,959	5,234	6,298	-24.4%
Loans and advances to customers	53,686	56,802	62,618	-5.5%
Financial assets held for trading	1,674	1,290	1,691	29.8%
Financial assets available for sale	8,263	9,327	9,223	-11.4%
Financial assets held to maturity	2,311	3,110	3,569	-25.7%
Investments in associated companies	323	579	517	-44.1%
Non current assets held for sale	1,622	1,506	1,284	7.7%
Other tangible assets, goodwill and intangible assets	1,008	984	885	2.5%
Current and deferred tax assets	2,440	2,222	1,789	9.8%
Other (1)	1,074	953	1,870	12.8%
Total Assets	76,361	82,007	89,744	-6.9%
Liabilities				
Deposits from Central Banks and from other credit institutions	10,966	13,493	15,266	-18.7%
Deposits from customers	49,817	48,960	49,404	1.8%
Debt securities issued	5,710	9,411	13,863	-39.3%
Financial liabilities held for trading	953	870	1,393	9.6%
Subordinated debt	2,026	4,361	4,299	-53.6%
Other (2)	1,902	1,636	1,519	16.3%
Total Liabilities	71,374	78,731	85,744	-9.3%
Equity				
Share capital	3,707	3,500	3,500	
Treasury stock	-14	-23	-14	-40.4%
Share premium	-	-	72	
Preference shares	171	171	171	
Other capital instruments	10	10	10	
Fair value reserves	107	22	2	
Reserves and retained earnings	458	-357	850	-228.3%
Profit for the year attributable to shareholders	-227	-740	-1,219	-69.4%
Total equity attributable to Shareholders of the bank	4,213	2,583	3,372	63.1%
Non-controlling interests	774	693	628	11.8%
Total Equity	4,987	3,276	4,000	52.2%
Total Liabilities and Equity	76,361	82,007	89,744	-6.9%

(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 fell by 9.3%, to stand at 71,374 million euros as at 31 December 2014, compared with 78,731 million euros at the end of 2013, largely influenced by: (i) the 39.3% reduction of debt securities issued, amounting to 5,710 million euros at the end of 2014 (9,411 million euros at the end of 2013) reflecting the gradual replacement, upon maturity, of bonds placed with customers deposits and the repayment of medium and long term debt; (ii) the 18.7% reduction of deposits of Central Banks and other credit institutions to a total of 10,966 million euros as at 31 December 2014 (13,493 million euros at the end of 2013), reflecting the lower exposure to ECB funding and (iii) the 53.6% reduction of subordinated debt, mainly due to the repayment of 2,25 billion euros of hybrid instruments subscribed by the Portuguese State. It is important to note that customer deposits, excluding the effect of discontinued operations, increased by 2.5%, to stand at 49,817 million euros as at December 2014, compared with 48,595 million euros recorded at the end of 2013, as a result of the reinforcement of the commercial strategy focused on the retention and growth of balance sheet customer funds.

In this context of reinforcement of stable balance sheet funds and the reduction of loans, the reduction of the commercial gap and the favourable evolution of the loan to deposit ratio - which came to 109% as at 31 December 2014 (117% at the end of 2013) - continued.

Equity increased from 3,276 million euros at the end of 2013 to 4,987 million euros as at 31 December 2014 (+1,711 million euros), with the reformulation, in June 2014, of the equity headings, through a reduction of the share capital and an increase in reserves and retained earnings following deliberation at the Annual General Meeting, and an increase in share capital to 3,707 million euros (3,500 million euros at the end of 2013) in July 2014. Therefore, in 2014, equity benefited mainly from the increase in share capital of 2.2 billion euros and the favourable evolution of fair value reserves of 85 million euros, influenced by the change in the fair value of Portuguese sovereign debt securities held in portfolio, which more than offset the actuarial losses for the year of 444 million euros (net of taxes), determined by the updating of actuarial assumptions, and the still negative net income of 227 million euros (in spite of the improvement relative to the -740 million euros recorded in 2013).

Loans to Customers

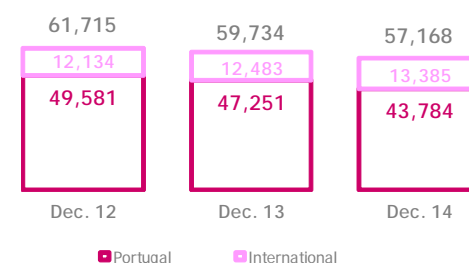
During 2014, the moderate pace of recovery of economic activity and the reduction of the borrowing interest rates paid, which were felt more distinctly in the second half of the year, were insufficient to reverse the trend of decreasing demand for bank loans in Portugal, namely by companies, whose management of their funding needs and uncertainty regarding the prospects of future growth continued to be reflected in their demand for loans resulting in the contraction of the volumes of loans granted.

Throughout 2014, Millennium bcp continued to focus on offering integrated and innovative solutions to meet the funding needs of individual and company customers, in particular through the development of initiatives concerning consumer credit and access to agreed credit facilities to support loans to companies, with a view to stimulating the growth and funding of the economy.

Loans and advances to customers, before impairment and on a comparable basis, fell by 4.3% to stand at 57,168 million euros as at 31 December 2014, compared with 59,734 million euros at the end of 2013. The evolution of the loan portfolio was mainly influenced by the activity in Portugal, which declined by 7.3%, whilst the international activity grew by 7.2% compared with the end of 2013, boosted by the favourable performance of Banco Millennium Angola, Bank Millennium in Poland and Millennium bim in Mozambique, which more than offset the reduction of the loan portfolio recorded in the Cayman Islands and Switzerland.

LOANS AND ADVANCES TO CUSTOMERS ^(*)

Million euros



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

LOANS AND ADVANCES TO CUSTOMERS (*)

million euros

	2014	2013	2012	Chan. % 14/13
Individuals				
Mortgage loans	25,545	26,444	27,428	-3.4%
Consumer credit	4,037	3,493	3,612	15.6%
	29,582	29,937	31,040	-1.2%
Companies				
Services	10,714	12,402	12,302	-13.6%
Commerce	3,365	3,236	3,086	4.0%
Construction	4,097	4,469	5,067	-8.3%
Other	9,410	9,690	10,220	-2.9%
	27,586	29,797	30,675	-7.4%
Consolidated				
Individuals	29,582	29,937	31,040	-1.2%
Companies	27,586	29,797	30,675	-7.4%
	57,168	59,734	61,715	-4.3%
Discontinued operations	-	488	5,146	-100.0%
Total	57,168	60,222	66,861	-5.1%

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

The lower volume of loans to customers, in Portugal, reflected the contraction both in terms of loans granted to individuals (-2.0%), which stood at 21,644 million euros (22,078 million euros at the end of 2013), and loans granted to companies (-12.1%), which came to 22,139 million euros (25,173 million euros at the end of 2013), with persisting moderate levels of confidence of households and companies in the economic context, expressed in the contraction of investment in durable goods and consequent decreased demand for loans as well as the pursuit of efforts to reduce their high debt levels.

Between 31 December 2013 and 2014, the structure of the customer loans portfolio maintained the same, balanced patterns of diversification, with loans to companies representing 48.3% of total loans, while loans to individuals represented 51.7% of the portfolio of loans to customers.

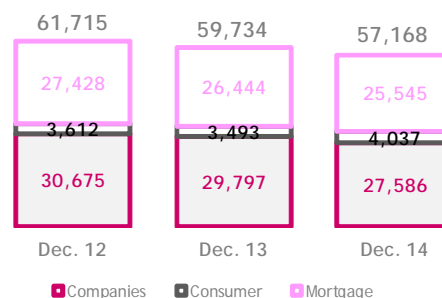
Loans to individuals, on a comparable basis, stood at 29,582 million euros as at 31 December 2014, decreasing by 1.2% relative to the 29,937 million euros recorded at the end of 2013. This was determined, in particular, by mortgage loans, as a result of the repayment of principal associated to the loan portfolio, which represented 86% of loans to individuals, reaching a total of 25,545 million euros as at 31 December 2014.

The performance of mortgage loans, on a comparable basis, was influenced by the contraction of both the activity in Portugal (-3.9%) and the international activity (-1.9%), essentially due to the subsidiary in Poland.

Consumer credit, on a comparable basis, increased by 15.6% to a total of 4,037 million euros as at 31 December 2014, compared with 3,493 million euros recorded at the end of 2013, having slightly increased its weight in the total loans to individuals portfolio to 13.6% (11.7% at the end of 2013). This growth was a result of both the activity in Portugal, which increased by 15.7% relative to the end of 2013, and the international activity, which grew by 15.3%, largely influenced by the performance of the operations in Poland, Angola and Mozambique.

LOANS AND ADVANCES TO CUSTOMERS (*)

Million euros



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

Loans to companies, on a comparable basis, stood at 27,586 million euros as at 31 December 2014, compared with 29,797 million euros as at 31 December 2013, with the slowdown in loans granted to companies being maintained, as a result of the management of their funding needs and the postponement of their investment decisions, expressed in lower demand for loans.

In this context, in spite of the maintenance of strict selection criteria in terms of credit risk, Millennium bcp continued to support Portuguese companies in different economic sectors, namely by supporting processes of growth, modernisation, and reinforcement of competitive capacity, promoting a number of initiatives, with emphasis on the promotion of credit facilities, especially under the SME growth lines.

The evolution of loans to companies was above all determined by the activity in Portugal, which contracted by 12.1%, with particular incidence on the Corporate network, contrasting with the increase in the international activity of 17.8% from the end of the previous year, with emphasis on the operations in Angola, Poland and Mozambique as a result of the relatively more favourable economic impetus in these countries.

LOANS AND ADVANCES TO CUSTOMERS (*)

	million euros			
	2014	2013	2012	Chan. % 14/13
Mortgage loans				
Activity in Portugal	19,142	19,916	20,669	-3.9%
International Activity	6,403	6,528	6,759	-1.9%
	25,545	26,444	27,428	-3.4%
Consumer credit				
Activity in Portugal	2,502	2,162	2,470	15.7%
International Activity	1,535	1,331	1,142	15.3%
	4,037	3,493	3,612	15.6%
Companies				
Activity in Portugal	22,139	25,173	26,442	-12.1%
International Activity	5,447	4,624	4,233	17.8%
	27,586	29,797	30,675	-7.4%
Consolidated				
Activity in Portugal	43,784	47,251	49,581	-7.3%
International Activity	13,385	12,483	12,134	7.2%
	57,168	59,734	61,715	-4.3%
Discontinued operations	-	488	5,146	-100.0%
Total	57,168	60,222	66,861	-5.1%

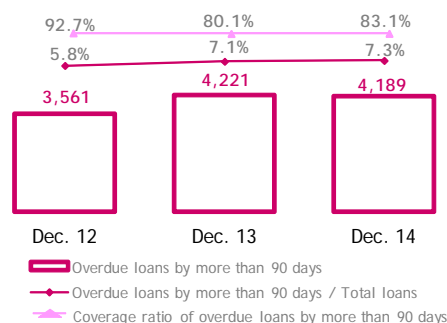
(*) Before loans impairment and includes the impact from discontinued operations (Millennium bank in Greece and Millennium bank in Romania).

The quality of the loan portfolio, assessed by the proportion of loans overdue by more than 90 days in total loans, adjusted for the effect of discontinued operations, stood at 7.3% as at 31 December 2014 (7.1% as at 31 December 2013), influenced by the maintenance of uncertainty and the moderate recovery of the Portuguese economy, and the consequent impact on the materialisation of credit risk, in spite of the endeavours of the commercial areas to work in strict coordination with the loan recovery areas.

The coverage ratio of loans overdue by more than 90 days by impairment, adjusted for the effect of discontinued operations, stood at 83.1% as at 31 December 2014, compared with 80.1% at the end of 2013, and the coverage ratio of the total portfolio of loans overdue by impairment evolved positively to stand at 81.3% as at 31 December 2014, compared with 77.8% as at 31 December 2013.

CREDIT QUALITY (*)

Million euros



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

Non-performing loans, which, pursuant to Banco de Portugal Instruction No. 16/2004, in its current version, includes overdue loans by more than 90 days and doubtful loans reclassified as overdue for the effect of provisioning, accounted for 9.6% of total loans as at 31 December 2014, compared with 9.2% as at 31 December 2013, and credit at risk reached 12.0% of total loans, as at 31 December 2014, compared with 11.9% at the end of 2013. As at 31 December 2014, restructured loans stood at 11.0% of total loans (9.5% as at 31 December 2013) and restructured loans not included in credit at risk reached 7.2% of total loans as at 31 December 2014 (6.4% as at 31 December 2013).

CREDIT QUALITY

	million euros			
	2014	2013	2012	Chan. % 14/13
ON A COMPARABLE BASIS: EXCLUDES THE IMPACT FROM DISCONTINUED OPERATIONS				
Loans and advances to customers (*)	57,168	59,734	61,715	-4.3%
Overdue loans (>90 days)	4,189	4,221	3,561	-0.8%
Overdue loans	4,283	4,345	3,702	-1.4%
Impairments (balance sheet)	3,483	3,381	3,300	3.0%
Overdue loans (>90 days) / Loans and advances to customers (*)	7.3%	7.1%	5.8%	
Overdue loans / Loans and advances to customers (*)	7.5%	7.3%	6.0%	
Coverage ratio (Overdue loans > 90 days)	83.1%	80.1%	92.7%	
Coverage ratio (Overdue loans)	81.3%	77.8%	89.2%	
INSTRUCTION NO. 16/2004 FROM THE BANK OF PORTUGAL, AS THE CURRENTLY EXISTING VERSION				
Total loans	57,246	60,304	66,947	-5.1%
Overdue loans (>90 days) + doubtful loans	5,520	5,524	5,436	-0.1%
Credit at risk	6,854	7,152	8,777	-4.2%
Impairments	3,483	3,420	4,243	1.8%
Overdue loans (>90 days) + doubtful loans as a % of total loans	9.6%	9.2%	8.1%	
Overdue loans (>90 days) + doubtful loans, net / Total loans, net	3.8%	3.7%	1.9%	
Credit at risk / Total loans	12.0%	11.9%	13.1%	
Credit at risk, net / Total loans, net	6.3%	6.6%	7.2%	
INSTRUCTION NO. 32/2013 FROM THE BANK OF PORTUGAL, AS THE CURRENTLY EXISTING VERSION				
Restructured loans / Total loans	11.0%	9.5%	-	
Restructured loans not included in the credit at risk / Total loans	7.2%	6.4%	-	

(*) Before loans impairment.

Overdue loans by more than 90 days, adjusted for the effect of discontinued operations, declined by 0.8%, reaching 4,189 million euros as at 31 December 2014, compared with 4,221 million euros recorded at the end of 2013. This evolution, also observed in the total overdue loans in 2014 (-1.4% relative to the end of 2013), reflects the performance of overdue loans in the activity in Portugal, still penalised by the recessionary period of the Portuguese economy reflected on the materialisation of the credit risk throughout 2014.

Overdue loans granted to companies represented 78.2% of total overdue loans portfolio as at 31 December 2014, with a focus on services, construction and commerce sectors. The ratio of overdue loans to companies as a percentage of total loans granted to companies increased to 12.1%, compared with 11.6% recorded at the end of 2013, as a result of the contraction of loans to companies portfolio. As at 31 December 2014, overdue loans to companies presented a coverage level of 81.8% by the balance of impairments in the balance sheet.

For loans granted to individuals, overdue consumer credit and mortgage loans represented 14.9% and 6.9%, respectively, of the total overdue loans portfolio, with a ratio of overdue consumer credit to total consumer credit improving to 15.8%, compared with 18.1% at the end of 2013, while the ratio of overdue mortgage loans increased to 1.2% as at 31 December 2014, compared with 0.9% at the end of 2013.

OVERDUE LOANS AND IMPAIRMENTS AS AT 31 DECEMBER 2014

million euros

	Overdue loans	Impairment for loan losses	Overdue loans/Total loans (*)	Coverage ratio
Individuals				
Mortgage loans	296	329	1.2%	111.2%
Consumer credit	637	415	15.8%	65.1%
	933	744	3.2%	79.7%
Companies				
Services	1,122	1,075	10.5%	95.8%
Commerce	378	333	11.2%	88.2%
Construction	1,117	686	27.3%	61.4%
Other	734	645	7.8%	87.9%
	3,350	2,739	12.1%	81.8%
Consolidated				
Individuals	933	744	3.2%	79.7%
Companies	3,350	2,739	12.1%	81.8%
Total	4,283	3,483	7.5%	81.3%

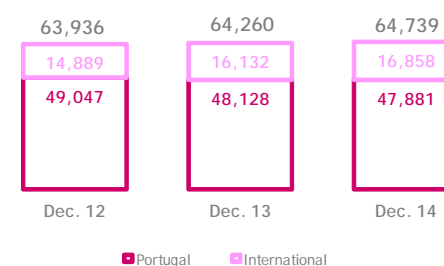
(*) Before loans impairment.

Customer Funds

In 2014, the reduction of the banks risk premiums and sovereign debt enabled national banks to access market funding. Notwithstanding, customer funds continued to be the main source of funding of Portuguese banks, in particular customer deposits which increased their weight in the funding structure, taking on a fundamental role in the process of adjustment of funding sources of the banking system and which reflect the higher confidence of customers in Portuguese banks. The year of 2014 was also marked by the sharp decline 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 its commitment to the retention and growth of the customer funds portfolio, with the objective of contributing simultaneously to the reduction of the commercial gap and to the satisfaction of the expectations and savings and investment requirements of the different Customer segments.

TOTAL CUSTOMER FUNDS (*)

Million euros



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

TOTAL CUSTOMER FUNDS

	million euros			
	2014	2013	2012	Chan. % 14/13
Balance sheet customer funds				
Deposits	49,817	48,595	46,181	2.5%
Debt securities	2,776	3,797	6,364	-26.9%
	52,593	52,392	52,545	0.4%
Off balance sheet customer funds				
Assets under management	3,583	3,173	2,410	12.9%
Capitalisation products (1)	8,563	8,695	8,981	-1.5%
	12,146	11,868	11,391	2.3%
Total customer funds				
Balance sheet customer funds	52,593	52,392	52,545	0.4%
Off balance sheet customer funds	12,146	11,868	11,391	2.3%
	64,739	64,260	63,936	0.7%
Discontinued operations (2)	1,468	1,896	4,611	-22.6%
Total	66,207	66,156	68,547	0.1%

(1) Includes Unit linked and Retirement savings deposits.

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

Total customer funds, on a comparable basis, increased by 0.7% to 64,739 million euros as at 31 December 2014, compared with 64,260 million euros recorded at the end of 2013, influenced by the growth of both off-balance sheet customer funds (+2.3%) and balance sheet customer funds (+0.4%).

In the activity in Portugal, total customer funds stood at 47,881 million euros as at 31 December 2014, compared with 48,128 million euros as at 31 December 2013. In the international activity, total customer funds increased by 4.5% to 16,858 million euros at the end of 2014, compared with 16,132 million euros recorded at the end of 2013, largely determined by the performance of the operations in Mozambique, Angola and Poland, with particular emphasis on the growth of customer deposits.

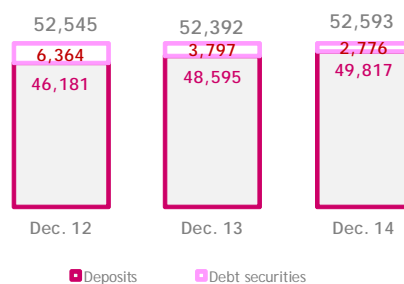
Balance sheet customer funds reached a total of 52,593 million euros as at 31 December 2014 (52,392 million euros at the end of 2013), reflecting the 2.5% increase in customer deposits, in spite of the 26.9% reduction of debt securities owed to customers, and notwithstanding the impact of the share capital increase operation undertaken in July 2014. This evolution reflects the pursuit of the strategy implemented by Millennium bcp to attract stable balance sheet funds, aimed at the sustained reduction of the commercial gap.

Customer deposits increased by 2.5% to stand at 49,817 million euros as at 31 December 2014 (48,595 million euros at the end of 2013), reflecting, on the one hand, the performance of the Retail network, in the activity in Portugal, and, on the other, the effort to attract deposits undertaken in the international activity, which grew 4.9%, benefiting mainly from the performance of Millennium bim in Mozambique, as well as of the subsidiaries in Angola and Poland.

Debt securities owed to customers stood at 2,776 million euros as at 31 December 2014, compared with 3,797 million euros at the end of the previous year, reflecting the commercial effort to transform maturing structured products into deposits, in particular in the Retail network in Portugal.

BALANCE SHEET CUSTOMER FUNDS (*)

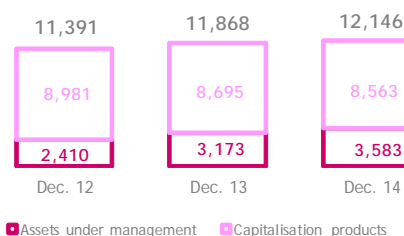
Million euros



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

OFF BALANCE SHEET CUSTOMER FUNDS (*)

Million euros



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

Off-balance sheet customer funds increased by 2.3%, amounting to 12,146 million euros as at 31 December 2014, compared with 11,868 million euros recorded at the end of 2013, in line with the trend observed over the last few years. This evolution is mainly due to the positive performance of assets under management (+12.9%), with capitalisation products declining by 1.5%, incorporating the effects of the appreciation of assets on financial markets and declining relative attractiveness of term deposits during 2014.

Assets under management increased from 3,173 million euros at the end of 2013 to 3,583 million euros as at 31 December 2014, supported by the positive performance recorded in the activity in Portugal, with emphasis on the increased volume of closed real estate funds of private subscription essentially gathered in the Private Banking network.

Capitalisation products stood at 8,563 million euros as at 31 December 2014, compared with 8,695 million euros at the end of 2013, influenced by the reduction in the activity in Portugal. This evolution, which maintained the trend observed in the previous year, follows from the drive of the strategy of the commercial networks of Millennium bcp in Portugal to channel off-balance sheet products reaching maturity into balance sheet products, especially customer deposits.

TOTAL CUSTOMER FUNDS

	million euros			
	2014	2013	2012	Chan. % 14/13
Balance sheet customer funds				
Activity in Portugal	37,081	37,600	38,767	-1.4%
International Activity	15,512	14,792	13,778	4.9%
	52,593	52,392	52,545	0.4%
Off balance sheet customer funds				
Activity in Portugal	10,800	10,528	10,280	2.6%
International Activity	1,346	1,340	1,111	0.5%
	12,146	11,868	11,391	2.3%
Total customer funds				
Activity in Portugal	47,881	48,128	49,047	-0.5%
International Activity	16,858	16,132	14,889	4.5%
	64,739	64,260	63,936	0.7%
Discontinued operations (*)				
	1,468	1,896	4,611	-22.6%
Total	66,207	66,156	68,547	0.1%

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

Loans and Amounts Owed to Credit Institutions

The deposits of credit institutions and Central Banks, net of investments and deposits at credit institutions, amounted to 8,714 million euros as at 31 December 2014, compared with 11,198 million euros recorded at the end of 2013. This evolution continued, in line with the previous year, to reflect the lower net funds taken from the European Central Bank, as a result of the maintenance of the strategic focus of Millennium bcp in reducing the commercial gap, namely through higher levels of attraction of customer deposits, simultaneously aimed at reinforcing stable funds in the funding structure, to which the context of contraction of loans to customers observed throughout 2014 also contributed.

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 and Financial Assets Available for Sale

The financial assets held for trading and available for sale portfolio fell to 9,937 million euros as at 31 December 2014, compared with 10,617 million euros on the same date of 2013. This evolution was largely determined by the performance of the fixed income securities portfolio, since the portfolio of participation units and trading derivatives increased in relation to the previous year. The weight of the portfolio of financial assets held for trading and available for sale in total assets remained however stable, representing 13% of total assets at the end of 2014 and 2013.

The fixed income securities portfolio, composed mainly of Treasury Bills and Bonds of other foreign public issuers and Treasury Bonds and other public debt securities, which, as a whole, account for 77% of the fixed income portfolio and 57% of the total portfolio, stood at 7,395 million euros as at 31 December 2014, compared with 8,581 million euros recorded at the end of 2013, as a result of the reduction in the exposure to Portuguese sovereign debt, despite the reinforcement of the Polish, Mozambican and Angolan sovereign debt portfolio.

Variable yield securities increased by 21.7%, from 1,203 million euros recorded at the end of 2013 to 1,465 million euros as at 31 December 2014, showing the reinforcement of the portfolio of participation units.

Trading derivatives amounted to 1,081 million euros as at 31 December 2014, having increased by 29.0% in relation to the same date of the previous year (838 million euros), with emphasis on the increase observed in trading volumes of interest rate swaps.

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

	2014		2013		2012		million euros
	Amount	% in total	Amount	% in total	Amount	% in total	Chan. %
Fixed income securities							14/13
Treasury Bills and other Government bonds	1,427	14.4%	2,673	25.2%	3,368	30.9%	-46.6%
Bonds issued by Government and public entities (Portug	2,006	20.2%	1,864	17.6%	1,631	14.9%	7.6%
Bonds issued by Government and public entities (foreign	2,241	22.5%	1,699	16.0%	1,015	9.3%	31.9%
Bonds issued by other Portuguese entities	886	8.9%	395	3.7%	478	4.4%	124.1%
Bonds issued by other foreign entities	835	8.4%	1,299	12.2%	665	6.1%	-35.7%
Commercial paper	-	0.0%	650	6.1%	1,452	13.3%	-100.0%
	7,395	74.4%	8,581	80.8%	8,609	78.9%	-13.8%
Variable income securities							
Shares and other variable income securities	125	1.3%	94	0.9%	102	0.9%	32.4%
Investment fund units	1,340	13.5%	1,109	10.4%	860	7.9%	20.8%
	1,465	14.7%	1,203	11.3%	962	8.7%	21.7%
Impairment for overdue securities	(4)		(5)		(5)		
Trading derivatives	1,081	10.9%	838	7.9%	1,348	12.4%	29.0%
Total	9,937	100.0%	10,617	100.0%	10,914	100.0%	-6.4%

Other Asset Elements

Other asset elements, which include assets with repurchase agreement, hedging derivatives, investments in associates, investment properties, non-current assets held for sale, other tangible assets, goodwill and intangible assets, current and deferred tax assets, and other assets, represented 8.5% of total consolidated assets (7.6% at the end of 2013), standing at 6,468 million euros as at 31 December 2014, compared with 6,244 million euros recorded on the same date of 2013. This evolution is essentially explained by the increase of the balances of current and deferred tax assets, other assets and non-current assets held for sale, which more than offset the decline in the balance of investment in associates which fell to 323 million euros as at 31 December 2014 (579 million euros on the same date of 2013), related with the sale of all the shareholdings of 49% held in the insurance entities that operated exclusively in the Non-Life business.

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

BUSINESS AREAS

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

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

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

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

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

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

BUSINESS SEGMENT ACTIVITY

The figures reported for each business segment result from aggregating the subsidiaries and business units integrated in each segment, also 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.

As the process of capital allocation is in accordance with the regulatory solvency criteria in place, the risk weighted assets and, consequently, the capital allocated to segments, are based on Basel III methodology, according with CRD IV/CRR, with reference to December 2014. The capital allocation to each segment, in December 2013 and December 2014, resulted from the application of 10% to the risks managed by each segment in those dates, reflecting the application of Basel III methodologies in December 2014 and Basel II in December 2013. The balancing of the various operations is ensured by internal fund transfers, not determining, although, changes at the consolidation level.

The net contributions of each segment include, when applicable, the non-controlling interests. Therefore, the net contributions reflect the individual results by business unit, regardless of the percentage held by the Group, and the impacts of the movements of funds described above. The information presented below was based on financial statements prepared in accordance with the IFRS and the organisation of the Group's business areas as at 31 December 2014.

RETAIL IN PORTUGAL

In 2014, Retail Banking registered a negative net contribution of 85.5 million euros, comparing favourably with the negative amount of 142.6 million euros posted in 2013, essentially determined by the increase in net interest income and the decrease in operating costs, despite the higher impairment charges.

The net interest income improved from 127.9 million euros in 2013 to 230.4 million euros in 2014 as a result of the decrease in interest paid associated with the continued and sustained reduction of the interest rate of term deposits, despite the higher volume of customer deposits.

The operating costs amounted 549.3 million euros in 2014 recording a decrease of 6.5% from the amount of previous year reflecting the continued rationalization efforts in line with the targets set in the Strategic Plan, benefiting from the impact of operating efficiency improvement initiatives namely from the decrease in the number of employees and branches together with the salary reduction carried out in the third quarter of 2014.

In 2014, impairment charges stood at 125.8 million euros reflecting the impact of the higher level of impairment charges associated with the Asset Quality Review (AQR) exercise on the one hand, and the persistence of an adverse economic context to households and companies on the other.

Loans to customers decreased by 3.0%, to 17,652 million euros as at 31 December 2014, reflecting the lower demand for credit by individuals and companies, despite the implemented initiatives focused in the offer of integrated product and services solutions to customers.

Total customer funds stood at 33,997 million euros as at 31 December 2014, comparing favourably with the 32,643 million euros posted as at 31 December 2013, in spite of the impact in customer deposits evolution of the rights issue completed in July 2014.

Million euros

Retail Banking			
	31 dec. 14	31 dec. 13	Chg. 14/13
Profit and loss account			
Net interest income	230.4	127.9	80.1%
Other net income	322.5	324.7	-0.7%
	552.9	452.6	22.2%
Operating costs	549.3	587.5	-6.5%
Impairment	125.8	73.3	71.6%
Net (loss) / income before income tax	(122.2)	(208.2)	41.3%
Income taxes	(36.7)	(65.6)	44.1%
Net contribution	(85.5)	(142.6)	40.0%
Summary of indicators			
Allocated capital	617	608	1.6%
Return on allocated capital	-13.9%	-23.5%	
Risk weighted assets	5,033	6,073	-17.1%
Cost to income ratio	99.3%	129.8%	
Loans to customers	17,652	18,198	-3.0%
Total customer funds	33,997	32,643	4.1%

Notes:

Customer funds and Loans to companies (net of recoveries) figures are on monthly average balances.

Individuals

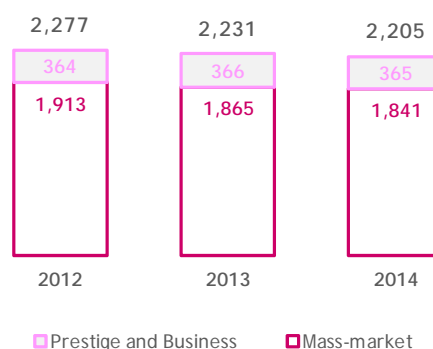
Mass Market

In the Mass Market segment, in 2014, focus was maintained on the offer of different savings solutions, namely those that permit deposits of small amounts and with shorter maturities. Personal loans were also promoted throughout the year with solutions aimed at assisting in the accomplishment of small private and family projects. In addition, integrated solutions continued to be the core product of the segment by offering a series of products and services that simplify the banking relationship on a day-to-day basis and at a low cost.

In the first half of 2014, the visibility of the integrated solutions was reinforced with the launch of a major advertising campaign with emphasis on the Frequent Customer product and its family support component. The fact that this product is now 10 years old was promoted in this campaign. In the second half of the year, the focus was on the younger segment with the promotion of the Millennium GO! solution disclosed over the social networks of new GO! partners and with a new image that is more suited to the segment.

The automatic channels were also continuously promoted during 2014, with targeted promotional actions via mobile banking and through the external website of the Bank, which was named the "Best online banking website" by *PC Guia* magazine.

NUMBER OF CUSTOMERS - RETAIL
Thousands



Prestige

The offer of investment solutions for Prestige Customers was reinforced, throughout the year, with innovative products, among which the Global Investor Insurance and Active Retirement Insurance are noteworthy. To support Prestige Customers in the management of their net assets and the planning of their future investments, a new version of the Prestige Dossier was launched, a financial check-up with a new, more intuitive layout, providing more detailed information.

During the year, several communication components were produced to give prominence to products, campaigns, the celebration of specific dates, and the dissemination of partnerships, aimed at increasing the notoriety of the Millennium bcp Prestige brand and reposition Millennium bcp as a leading bank in this segment.

Based on the different banking characteristics and needs of the self-directed Customers, Millennium bcp innovated by creating a new platform for personalised follow-up, the Direct Prestige Centres. This remote service combines dedicated contact with the offer of extended access, ensuring a service of excellence.

Residents Abroad

In the Residents Abroad segment, 2014 was marked by a significant increase in turnover, in terms of both attraction of funds and cross-selling. These very positive results are underpinned by a series of strategic vectors that were defined by the Bank in its new business model:

- 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. In 2014, it is important to mention Millennium bcp's strong institutional presence in Hamburg at the celebrations of 10 June;
- Reinforcement of the proximity and proactivity of the Retail Network in Portugal, with emphasis on the organisation of four Millennium bcp Summer festivals and the provision of the More Portugal Line;
- Strengthening of the offer, with the launch of the Portugal Prestige Solution, a comprehensive and distinctive solution for Portuguese or foreign Customers that reside outside Portugal, including credit cards for the segment and the Portugal VIP Plan;
- Increased efficiency, with the launch of a project of comprehensive optimisation of the operating processes that involve the network of Representative Offices, the partnerships and the central areas, as well as the improvement of a number of functionalities in the "millenniumbcp.pt" portal.
- Reinforcement of the commercial dynamics of the Retail Network and the continued implementation of the new business model, which drove growth of the Customer base and a year-on-year growth of 47% in transfers received from abroad, underpinned by an increase of 16% in the number of transferring Customers and an increase in the levels of cross-selling in the segment, namely through the placement of the More Portugal Integrated Solution and Portugal Prestige (increase of 23% in 2014).

Business

With the objective of ensuring the financing and support of the Portuguese economy, namely to Corporate Customers of a smaller dimension, with a turnover of less than 2.5 million euros, the commitment to develop and broaden commercial activity was maintained, namely through the following initiatives:

- Promotion of the granting of funds from agreed credit facilities, especially in the PME Crescimento 2014 and Proder/Promar lines, as well as credit to support commercial activity, exports and investment, with noteworthy results, as observed in the reversal of the downward trend in credit concession to companies and in the attraction of new credit Customers (a further 50 million euros).
- Promotion of preferential conditions for the new corporate Customers of Millennium, with a special focus on SME Leader Companies and Export Companies
- Creation of a differentiating offer for the attraction of New Customers, with benefits in transactions management products and services, as well as preferential credit conditions.

- Implementation of the 2014 Applause Company Programme, attributed to more than 12 thousand companies with a good credit rating and greater involvement with the bank, which benefit from preferential conditions in banking services and non-financial services until the end of the year. This statute has a growing notoriety and is aspirational among our Customers and the SME market, constituting an instrument to increase and concentrate their involvement with the Bank.
- Attraction of Funds, with very strong results, more than double relative to 2013, and increased cross-selling (POS, Cards, Insurance and Internet Banking) - leading to increased Customer loyalty.
- Reinforcement of support to small businesses, namely in terms of treasury management, with emphasis on Point-of-Sale Terminals that already have contactless technology, and the development of new functionalities associated to Internet Banking and Apps for Companies.

As a result of these initiatives, the Bank strengthened its position as a partner of Small and Medium-sized Enterprises 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 10 employees.

Segmentation by product

Savings and investment

The year of 2014 was marked by the sharp fall in interest rates on Portuguese funds. Millennium bcp followed this trend 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 Retail Network contributed positively to the bank's net income with the reduction of the cost of the time deposits portfolio and, at the same time, the increase in total customer funds. These results were obtained, on the one hand, from the implementation of measures to reduce rates, namely the launch of products that sustain the reduction of the cost of the portfolio and, on the other, with the redesign of the commercial offer by segment, with a view to attracting and expanding the Customer base and Funds. The offer for Affluent Customers was directed towards the diversification of financial assets, which include Certificates, Indexed Deposits, Investment Funds and Financial Insurance. In terms of programmed savings, products to facilitate small savings were created with the launch of the internet channel of the "Savings Centre". Regarding Customers Resident Abroad, the strategy involved the increase in overseas remittances and retaining those funds in short-term investments of the Bank.

The year of 2014 was also marked by the launch of indexed deposits with maturities of a year and a half, two and three years.

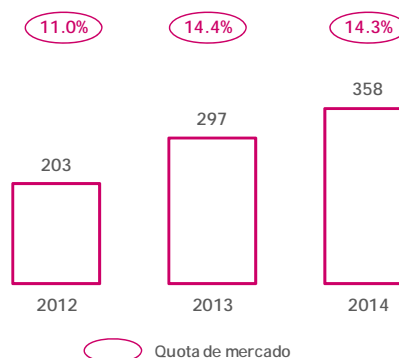
Loans to individuals

Throughout 2014, loans to individuals, due to their relevance in the profit and loss account, became once again one of the strategic priorities of the Bank.

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

- Personal Credit - 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 a strong increase in sales and a rise in margins and fees.
- Mortgage Loans - due to the conditions and dynamism of the market, several adjustments were made to the offer, in terms of special pricing conditions, and new solutions for home purchase and exchange. At the same time, the Bank promoted the greater streamlining

MORTGAGE LOANS NEW PRODUCTION
Million euros



and speed in the process, thus meeting our Customers' expectations. The focus on the granting of loans for the sale of the Bank's real estate properties continued throughout the entire year.

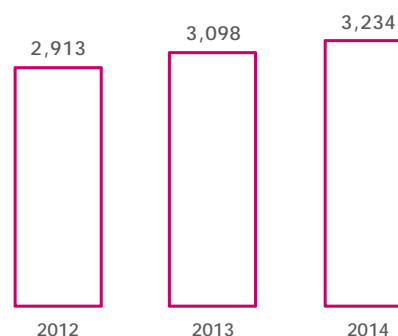
- Overdue credit - with default being one of the variables with greatest impact on the profit and loss account of the Bank, the focus in the overdue credit collection and restructuring in the entire Retail Network was maintained, contributing to slow the growth of non-performance and default.

Cards and payment systems

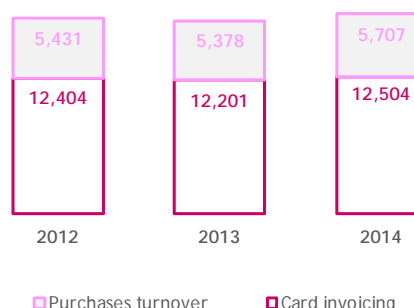
The portfolio of Millennium bcp cards of the Bank presented very positive indicators:

- Growth of the number of cards and turnover from cards, by 4.4% and 2.5% respectively, as a result of the commercial dynamics and the actions promoting the cards usage.
- Behavioural changes of Customers, with a decrease in the recourse to cash-advance, maintenance of debit withdrawal values and growth of 6% in the volume of purchases transacted.
- The commercial dynamism for the Free Meal card proved successful, enabling the consolidation of the concept of Meal Vouchers in card format, pre-paid by corporate Customers. Growth of the number of users by more than 15%, exceeding 125 thousand cards in circulation, a market benchmark.
- Increased convenience in the use of our cards and search for new solutions that guided the activity of Millennium bcp in 2014. In this regard, mention should be made of the launch of the Free Travel card, specifically directed at those who travel frequently or remain overseas for some time, offering significant cost savings on transactions conducted outside the euro zone.
- Customers Resident Abroad also began to benefit from the exemption of fees and commissions in the country of residence, representing significant savings and which enabled an increase in transactions abroad.
- For convenience and improved autonomy in the use of credit cards, it is now possible to carry out occasional payments up until the penultimate working day of the month and the capacity to automatically manage the use of debit cards in off-line environments was substantially improved.

TOTAL NUMBER OF CARDS
Thousands



**EVOLUTION OF CARDS INVOICING AND
TURNOVER OF PURCHASES**
Million euros



The American Express (AmEx) operation, which is managed by Millennium bcp in Portugal, also registered significant achievements in 2014:

- Recognition of AmEx as a Superbrand 2014, for the second consecutive year.
- Growth of 8.3% in turnover from Acquiring.
- Maximisation of the advantages offered to Customers, with a cash-back offer on Blue and Twin Business cards, as well as additional miles and points on the TAP and Millennium bcp Catalogue Programmes.
- Offer of discounts from hundreds of partners of the Selects Programme and the American Express Advantages Travel Guides.

- Launch in July of the multi-media and multi-country campaign "EXPERIENCE PORTUGAL" to promote the use of AmEx cards in Portugal, in return for exclusive advantages from more than 300 partners.

Regarding other means of payment, in 2014 the very positive evolution registered in the placement of point-of-sale terminals continued, with this equipment supported by Millennium bcp having already exceeded 35,000 terminals. Gains in market share were registered, both in terms of number of point-of-sale terminals and turnover, a trend that was consolidated over the course of the year. The successive commercial campaigns offering solutions that meet the specific needs of each type of business contributed to this result. The point-of-sale terminal that issues simplified invoices or the Flash TPA for temporary use of the service are among the highlights.

In addition, Millennium bcp reinforced its position of servicing to Customers through selfbanking-only spaces. At the end of the year, the Bank reached 23 stores equipped with exclusive Multibanco Network ATMs and equipment for Customers, with emphasis on the ability to deposit cash and cheques. The Bank differentiates itself in the market with this concept and its positioning in major retail centres, facilitating the handling and deposit of cash for retailers. The market share of Millennium bcp in terms of transactions made through the equipment of the Multibanco Network is 4 percentage points above its market share in terms of number of equipment, which corresponds to usage and revenues considerably above the market average.

To continue to advance the objective of a Single Euro Payments Area, the rules of operation of the payment instruments were harmonised among all the countries that belong to SEPA, which resulted in the creation of two pan-European payment instruments - the SEPA Credit Transfers and the SEPA Direct Debits. As of 1 August 2014, the national Credit Transfers and Direct Debits migrated to the new pan-European SEPA instruments.

At Millennium bcp, the "Migration to SEPA Plan" was successfully concluded, guaranteeing the timely and efficient migration of payments made through Credit Transfers and Direct Debits, maintaining the high levels of security, punctuality and quality of the service provided to creditor and debtor Customers within the scope of these payment instruments.

Insurance

In 2014, the Risk Insurance portfolio increased by more than 3%, underpinned by an increase in the volume of direct sales of insurance policies, thus consolidating the change of the bancassurance model, historically sustained by the sale of Insurance associated to credit operations.

In partnership with the insurance company Ocidental, products have been developed that are better suited to the Bank's Customer universe, seeking at each moment to innovate and improve the quality of the service provided to Customers, both at the moment of subscription, with simpler and quicker processes, or during maintenance and assistance.

Two excellent examples of the described strategy are:

- HOMIN - a new multirisk insurance product - was visible at Millennium Branches in the 4th quarter of 2014: each Customer chooses the coverages he/she wants for his/her home.
- The new functionalities to consult the Insurance Portfolio of Customers that allow, both in Homebanking at millenniumbcp.pt and in branches, access to the portfolio of each Customer with a view of the details of each policy, as well as the possibility of placing requests for maintenance of those same policies.

ACTIVO BANK

During 2014, the Bank continued focused on the strategic objectives of growing the Customer base and increasing Customer involvement. Each of these two strategic objectives was developed according to the following vectors:

Attraction of Customers

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

Retention of Customer Loyalty

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

In order to achieve the focus on growth of the Customer base and involvement, a series of initiatives were developed during 2014, in particular:

I. Growth and consolidation of the commercial network

Partnerships with some football clubs with the objective of attracting new Customers that are supporters of those clubs.

II. Institutional communication campaigns and value proposition

Two attraction campaigns carried out during the first half of 2014. The first campaign was about opening a paperless account, highlighting the innovative role that characterises ActivoBank. The second campaign was based on the result of the Marktest survey relative to reputation, in which the bank was considered the on-line bank with the best reputation.

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

In 2014, the bank completed the development of the missing products, with emphasis on the launch of the financial futures trading platform: Ontrade Platform.

Growth and Results

The series of actions that were carried out combined with the continuous focus on innovation contributed to the achievement of over 73,000 Customers (+30%) at the end of the year and more than 110,000 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 and the distinction in the "Marktest Reputation Index" of on-line bank with the best reputation.

The bank reached its break-even point, with net operating revenues growing by 39% on a recurrent basis (95% if the results of operations involving the divestment of its own portfolio are considered), and with a decline of 6% in operating costs.

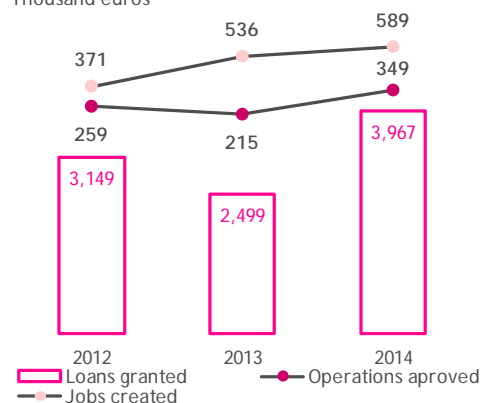
MICROCREDIT

Millennium bcp Microcredit continues to be recognised in the Portuguese market as an alternative for the funding, incentive and feasibility of entrepreneurial action, playing a fundamental role in the current national economic scenario by effectively combating unemployment, poverty and social exclusion. In 2014, the strategic focus of Millennium bcp Microcredit continued to involve a strong component of institutional promotion, providing information about the service among locally-active entities which are closest to socially excluded populations. 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.

Materialising this proximity policy, 16 cooperation agreements for entrepreneurial action and promotion of access to microcredit were concluded. Of these, reference should be made to the partnership with the Regional Government of the Azores, aimed at providing a specific Microcredit line to promote entrepreneurship and the creation of self-employment in the region.

MICROCREDIT ACTIVITY

Thousand euros



The indicator - Operations approved - is not comparable with previous years due to updated criteria.

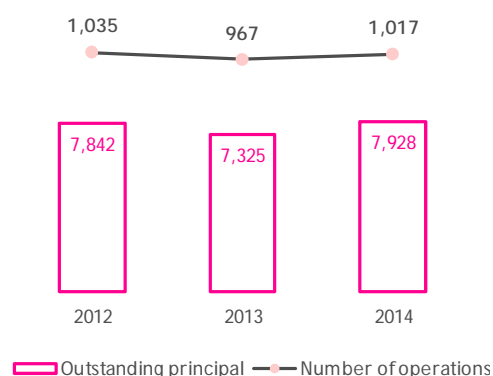
The new - Operations approved - may have not be implemented in 2014 exercise.

In order to recognise the entrepreneurial spirit, creativity, innovation and energy of Millennium bcp Micro-entrepreneurs, the Bank held the 3rd edition of “Prémio Realizar” (Accomplishment Award - Microcredit and Entrepreneurship Award). Also in 2014, with the support of Millennium bcp and the European Union, the 11th Annual Conference of the European Microfinance Network (EMN) was held, dedicated to the theme “Employment: Challenges and Opportunities for Microfinance”.

As a result of all the work developed, Millennium bcp Microcredit approved 349 new operations, with 3,967 million euros of total credit granted, having helped to create 589 jobs. The volume of loans granted to the 1,017 operations in portfolio, as at 31 December 2014, stood at 11,121 million euros, with outstanding principal of 7,928 million euros.

MICROCREDIT LOAN PORTFOLIO

Thousand euros



COMPANIES

Companies registered in 2014 a negative net contribution of 116.5 million euros, which compares with the negative net contribution of 80.3 million euros posted in 2013, essentially due to the increase in the impairment charges and the decrease in net interest income.

Net interest income in 2014 stood at 119.5 million euros (129.1 million euros in 2013), reflecting the unfavourable context associated with historically low interest rates, together with the retraction in demand for credit, with the consequent impact in business volumes, in spite of the continued promotion of commercial initiatives aiming to support sustainable business plans.

The operating costs reduced 4.5%, from 66.5 million euros in 2013 to 63.5 million euros in the current year, reflecting the continued efforts to reduce costs, and in line with the objectives defined under the Strategic Plan, benefiting from the impact of operating efficiency improvement initiatives that have been implemented, namely the decrease in the number of employees together with the salary reduction carried out in the third quarter of 2014.

Impairment charges increased 18.0% compared with 2013 figures and totalled 284.3 million euros, reflecting both the impact of the higher level of impairment charges associated with the AQR exercise, and the persistence of an adverse economic context to companies.

Loans to customers decreased 2.3%, compared to 2013, totalling 4,698 million euros at the end of 2014, reflecting the lower demand for credit influenced by the reduced demand for credit, in spite of the implemented initiatives focused in the offer of integrated product and services solutions aiming to support modernisation, internationalisation and competitiveness, with emphasis on the most productive sectors of the Portuguese economy.

Total customer funds amounted to 3,555 million euros as at 31 December 2014, increasing by 3.7% compared to December 2013 figures, to which contributed the evolution posted by customer deposits.

Million euros

Companies			
	31 dec. 14	31 dec. 13	Chg. 14/13
Profit and loss account			
Net interest income	119.5	129.1	-7.5%
Other net income	62.8	60.7	3.5%
	182.3	189.9	-4.0%
Operating costs	63.5	66.5	-4.5%
Impairment	284.3	240.9	18.0%
Net (loss) / income before income tax	(165.4)	(117.5)	-40.8%
Income taxes	(48.9)	(37.2)	-31.6%
Net contribution	(116.5)	(80.3)	-45.0%
Summary of indicators			
Allocated capital	487	443	10.0%
Return on allocated capital	-23.9%	-18.1%	
Risk weighted assets	2,798	4,427	-36.8%
Cost to income ratio	34.8%	35.0%	
Loans to customers	4,698	4,809	-2.3%
Total customer funds	3,555	3,428	3.7%

*Notes:**Customer funds and Loans to companies (net of recoveries) figures are on monthly average balances.*

Companies Network

In 2014, the strategic priorities of the Companies Network were maintained:

- Strong proximity to companies, especially SMEs, through a constant proactive approach, fomenting a true spirit of partnership and mutual knowledge;
- Development of financial solutions adjusted to the needs of companies;
- Permanent support for companies, in the different areas, namely in the implementation of internationalisation strategies, realisation of new investments to improve competitiveness or within the scope of its daily activity, namely in terms of treasury management.

Within the framework of the established strategy, the main objectives of the Companies Network in 2014 included the implementation of the following strategic vectors:

- Growth of credit to companies with sustainable development projects, considering their fundamental role in the economic upturn, namely in the execution of new investments aimed at reinforcing their competitiveness or to support treasury, focusing on the concession of commercial credit associated with the operating cycle of companies;
- Support for the implementation of companies' internationalisation strategies, through the offer of trade finance solutions (financing of import/export operations, creation of local operations, etc.), taking advantage of the Bank's presence in geographies with strong growth: Angola, Mozambique, Poland and China;
- Development of treasury support solutions, customised according to the current commercial activity of companies, namely with respect to payment and collection management, with emphasis on factoring and confirming solutions.

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

- Primary use of the GPS commercial activity planning and management tool, establishing a segmentation of Customers according to their profile (namely in terms of sector, international or domestic activity, credit or transactional needs), adapting the commercial action and financial solutions and identifying opportunities to reinforce the relationship between the Bank and companies.
- Dedicated participation in credit facilities agreed with the Portuguese State, namely:

- Contracting in 2014 of more than 3,000 operations in an amount of new credit exceeding 200 million euros;
- SME Growth Line 2014, with a total ceiling of 2 billion euros, aimed at supporting companies, with an individual or consolidated invoicing of up to 125 million euros, with their working capital needs, new investments or exports). Since its launch in March 2014, the Bank has approved new operations in a total amount of 250 million euros, having supported more than 3,200 companies.
- Creation of the IFAP Incentives Frontloading line, a short-term financing solution aimed at supporting companies, with activities in the agricultural and agro-industrial sectors, in managing their current activity, through the frontloading of incentives approved by IFAP.
- Launch of the Commerce Invest line, with a total ceiling of 25 million euros, directed at supporting investment projects approved by IAPMEI within the scope of the Commerce Invest measure, intended for the modernisation of oil sector companies.
- Conclusion of an agreement with the European Investment Bank, offering a credit line of 300 million euros, dedicated to the financing of Portuguese companies (namely SMEs) for the accomplishment of new investments or supporting current treasury needs. The subscription of this new line follows on from the line of 200 million euros agreed in 2013 between the EIB and BCP and already entirely allocated to financing undertaken by companies in 2013 and 2014, in a total amount of approximately 280 million euros.
- Launch of Cash on Time: a joint factoring and confirming solution that combines the possibility of receiving payments from Customers of the company in advance and ensures that payments are made to suppliers. It is also important to mention the developments in Confirming on Time, with the introduction of two options (with or without guaranteed payment to suppliers), providing companies with the possibility of adjusting the product in accordance with their specific needs.
- Promotion of the activity associated with factoring and confirming, with emphasis on the launch of new products to provide a more comprehensive offer valued by Customers, which includes the new Confirming On-Time Guarantee and Confirming On-Time Payments offers, and factoring and confirming with Mutual Guarantee Societies.
- Strengthening of the commercial activity through the creation of specialised teams (Commercial Development Managers of the Factoring Business Unit), with a view to achieving greater proximity to the commercial networks and visiting all the branches and Customers systematically, the launch of commercial actions in the Retail Network (in all commercial cycles, with a focus on Easy Factoring) and in the Companies Network (2nd and 3rd quarters of 2014), the attraction of new business and the increase in the use of the operations under way.
- As a result, excluding turnover from non-core areas, in the Corporate, Companies and Retail Commercial Networks, the invoices for collection and the Factoring credit balance registered year-on-year increases of 28% and 37% respectively, contrasting with the sector overall, which registered year-on-year declines of -1.3% and -13.3%.
- Operating improvements within the scope of the factoring management and credit operations applications to provide better support to the commercial networks in the proposals filing and decision circuit, enabling simplification and greater speed in the process.
- Reinforcement of the use of leasing solutions, a vital instrument for the pick-up in company investment, regarding which the following is noteworthy:
 - The growth in overall activity (new production in 2014 of 322.7 million euros, +60% relative to 2013), with emphasis on leasing equipment - due to its importance in the financing of investment projects - (+167%), benefiting from the association with the "Millennium EIB Line", especially among SMEs.
 - The automobile leasing activity also grew significantly (+81%), closely linked to the evolution of automobile sales, which increased by 37%.
 - Regarding real estate leasing (an increase of 11%), use of the leasing product, to support operations of credit restructuring and sale of real estate properties of the Bank, was maintained.
 - In spite of the increase in production, the Leasing and ALD credit portfolio remained on the downward trend, declining 11% in 2014.

- According to the data of the Portuguese Leasing and Factoring Association, Real Estate Leasing production and Movable Asset Leasing production increased by 29% and 22% respectively.
- Stimulation of solutions directed at the Treasury Management of companies, with emphasis on:
 - Offer of SEPA Payment and Collection solutions in the different channels offered by the Bank, namely the Companies portal and Multibanco channel, among which the technical converter service of national Direct Debit files in the SEPA layout, the on-line validator of C2B XML files and the on-line construction of XML files are noteworthy;
 - Support for companies in the transition to the new SEPA process;
 - Promotion of pre-defined transaction management packages (e.g. Applause Customer) directed at companies with more standardised transaction management profiles, offering these companies access to suitable transaction management solutions,
 - Presentation to Companies of personalised solutions for treasury and transactions management for payments to suppliers and employees and receipts from Customers;
 - Sponsorship of the 8th annual Eurofinance conference on "Financial, Treasury and Risk Management for Companies in Portugal.
- Development of initiatives to support the internationalisation of companies, regarding which the following is noteworthy:
 - Very positive evolution of the trade finance business which registered, in the Companies and Corporate Networks, a year-on-year increase in the number of new transactions carried out and volume of 24% and 36%, respectively. The increase in the market shares of the main trade finance products, as well as in the number of Customers that carried out export and/or import transactions through Millennium bcp were also relevant factors in the trade finance activity;
 - Participation in training events and actions - Millennium bcp Meetings, Trade Workshops, Eurofinance, Sisab, Angola Conference, onsite training actions in Business Associations and Companies throughout the country, participation in the Programme of AICEP Formexport - where topics related to the Trade Finance business and the needs of companies in international business were covered;
 - Promotion of the international factoring business and launch of new products and services such as the Management of Promissory Notes and the new developments in the Companies portal at www.millenniumbcp.pt.
- Holding of promotional events and reinforcement of the Bank's presence among Companies, with emphasis on the "Millennium Day for Companies" and the "Millennium Day for Agricultural and Tourism Entrepreneurship".
 - The "Millennium Day for Companies" was held in Lisbon, Leiria, the Western Region, Viseu, Guimarães and São João da Madeira. These are open conferences where topics related to national economic prospects and companies from the regions involved are presented, with a brief overview of the offer of Millennium bcp to promote economic activity. These conferences were attended by local companies, with a view to exchanging experiences and networking on the development of internationalisation strategies and on the reinforcement of companies' competitiveness.
 - The "Millennium Day for Agricultural and Tourism Entrepreneurship" consists of the holding of conferences to promote the activity of those sectors, developed in association with IFAP and Turismo de Portugal (state bodies supporting these sectors), with the presentation of successful cases and debate of the main topics related to the agricultural, agro-industrial and tourism activity.

Interfundos

Within a framework of improved economic momentum but still characterised by some correction of the real estate market - volumes, yields, sales values and rent pricing - Interfundos focused its strategy on restructuring operations, promoting commercial activity and optimisation of business.

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

- Completion of 5 operations to increase share capital, 4 operations of share capital decrease, the liquidation of 3 funds, the taking over of the management of 1 fund from another management company and the transfer of 2 funds to other management companies;
- Renegotiation with Sociedade de Reabilitação Urbana Porto Vivo of the Urban Rehabilitation Contract of Quarteirão de D. João I, a property owned by Fundos Imopromoção and AF Portfólio Imobiliário;
- Consultation for selection of Property Manager with a view to ensuring and reinforcing the strategy of recovery of the business indicators of the AF Portfólio Imobiliário Fund;
- Review of the process involving the management of the tenant's breach of contract;
- Implementation of a new governance model for real estate companies held by funds under management;
- Implementation of an electronic solution for document management of the archive;
- Completion of the Foreign Account Tax Compliance Act (FATCA) registration of the Management Company at the Internal Revenue Service.

By the end of 2014, the volume of assets of the 42 funds under management by Interfundos amounted to 1.5 billion euros, ensuring its market leadership with a share of 13%.

Real estate business

In 2014, the strategic priorities of the Real Estate Business Division were, in terms of credit, the sustained reduction of exposure to real estate financing and the development of project restructuring solutions that guarantee their sustainability. Regarding real estate, these priorities consisted of reducing the time to market of the real estate assets and the stimulus and growth of sales. The following initiatives are also noteworthy:

- Credit initiatives aimed at achieving a reduction of exposure at default (EAD) to real estate credit at risk of 20%, year-on-year;
- Renegotiation of dossiers, creating real conditions for the development of projects without an increase in funding;
- Broadening of the M Imóveis commercial programme to include Customers' undertakings, with an increase in sales of the funded projects;
- Enhancement of the diagnosis, structuring and valuation models, as well as the exploration of new channels to place assets;
- Restriction of new entries of real-estate properties, by acting upstream of their entrance into the Bank's assets, as well as reduction of their time of permanence at the Bank, both through the optimisation of processes and via the provision of services by outsourcers;
- Development of new partnerships for sales in markets abroad and participation in international seminars, fairs and auctions;
- Consolidation of the sales channels in Portugal through partnerships with mediation companies specialised in non-housing properties, holding national and regional campaigns and promotional actions by property segments, and introducing non-housing property auctions;
- Promotion of conclusion / transformation events of real estate properties that tend to maximise the market value of those properties.

CORPORATE AND INVESTMENT BANKING

Corporate & Investment Banking net contribution stood at 90.5 million euros in 2014, comparing favourably with 15.5 million euros recorded in 2013, essentially due to the decrease in the impairment charges.

Total income, which includes net interest income and net commissions, increased 1.2% in 2014, from previous year, benefiting from a net interest income increase of 3.8%.

In 2014 operating costs stood at 35.0 million euros, reducing 4.7% when compared with 2013 figures reflecting the cost reduction efforts, in line with the targets set in the Strategic Plan, benefiting from the impact of operating efficiency improvement initiatives that have been implemented, together with the salary reduction carried out in the third quarter of 2014.

Impairment charges in 2014 decreased 37.0%, when compared with the amount recorded in 2013, due to the high level of credit risk provisioning in 2013 and stood at 170.3 million euros.

As at 31 December 2014 loans to customer decreased by 12.4%, from the same date in 2013, to 6,938 million euros, influenced by the reduced demand for credit, in spite of the implemented initiatives focused in the offer of solutions aiming to support modernisation, internationalisation and competitiveness, with emphasis on the most productive sectors of the Portuguese economy.

Total customer funds stood at 7,611 million euros as at 31 December 2014, decreasing 13.4% from 8,792 million euros in 31 December 2013, mainly influenced by the reduction in institutional customer deposits.

Million euros			
Corporate & Investment Banking			
	31 dec. 14	31 dec. 13	Chg. 14/13
Profit and loss account			
Net interest income	225.7	217.4	3.8%
Other net income	107.9	112.5	-4.0%
	333.7	329.9	1.2%
Operating costs	35.0	36.7	-4.7%
Impairment	170.3	270.5	-37.0%
Net (loss) / income before income tax	128.4	22.6	>200%
Income taxes	37.9	7.1	>200%
Net contribution	90.5	15.5	>200%
Summary of indicators			
Allocated capital	840	950	-11.6%
Return on allocated capital	10.8%	1.6%	
Risk weighted assets	5,669	9,503	-40.3%
Cost to income ratio	10.5%	11.1%	
Loans to customers	6,938	7,922	-12.4%
Total customer funds	7,611	8,792	-13.4%

Notes:

Customer funds and Loans to companies (net of recoveries) figures are on monthly average balances.

CORPORATE AND LARGE CORPORATE

The strategic priorities of the Corporate Network are centered on the following pillars of action:

- Growing proximity to companies, seeking to reinforce the know-how of its activity and development strategy, with a view to offering financial solutions customised to the needs of companies (both for new investments and current activity), promoting increased loyalty and closer commercial relations;
- Promotion of the potential synergies with the Bank's operations in foreign markets with strong growth rates - with emphasis on Poland, Angola, Mozambique and China - to support companies' internationalisation, in coordination with the International Division;
- Articulation with the Large Corporate Division to improve commercial relations with the major economic groups with activity in Portugal, creating tailor-made solutions suited to the specificities of each economic group.

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

- Strong commercial dynamics, with intensive use of the GPS (an application supporting the commercial activity), enabled a systematic planning of Customer visits and the identification

and pursuit of business opportunities, in the various business areas (financing, treasury, investment and internationalisation);

- Articulation with Investment Banking and the Large Corporates Division, aimed at reinforcing and developing global relations with Customers, combining financing solutions, products associated to transactions management (namely for payment and collection) and personalised treasury management solutions, and fostering the specialised know-how of these areas for the development of new business opportunities in the treasury management, debt placement and consultancy for investment projects areas.
- Identification of opportunities to finance companies with sustainable development strategies, as well as the implementation of new investment projects, whether in national territory or international markets, taking advantage of the improvement in business confidence indicators stemming from the pick-up in economic activity;
- Supporting companies in preparing and developing internationalisation strategies, in articulation with the International Division, through the offer of consultancy services and preferential contacts with the new destination markets, facilitating the approach to these markets and capitalising on the synergies with the Bank's international operations;
- Offer of SEPA Payment and Collection solutions in the different channels offered by the Bank, namely the Companies portal and Multibanco channel, among which should be highlighted the technical converter service of national Direct Debit files in the SEPA layout, as part of the process of migration to SEPA that took place in 2014;
- Promotion 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.

INVESTMENT BANKING

In 2014, the Investment Banking Coordination Division continued the implementation of the defined strategy with a specific focus on (i) the origination efforts, (ii) the reinforcement of the capacity to structure innovative solutions compatible with the current market context and the specificities of each geography and (iii) the maintenance of a relevant presence in major operations and with the major players of the markets covered.

The origination effort based on the Portugal - Angola - Mozambique - Brazil - Macau/China axis enabled (i) greater comprehensiveness, reinforcing the Investment Banking position in the capital/investor flows to the core markets (Portugal, Angola and Mozambique), (ii) adaptation of the capacity for intervention (expertise) in a wider context and (iii) the consequent development of solutions that leverage the intervention capacity of Customers in those markets.

Corporate Finance Division

In the area of Corporate Finance, the Bank participated in several relevant projects involving the provision of financial advisory services to its Customers and the Bank itself in dossiers involving the study, development and undertaking of MELA operations, company valuation, corporate restructuring and reorganisation processes, as well as the economic and financial analysis and study of projects.

Among the different work developed by Millennium investment banking during 2014, the following are worthy of mention:

- Provision of advisory services on the divestment of Millennium Gestão de Activos - Sociedade Gestora de Fundos de Investimento, S.A. to the CIMD Group - Spanish brokerage, asset management and consultancy group;
- Provision of advisory services on the reinforcement of equity in the Controlinveste Group's media area in the context of its strategic repositioning;
- Provision of financial advisory services to EDP in the context of the sale of 50% of its stake in its subsidiary EDP Asia to an entity partially owned by China Three Gorges, within the scope of the EDP/CTG strategic partnership;
- Provision of financial advisory services to Insitec SGPS S.A. - a Mozambican business group, with operations in the engineering and construction, construction materials, banking and real estate sectors - on the valuation of the different companies in the mentioned Group.

Project Finance Division

The activity of the area of project finance was revitalised in 2014, largely as a result of its involvement in projects in Angola and Mozambique, in both the advisory and lending aspects. This area's action also focused on the monitoring and management of the outstanding finance project portfolio.

Millennium investment banking in the project finance segment was involved in various national and international operations, of which the following are noteworthy:

- Set-up as Mandated Lead Arranger of the funding for the construction and operation of the Pisco wind farm;
- Provision of financial advisory services to the Baía de Luanda development company on the refinancing of its debt;
- Provision of financial advisory services to one of the key players in the Oil&Gas sector in Mozambique relative to the fundraising programme necessary for the implementation of the projects in area 1 and area 4 of the Rovuma basin;
- Set-up as Mandated Lead Arranger of the funding for the largest Independent Power Producer (IPP) project in Mozambique.

Structured Finance Division


The Structured Finance Division has maintained high levels of activity in the provision of advisory services and in the structuring and negotiation of a relevant number of operations involving the major players in Angola and Mozambique, as well as in various new projects/opportunities in Portugal.


Particular note should be made of the involvement in various advisory projects on leadership of syndicated funding in various sectors of economic activity in Angola, namely in the agro-industrial, health, distribution, food and beverages sectors, as well as, in Mozambique, with specific emphasis (i) on the structuring of a loan facility for an infrastructure project integrated in the development plan of the Pemba oil & gas services center project (ii) and on a reconfiguration operation of the funding structure relative to a project related to Mozambique's ZEE.

Capital Markets Division - Debt


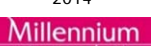
In terms of debt markets there was a trend towards narrowing of the credit spreads of most Portuguese issuers throughout 2014, reflecting the improvement of the sentiment in international financial markets and the progressive consolidation of the expectations of the economic and financial recovery of Portugal. The combination of the narrowing of risk premia and the maintenance of euro indexed interest rates at historically low levels resulted in the fall in the yields of Portuguese debt securities, of both the state and the private sector, to levels close to those observed in 2013. In this market context, there was a significant appetite by investors for Portugal risk which enabled various bond issues with institutional placement in international markets to be carried out. Within the scope of these placements, the Bank acted as Joint Leader and Bookrunner of two EDP bond issues (650 million and 1 billion euros), an issue of Galp Energia (500 million euros) and an issue of Brisa Concessões Rodoviárias (300 million euros), having also led a private placement for the Teixeira Duarte Group. During this period, Millennium investment banking also maintained its presence in the segment of bond issues addressed to retail and was joint-leader of the public offering of FC Porto SAD bonds (20 million euros).

Over the same period, in 2014, the upturn in financing operations intensified, reflected in the contraction of a higher number of new Commercial Paper Programmes and to which the legislative change, which took place in the middle of the year, contributed, by eliminating the limit to the capacity of issuing from being determined by the equity level of companies, thus enabling access from a much vaster universe of companies to this form of financing. In this context, among the operations led by the Bank, note should be made of the following: Sonae Indústria (110 million euros), José de Mello Investimentos (108 million euros), Grupo Salvador Caetano (two programmes of a total amount of 70 million euros), the new operations of Celbi (100 million euros) and the Teixeira Duarte Group (55 million euros). The Bank organised another 31 operations, totalling about 140 million euros, with issuers such as Impresa Publishing, BA Vidro, NabeiroGest, Barraqueiro, Sapec Química and Alliance Healthcare, in addition to the renewal of the deadline of other Programmes.

Corporate Finance		
 Financial Advisory Advisory in the process of reinforcement of equity in the media area 2014 	 Economic-financial evaluation of the Insitec Group (Mozambique) 2014 	 Financial Advisory in the sale of 50% of its holding in EDP Asia (shareholder 100% CEM) 2014 

Capital Markets	Project Finance
 Sharecapital increase €112 Million Joint bookrunner 2014 	 Accelerated Bookbuilding 6.7% share capital €159.5 Million Joint bookrunner 2014 

Structured Finance
 Parque Eólico do Pisco Project Finance € 50,05 Million Mandated Lead Arranger 2014 

 3% Senior Notes Maturity 2021 €500 Million Joint bookrunner 2014 	 3.875% Senior Notes Maturity 2021 €300 Million Joint bookrunner 2014 	Mozambique Asset Management Structured Finance (Mozambique) Usd 540 Million 2014 
--	--	---

Capital Markets Division - Equity

Regarding shares, mention should be made of the role of the Bank in the Global Coordination of the operation to increase the share capital of Millennium bcp, conducted through a public subscription offer of approximately 2.25 billion euros, with reservation of preemptive rights for Shareholders. It was the largest public subscription offer conducted to date in Portugal, and was completed successfully in spite of particularly adverse market conditions. In November 2014, the Bank was Joint Overall Coordinator in the organisation and structuring of the share capital increase of Sonae Indústria of up to 150 million euros. Throughout the year, the Bank was Joint Bookrunner of placements conducted through accelerated bookbuilding of actions representing 2.6% of the capital of EDP (303.3 million euros), sold by José de Mello Energia, and 16.8% of shares representing the capital of Mota-Engil, SGPS (159.5 million euros), sold by the company itself and by its majority shareholder. The Bank also participated in the syndicates for the placement of the IPO of Espírito Santo Saúde and for the 2nd Privatisation Phase of REN, and also provided advisory services to Vinci Concessions Portugal on the squeeze-out aimed at full ownership of ANA - Aeroportos de Portugal.

International Division

The International Division, through its Financial Institutions Group, continued to pursue its objective of ensuring the best conditions, at correspondent banks, to guarantee the execution of international business operations in the foreign markets most sought by the Bank's Customers. To achieve this objective, the Bank maintained, throughout 2014, close proximity and permanent contacts with other financial institutions, which also contributed to the reinforcement of commercial lines and ceilings and of Treasury. At the same time, it sought to extend its activity to new markets in Africa and South America, thus meeting the needs of Customers with foreign business.

The Financial Institutions Group negotiated and contracted new credit lines, of a total of more than 300 million euros, with multilateral entities, to support foreign trade and company internationalisation.

To better serve its institutional Customers of custody of securities, the Financial Institutions Group widened its offer of a flexible and quality service with customised solutions, allowing for an increase in the portfolio and volume of commissions charged, and an increase to 49% of the Bank's market share relative to total assets under custody held by non-resident institutional investors in the national market.

In the wake of the restructuring of the area of Trade Finance undertaken in 2013, as a result of the Bank's commitment to international business, this segment registered growth of more than 20% in terms of the total amount of new operations in 2014. This evolution translated into an increase in the market shares of the main products of Trade Finance.

As main actions with internal and external visibility during the year, it is important to mention the holding of various events, throughout the country, where topics related to the Trade Finance business were discussed, as well as the promotion of the international factoring business and the launch of new products and services.

Through the teams of the Millennium Trade Solutions and the International Business Platform, the International Division continued to support the internationalisation process of companies that are our Customers, focusing on countries where the bank operates and other strategic markets, having identified and publicized business opportunities and promoted the multi-directional business between geographic areas.

ASSET MANAGEMENT & PRIVATE BANKING

Asset Management & Private Banking, in accordance with the geographic segmentation, recorded in the year of 2014 a net contribution of 10.5 million euros, comparing favourably with the negative net contribution of 2.7 million euros in the previous year. This performance was due to the rise in net interest income and to the increase showed by other net income.

Million euros			
Asset Management & Private Banking			
	31 dec. 14	31 dec. 13	Chg. 14/13
Profit and loss account			
Net interest income	1.6	(9.9)	115.8%
Other net income	27.5	21.4	28.6%
	29.0	11.5	152.8%
Operating costs	15.6	16.4	-4.6%
Impairment	(1.4)	(1.0)	-45.9%
Net (loss) / income before income tax	14.8	(3.9)	>200%
Income taxes	4.4	(1.2)	>200%
Net contribution	10.5	(2.7)	>200%
Summary of indicators			
Allocated capital	17	16	5.2%
Return on allocated capital	61.6%	-16.8%	
Risk weighted assets	142	161	-12.0%
Cost to income ratio	53.8%	142.6%	
Loans to customers	250	243	2.7%
Total customer funds	4,947	4,207	17.6%

Notes:

Customer funds and Loans to companies (net of recoveries) figures are on monthly average balances.

The increase in net interest income in 2014, when compared with 2013, was mostly influenced by the decrease in interest paid associated with the continued and sustained reduction of the interest rate of term deposits, despite the higher volume of deposits.

In 2014, other net income stood at 27.5 million euros increasing 28.6%, when compared with the previous year, mainly due to the sale of higher value-added products, in segments with high financial assets customers.

Operating costs stood at 15.6 million euros decreasing 4.6%, compared to the 16.4 million euros posted in 2013 reflecting the continued efforts to reduce costs in line with the targets set in the Strategic Plan, benefiting from the impact of operating efficiency improvement initiatives that have been implemented, namely the decrease in the number of employees together with the salary reduction carried out in the third quarter of 2014.

Loans to customers increased 2.7% at the end of 2014 from 31 December 2013, to 250 million euros.

Total customer funds as at 31 December 2014, went up by 17.6%, from 2013, to 4,947 million euros, influenced by the increase of assets under management and customer deposits.

ASSET MANAGEMENT

On 7 October 2014, the Bank signed an agreement with the CIMD Group, relative to the sale of the entire share capital of Millennium bcp Gestão de Activos - Sociedade Gestora de Fundos de Investimento, S.A., (MGA). The agreed price for the sale of the share capital of MGA was 15.75 million euros. The operation, subject to approval by the Supervisory Authorities, had an estimated positive impact on the consolidated capital ratios of BCP, i.e. an increase in the common equity tier 1 ratio, of 3 pp according to the phased-in criteria and of 4 pp on a fully-implemented basis. BCP thus took another step, before the stipulated deadline, towards fulfilling the agreement signed with the Directorate General for Competition of the European Commission and the Portuguese authorities relative to BCP's restructuring, in line with its strategic plan.

PRIVATE BANKING

The activity of the Private Banking Network in 2014 was guided by the following strategic priorities:

- Consolidation of the Advisory model, enhanced by the interaction and proactivity dynamics between Private Bankers and Investment Specialists;
- Growth of Assets under Management and diversification of its structure towards products of higher added value;
- Provision to Customers of an excellent and differentiating service, always bearing in mind the full observance of compliance rules.

The objectives set out aimed to:

- Improve the levels of service offered and maximise the profitability of Customers' portfolios.
- Widen the Customer Base, focusing on the attraction of resources;
- Contribute to the Bank's stabilisation and growth model;
- Increase the profitability of the Network.

The following strategic initiatives are noteworthy:

- Focus on the attraction of new Customers' resources and higher share of wallet of current Customers;
- Stimulation of the Discretionary Management offer underpinned by an open architecture strategy of investment products;
- Increased cross-selling.

FOREIGN BUSINESS

Net contribution of the Foreign Business, in accordance with the geographic segmentation, stood at 289.4 million euros in 2014, comparing favourably with 237.2 million euros in 2013 essentially due to net interest income performance.

Net interest income in 2014 increased 21.5%, compared with 2013 stood at 562.7 million euros, reflecting both, the reduction in the cost of customer deposits and the increase in customer deposits and loans to customers volumes, supported by the operations in Poland, Angola and Mozambique.

Operating costs showed in 2014 an increase of 3.9%, compared to 2013, influenced by the increase in advertising expenses in Poland and the impact of the expansion plans underway in the subsidiary companies in Angola and Mozambique.

As at 31 December 2014, loans to customers rose 7.3%, from 31 December 2013, to 12,936 million euros, boosted by the evolutions in the subsidiaries in Poland, in Angola and in Mozambique, both on loans to individuals and loans to companies.

As at 31 December 2014, total customer funds rose 4.5%, from 31 December 2013, reached 16,858 million euros boosted by the growth in balance sheet customer funds, namely in customer deposits as a result of the favourable performance reached especially in Mozambique, Angola and Poland.

Million euros			
Foreign Business			
	31 dec. 14	31 dec. 13	Chg. 14/13
Profit and loss account			
Net interest income	562.7	463.1	21.5%
Other net income	347.5	357.1	-2.7%
	910.2	820.2	11.0%
Operating costs	459.4	442.4	3.9%
Impairment	87.7	80.9	8.4%
Net (loss) / income before income tax	363.0	296.9	22.2%
Income taxes	73.6	59.7	23.2%
Net contribution	289.4	237.2	22.0%
Summary of indicators			
Allocated capital	1,163	1,065	9.2%
Return on allocated capital	24.8%	22.2%	
Risk weighted assets	12,744	10,429	22.2%
Cost to income ratio	50.5%	53.9%	
Loans to customers	12,936	12,055	7.3%
Total customer funds	16,858	16,133	4.5%

Notes: Foreign business segment does not include Millennium bank in Greece, sold in June 2013, and Banca Millennium in Romania since they are considered discontinued operations.

BUSINESS IN EUROPE

The financial information presented is related to the figures included in the financial statements in IFRS, prepared by the entities.

Poland

In 2014 Bank Millennium continued to implement its strategy for 2013-2015, announced in October 2012. Its main guidelines included the rebalancing of the business model and seeking to increase productivity while at the same time maintaining capital discipline. The strategy focused on the sale of products that generate higher margins and on the increase of the Bank's presence in corporate banking. The improvement of sales efficiency and maintenance of efficiency through cost discipline continued to be the main priorities. Taking into consideration changing Customer trends with regard to banking, the bank developed capabilities in the digital area which will prove fruitful in the future.

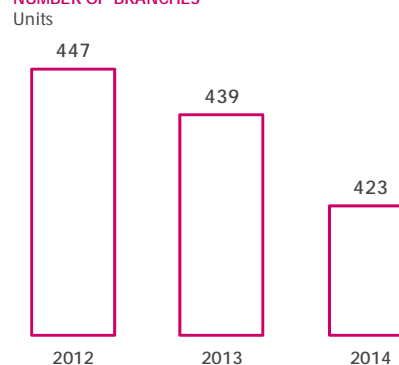
The main initiatives, for the purposes of implementing the Bank's strategy, included improving both the assets and liabilities side of the balance sheet. During 2014, the Bank continued to focus on the action plans to promote the concession of consumer credit and loans to companies. At the same time, the bank developed CRM capabilities, with a positive impact in terms of sales efficiency. The Bank prepares itself for future challenges by investing in its multichannel platform, also reinforcing the online and mobile banking areas, for both Companies and Retail, and has also revised its branch structure and formats in order to improve efficiency and adapt them to Customer trends. The high quality service and an exceptional experience in the relationship between Customers and the bank continue to be strategically important.

The Bank Millennium group consistently implemented its strategy, which was reflected in the results achieved in 2014. Regarding the first priority, consumer credit reached record sales in 2014 of 2.1 billion zlotys, corresponding to a 22% growth of this portfolio in 2014. Regarding the second priority, loans to companies increased by 13% year-on-year. This growth contributed to a gradual increase of the weights of these credits in the total portfolio, from 25% in October 2012 to 29% in December 2014, thus achieving the strategic objectives defined for 2015. The good performance in loans to companies was underpinned by the maintenance of one of the best positions in the Polish market in terms of leasing and factoring.

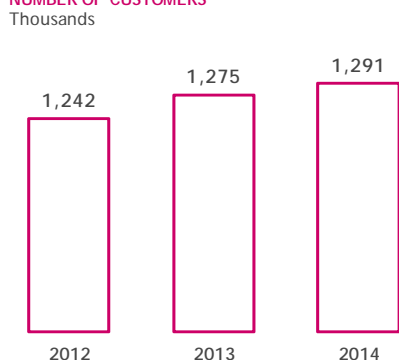
Customer funds increased 4.8% year-on-year as at December 2014, with a more marked increase (above 10%) in retail deposits. Loans to customers increased by 5.6% relative to December 2013.

The implementation of all of the main strategic initiatives enabled the bank to improve its productivity and efficiency, according to the medium and long-term objectives. Net income achieved an historical maximum of 155.2 million euros (651 million zlotys), an increase of 21.5% relative to 2013. Core income was the main contributing factor to this result, with net interest

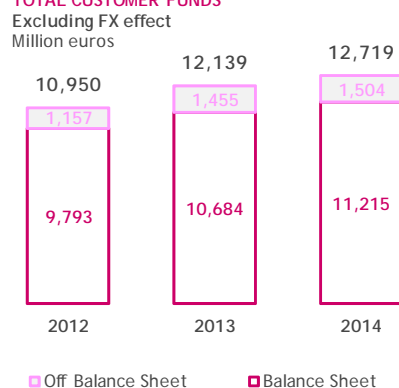
NUMBER OF BRANCHES



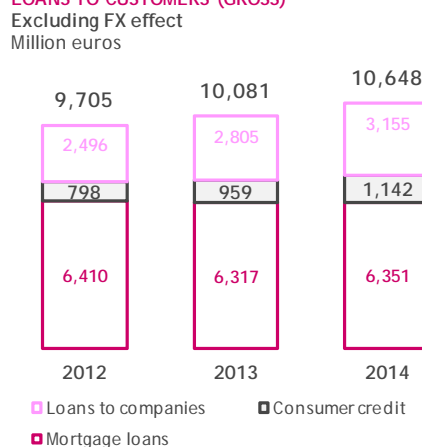
NUMBER OF CUSTOMERS



TOTAL CUSTOMER FUNDS



LOANS TO CUSTOMERS (GROSS)



income having increased by 19.2%, in spite of the negative impact associated to the fall in market interest rates in Poland from the 4th quarter of 2014 onwards. On the other hand, there was also a very tight control of operating costs, which increased by a mere 2.0% in 2014. As a result, the cost-to-income ratio fell by 4 percentage points in 2014, reaching the 50% target established for 2015.

The improvement of the Bank's results was accompanied by the maintenance of a conservative capital base and liquidity position. The loan-to-deposit ratio over the last two years remained below 100% and the Capital Adequacy Ratio increased to 15.2%. The strong asset quality and capitalisation indicators were confirmed in the AQR and stress tests undertaken in 2014 by the ECB and the EBA, respectively.

Million euros

	2014	2013	2012	Change % 14/13	2013 excluding FX effect	Change % 14/13 excluding FX effect
Total assets	14,214	13,725	12,946	3.6%	13,343	6.5%
Loans to customers (gross)	10,648	10,369	10,179	2.7%	10,081	5.6%
Loans to customers (net)	10,330	10,054	9,875	2.8%	9,774	5.7%
Customer funds	12,719	12,486	11,485	1.9%	12,139	4.8%
Of which: on Balance Sheet	11,215	10,989	10,272	2.1%	10,684	5.0%
off Balance Sheet	1,504	1,497	1,214	0.5%	1,455	3.4%
Shareholders' equity	1,349	1,291	1,184	4.5%	1,255	7.5%
Net interest income	346.8	289.4	278.2	19.8%	291.0	19.2%
Other net income	181.5	186.0	190.1	-2.4%	187.0	-2.9%
Operating costs	265.1	258.5	268.5	2.5%	259.9	2.0%
Impairment and provisions	63.3	55.5	57.1	14.0%	55.8	13.4%
Net income	155.2	127.1	113.1	22.1%	127.8	21.5%
Number of customers (thousands)	1,291	1,275	1,242	1.3%		
Employees (number) (*)	6,108	5,881	6,001	3.9%		
Branches (number)	423	439	447	-3.6%		
Market capitalisation	2,356	2,103	1,316	12.1%	2,044	15.3%
% of share capital held	65.5%	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

FX rates:

Balance Sheet 1 euro = 4.2732 4.1543 4.0740 zloties

Profit and Loss Account 1 euro = 4.1929 4.2151 4.1740 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

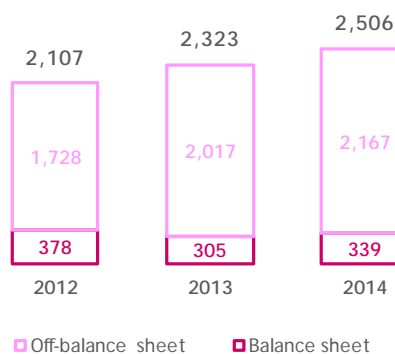
Millennium bcp Banque Privée, incorporated in Switzerland in 2003, is a private banking platform offering services to the Group's Customers with high net worth, namely on matters of discretionary management, with financial advice and services for the execution of orders.

In 2014, the bank maintained its strategic focus on the attraction of new Customers, based on synergies with the Group's various institutions; having at the same time reinforced the commercial areas, leveraging its current operational infrastructure.

Assets under management increased by 8%, reaching more than 3.0 billion CHF in December 2014, as a result of an increase in subscriptions and the increase in the market value of the portfolio of assets under

TOTAL CUSTOMER FUNDS

Excluding FX effect
Million euros



management.

During 2014, the Bank maintained its strategy of risk reduction by increasing the diversification of assets used as loan collateral. The ratio of loans to assets under management decreased by 8.5%, to a level that is currently below the average level in the private banking industry.

Operating net income increased by 17% (excluding FX effect), in spite of the decrease in net interest income arising from the low interest rate environment, essentially reflecting the evolution of commissions, which increased in line with the growth of assets under management, with higher transaction volumes and the change in the composition of the services offered to Customers, particularly with respect to discretionary management.

The growth of operating costs by 8% (excluding FX effect) is associated to the increase of staff costs, which increases 10%.

As a result, the bank recorded an increase of 17.0% (excluding FX effect) in net income for 2014, which stood at 7.2 million euros, compared to 6.1 million euros recognised in 2013.

Million euros

	2014	2013	2012	Change % 14/13	2013	Change % 14/13 excluding FX effect
Total assets	440	408	525	7.9%	417	5.7%
Loans to customers (gross)	213	221	280	-3.4%	225	-5.4%
Loans to customers (net)	213	219	251	-3.1%	224	-5.1%
Customer funds	2,506	2,275	2,098	10.2%	2,323	7.9%
Of which: on Balance Sheet	339	299	377	13.4%	305	11.0%
off Balance Sheet	2,167	1,976	1,721	9.7%	2,017	7.4%
Shareholders' equity	95	102	97	-7.1%	104	-9.0%
Net interest income	4.7	5.6	6.2	-16.0%	5.7	-17.1%
Other net income	24.9	20.7	16.4	20.1%	21.0	18.6%
Operating costs	19.9	18.1	19.1	9.5%	18.4	8.1%
Impairment and provisions	0.2	0.2	0.2	27.6%	0.2	25.9%
Net income	7.2	6.1	2.5	18.5%	6.2	17.0%
Number of customers (thousands)	2.5	2.4	2.2	6.6%		
Employees (number)	69	67	68	3.0%		
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 =	1.2024	1.2276	1.2072	swiss francs
Profit and Loss Account 1 euro =	1.2136	1.2293	1.2043	swiss francs

OTHER INTERNATIONAL BUSINESS

Mozambique

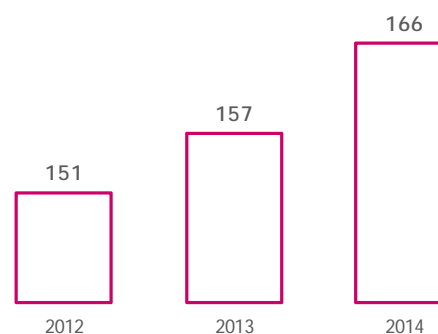
In 2014, Millennium bim maintained its position of leadership in the Mozambican banking sector, as the largest Bank in terms of volume of Assets, Equity and Net Income. In spite of the significant increase in competitive pressure in the financial sector, the consolidated net income increased by 7.4% to stand at 88.5 million euros, which led to a return on equity of 22.6% and a solvency ratio of 19.0%.

Loans to customers grew 17.8% relative to December 2013, reaching 1,481 million euros, while customer funds increased by 19.2% to 1,932 million euros.

The branch network continued to expand, reaching a total of 166 branches, 9 more than in 2013. In terms of remote channels, Millennium bim continued to be market leader, with the highest number of ATMs (440 units) and POS (6,009 units), a year-on-year growth of 6% and 20%, respectively.

NUMBER OF BRANCHES

Units



The improvement in the quality of the service provided to Customers in the Mass Market, Prestige and Corporate segments continued to mark the Bank's strategy. In this regard, in addition to the expansion of the banking network and remote channels, Millennium bim reorganised its business processes enabling an improvement in service levels in different areas, namely in over-the-counter and trade finance transactions and in the support to shopkeepers in the use of POS.

At the same time, during 2014, Millennium bim continued to launch innovative products and services, tailored to meet the needs of its Customers, among which the following are noteworthy:

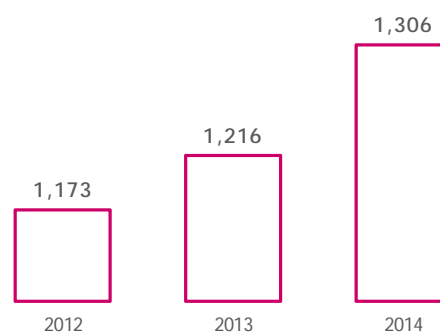
- **Millennium IZI** - Development of improvements in the Millennium IZI mobile service with the offer of new services and access through the most recent mobile operator in Mozambique, Movitel, thus providing more convenience to Customers. As a result of these developments, there was an increase of 60% in the number of monthly transactions, reaching a peak in December with 4.2 million;
- **Debit Card and EMV Credit** - The project involving the issuance of chip cards, designated as "EMV Project", formed part of the strategy to improve security in the use of cards, reducing the probability of fraud and increasing the protection of transactions undertaken by Customers;
- **Woman Solution** - an offer comprising products and services catering for the needs of women, which grants them access to a Visa Electron card that includes Health Insurance with coverage of childbirth expenses, cervical cancer and breast cancer treatment expenses, and discounts at a vast number of shopkeepers, as well as a Women's Savings Plan with access to an automatic credit line;
- **TÁ SOMAR Deposit** - 1-year term deposit with an increasing quarterly interest rate structure, aimed at encouraging savings.

The market, once again, recognised and awarded the value proposition of Millennium bim, through the subscription and confidence in the products and services offered, as proven by the year-on-year increase of more than 7.4% of the Customer base, with the Bank having exceeded 1.3 million Customers.

In addition, and since it has been a part of its strategic positioning, the Bank has boosted the Investment Banking business with its presence in major projects, with this area also contributing to the strong evolution of the business and to the financial solidity and stability of the Bank.

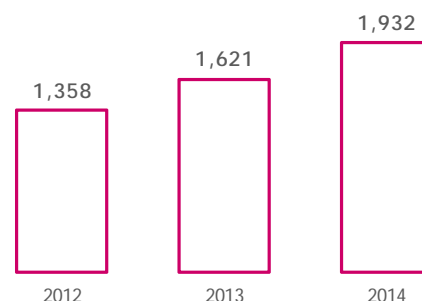
NUMBER OF CUSTOMERS

Thousands



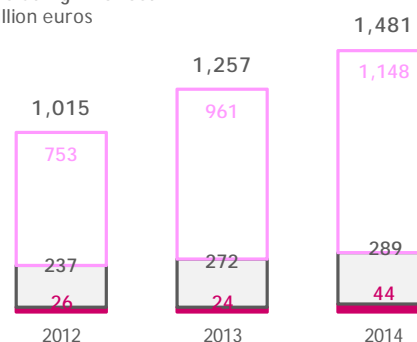
TOTAL CUSTOMER FUNDS

Excluding FX effect
Million euros



LOANS TO CUSTOMERS (GROSS)

Excluding FX effect
Million euros



Loans to companies Consumer credit Mortgage loans

Million euros

	2014	2013	2012	Change % 14/13	2013 excluding FX effect	Change % 14/13
Total assets	2,576	2,125	1,872	21.2%	2,171	18.6%
Loans to customers (gross)	1,481	1,231	1,049	20.3%	1,257	17.8%
Loans to customers (net)	1,403	1,159	976	21.1%	1,184	18.5%
Customer funds	1,932	1,586	1,403	21.8%	1,621	19.2%
Of which: on Balance Sheet	1,932	1,586	1,403	21.8%	1,621	19.2%
Shareholders' equity	441	371	331	18.8%	380	16.2%
Net interest income	140.6	126.3	133.2	11.3%	121.6	15.6%
Other net income	82.4	83.5	81.0	-1.4%	80.5	2.4%
Operating costs	98.9	93.4	95.4	5.9%	90.0	9.9%
Impairment and provisions	14.1	11.7	13.7	20.5%	11.3	25.1%
Net income	88.5	85.5	85.5	3.4%	82.4	7.4%
Number of customers (thousands)	1,306	1,216	1,173	7.4%		
Employees (number)	2,513	2,476	2,444	1.5%		
Branches (number)	166	157	151	5.7%		
% 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 =	40.4700	41.3550	39.1750	meticals
Profit and Loss Account 1 euro =	41.5817	40.0527	36.6677	meticals

Angola

With the objective of continuing to grow, the principal strategic priorities established for 2014 were the expansion of the commercial network, attraction of new Customers, offer of dedicated, innovative and personalised products and services for all business segments and the marked growth of credit volumes and customer deposits. Moreover, the recruitment policy and the training of Angolan staff was reinforced, as well as the risk management and monitoring processes.

Regarding the expansion of the network in 2014, 5 branches, 5 Prestige Centers and 2 Companies and Corporate Centres were inaugurated, reaching a total of 87 Retail Network Branches, of which 53 are open on Saturday morning, 12 Prestige centres and 8 Companies Centers.

The number of Customers came to 374 thousands in December 2014, having grown by 26% in relation to the previous year.

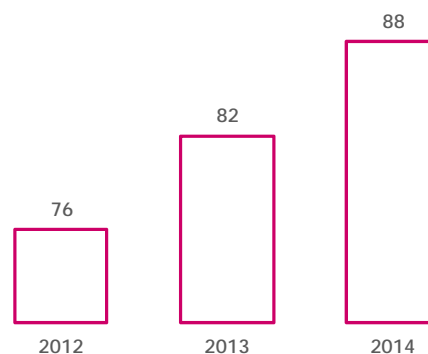
The net income of Millennium Angola came to 51.2 million euros in 2014, 27.6% more compared to 2013. Net operating revenues increased by 11.7% relative to 2013, amounting to 147.5 million euros, boosted by the performance of net interest income and commissions, which registered growth rates of 32.3% and 7.6%, respectively, in spite of the negative evolution of net trading income, which fell by approximately 23.0%. Return on equity (ROE) stood at 18.4% (17.5% in 2013).

Total assets came to 1,950 million euros, as at 31 December 2014, which compares with 1,651 million euros as at 31 December 2013. The gross credit portfolio registered a significant growth of about 44.9% relative to the previous year, totalling 1,005 million euros as at 31 December 2014. Customer funds increased by 10.6% to 1,452 million euros.

In products and services, in 2014, BMA launched MSaúde, the first health insurance created by the Bank in partnership with Universal Seguros whose priority is the offer of the best health care in Angola and overseas; Motor Leasing, with the claim "Choose the car that suits you"; Motor Insurance MAuto, the

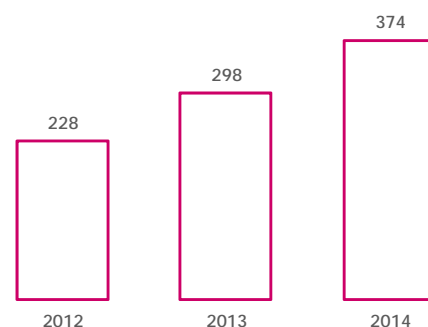
NUMBER OF BRANCHES

Units



NUMBER OF CUSTOMERS

Thousands



registered trademark of BMA subscribed by GA Seguros Angola; and the SME Excellence Programme, 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 and financial solidity. It is important to note that in June, the Bank held its first awards ceremony, having distinguished 230 companies with the SME Excellence 2014 statute.

The "Sou + Millennium" Points Campaign was also launched, destined exclusively for Bank Customers which, by using Bank products and services, earn Millenniums, points that give access to a series of advantages and prizes; Easy Pay, an innovative solution enabling Customers to access their accounts and carry out main operations and transactions, through the Internet, SMS, mobile banking or contact center; and Mimi Savings Plan, a solution for the entire family. With the objective of providing childcare and assistance to the most vulnerable groups of the population in general, the Bank established a partnership with INAC (National Children's Institute) whereby for every 25,000 AOA applied, 300 AOA revert in favour of this Institution.

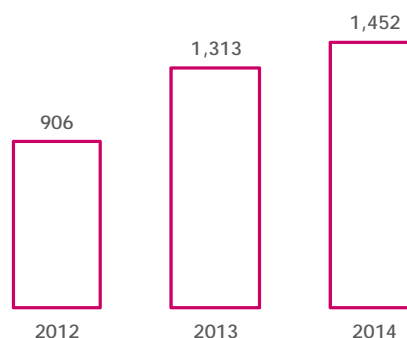
Within the scope of the Angola Invest Programme, a programme created by the Executive Board of Directors in partnership with the Commercial Banks and that aims to promote the concession of credit to Micro, Small and Medium-Sized Enterprises (SMEs), BMA, during 2014 and similarly to 2013, maintained leadership in "Loans approved", "Loans provided" and "Value provided". This programme has supported the growth of Angolan companies and of the Angolan economy.

Human Capital continues to be a priority. In February, BMA held the Objectives Meeting under the slogan "One Thousand Voices, One Bank" attended by about 300 Employees from all over the country and during which 27 excellence awards were attributed to those employees who excelled in their performance in 2014.

With the objective of attracting new talent, the Bank continues to attend Employment fairs (Luanda and Lisbon), made presentations at Universidade Agostinho Neto and started the People Grow development project, as well as the talent identification and management programme.

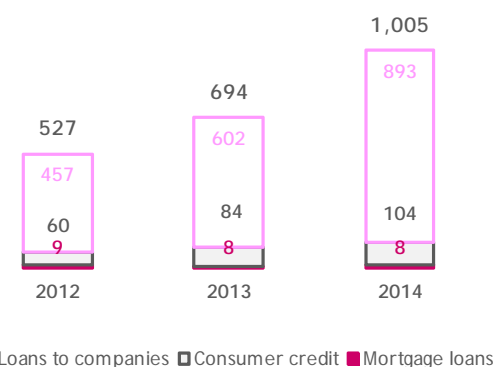
TOTAL CUSTOMER FUNDS

Excluding FX effect
Million euros



LOANS TO CUSTOMERS (GROSS)

Excluding FX effect
Million euros



Million euros

	2014	2013	2012	Change % 14/13	2013 excluding FX effect	Change % 14/13
Total assets	1,950	1,651	1,375	18.1%	1,778	9.7%
Loans to customers (gross)	1,005	644	521	56.0%	694	44.9%
Loans to customers (net)	957	609	489	56.9%	656	45.7%
Customer funds	1,452	1,219	895	19.1%	1,313	10.6%
Of which: on Balance Sheet	1,452	1,219	895	19.1%	1,313	10.6%
Shareholders' equity	315	248	219	27.2%	267	18.1%
Net interest income	88.1	67.7	68.9	30.1%	66.6	32.3%
Other net income	59.5	66.6	57.0	-10.7%	65.5	-9.3%
Operating costs	75.0	70.8	67.1	6.0%	69.7	7.7%
Impairment and provisions	10.4	10.0	11.7	3.3%	9.9	5.0%
Net income	51.2	40.8	37.3	25.5%	40.1	27.6%
Number of customers (thousands)	374	298	228	25.6%		
Employees (number)	1,143	1,075	1,027	6.3%		
Branches (number)	88	82	76	7.3%		
% 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 =	124.9000	134.5100	126.3700	kwanzas
Profit and Loss Account 1 euro =	130.3588	128.2688	123.4542	kwanzas

Macau

Millennium bcp's presence in Macau goes back to 1993, initially through an off-shore license until 2010 and, subsequently, through a full license.

Throughout 2014 the Branch focused primarily on the provision of services to the Bank's networks through support to companies and individual Customers, the attraction of Chinese Customers for the "Golden Visa", the extension of the local Customer base and the expansion of the activity surrounding the China - Macau - Portuguese-speaking countries platform.

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

- Support to Portuguese companies in the domiciliation of activities in Macau to do business in Southern China, with the branch serving as a point of support;
- Attraction of Chinese Customers and processing of financial flows relative to "Golden Visa" in close collaboration with the branches of the networks operating in the national territory, particularly the retail network;
- Launch of trade finance operations to support Portuguese companies with exports and/or imports from China;
- Continued development of IT solutions to extend the offer of products and services to Customers of the various networks of the Bank.

In 2014, customer deposits stood at 1,194 million euros, which represented, in MOP, a reduction of 3.8%, compared to the same period of 2013 (+9.2% in euros) and loans to customers decreased by 10.2%, in MOP (+2.0% in euros) to 900 million euros.

Net income stood at 21.3 million euros (+1.0% in MOP and +14.7% in euros), and was positively influenced by the improvement in net interest income (+2.6% in MOP) and by the recognition of deferred income relative to the early payment 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 7.9 million euros in 2014, lower than the 11.4 million euros recorded in 2013, due to the unfavourable performance of net interest income, mainly associated with the reduction in the volumes of deposits (net) with credit institutions, and to net trading income, in spite of the lower levels of credit impairment, resulting from the appreciation of collateral, and due to the positive contribution of commissions and operating costs.

Million euros

	2014	2013	2012	Change % 14/13
Total assets	886	1,458	2,618	-39.2%
Loans to customers (gross)	51	61	178	-15.3%
Loans to customers (net)	47	56	176	-15.8%
Customer funds	577	695	714	-17.0%
Of which: on Balance Sheet	562	685	703	-17.9%
off Balance Sheet	15	10	11	41.6%
Shareholders' equity	314	273	272	15.2%
Net interest income	8.9	16.1	18.1	-44.5%
Other net income	0.8	1.3	-0.6	-38.1%
Operating costs	2.2	2.6	3.0	-17.3%
Impairment and provisions	-0.3	3.4	-0.2	-109.3%
Net income	7.9	11.4	14.7	-30.4%
Number of customers (thousands)	0.4	0.4	0.5	-14.8%
Employees (number)	12	15	18	-20.0%
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

The year of 2014 was marked by a major change in the shareholder structure of some of the major insurance groups with operations in Portugal, with more than 40% of the market having been affected by these movements. Millennium bcp also took part in this shareholder change process with the sale to Ageas, at the end of the first half of 2014, of a 49% shareholding in the non-life business of Millenniumbcp Ageas. It continues to be, however, the main distributor of non-life and health insurance products for Ocidental Seguros and Médis. In terms of life insurance, Millennium bcp maintained the 49% shareholding in Millenniumbcp Ageas in partnership with Ageas, also supported by a long-term distribution agreement.

The strategic agenda outlined three years ago for the insurance business, designated as Vision 2015, with the objective of repositioning the business model, adapting it to the new market reality and assuring its future development, performed well in 2014, having consolidated current results.

Vision 2015 is underpinned by 6 strategic options: Growth in Non-life, in bancassurance at Millennium bcp; Maintenance of leadership in Life, assuring the transition to a new business model; Maintenance of a profile of high technical profitability and low operating costs; Extension of the business beyond its foundation frontiers; Focus on the Customer as the absolute core of the activity; Reinforcement of corporate culture and employee commitment to the organisation.

In terms of life insurance, with a production of 1.35 billion euros it was possible to maintain the position of leadership in terms of mathematical provisions with a volume of 9.6 billion euros and a market share of 22.5%. The strong operating performance and technical solidity of the Life operation enabled the generation of an important contribution of 35.8 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 5%, reinforcing the position of Millennium bcp as leader in the distribution of non-life insurance in the bancassurance channel with a market share of 33.3%. This performance is all the more significant considering that the non-life insurance market decreased by -0.2%. It is important to mention the strong growth of the Automobile, Médis and Multirisk products, considered strategic for the networks of Millennium bcp.

Key Indicators	Dec-14 Ranking		Dec-13 Ranking		Change
Market share					
Life	13.0%	4th	16.1%	3rd	3,1 pp
Non Life	6.5%	6th	6.2%	8th	-0,3 pp
Market share in Bancassurance					
Life	15.3%	4th	19.8%	3rd	4,5 pp
Non Life	33.3%	1st	32.9%	1st	-0,4 pp

PENSION FUND

At the end of 2014, the pension liabilities assumed by the Group, namely related with the payment to employees of pensions on retirement or disability, were fully funded and kept at a higher level than the minimum set by the Bank of Portugal, presenting a coverage rate of 110%, comparing with 112% at the end of 2013.

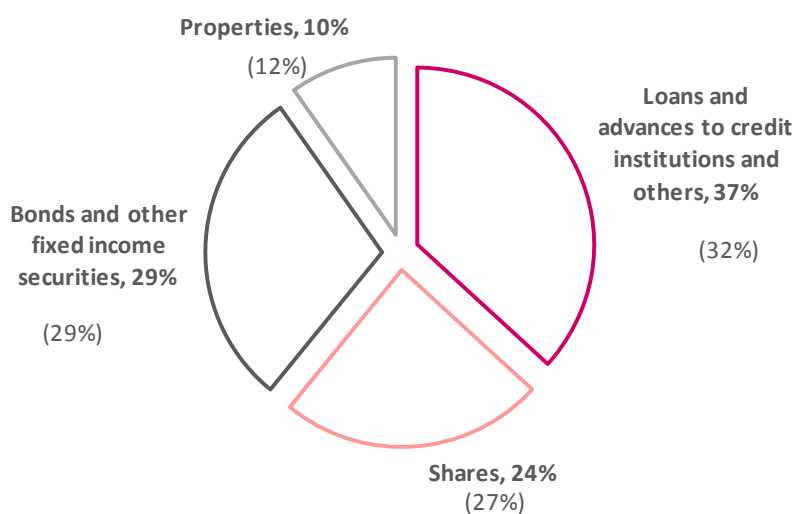
Pensions' liabilities totalled 3,133 million euros as at 31 December 2014, showing an increase of 599 million euros from previous year's amount of 2,533 million euros, namely reflecting the impact of 1.5% decrease in the discount rate accounted in 2014.

In 2014, the Pension Fund recorded a positive rate of return of 8.1%, comparing favourably to previous year's rate of 4.4% and to the assumed actuarial rate of 4.0%.

The main asset categories in the structure of the Pension Fund, at the end of 2013 and of 2014, were as follows:

- The shares proportion at 24% at 31 December 2014 versus 27% as at 31 December 2013;
- Bonds securities represented 29% as at 31 December 2014 and at 31 December 2013;
- Loans and advances to credit institutions and others reached 37% as at 31 December 2014, from 32% as at 31 December 2013 reflecting a cash transfer of 400 million euros effected by the Bank at the end of the year;
- The property component represented 10% as at 31 December 2014 and 12% as at 31 December 2013.

Structure of the Pension Fund's assets as at 31 December 2014



(xx%) Proportion as at 31 de December 2013

In order to evaluate the reasonableness of the Pension Fund's actuarial assumptions as at 31 December 2014, the Bank considered adequate to use the following actuarial assumptions:

- salary increase rate of 0.75% until 2017 and 1.0% after 2017;
- pension increase rate of 0.0% until 2017 and 0.5 after 2017;
- discount rate of 2.5%, considering the Euro Zone "high quality corporate bond's" yields and the duration of responsibilities;
- mortality tables for men TV 73/77 minus 2 years and for women TV88/90 minus 3 years;
- rate of return of fund assets of 2.5%.

The assumptions used to determine the pension fund's liabilities in 2012, 2013 and 2014 are shown below:

Assumptions	'12	'13	'14
Discount rate	4.50%	4.00%	2.50%
Increase in future compensation levels	1% until 2016 1.75% after 2017	1% until 2016 1.75% after 2017	0.75% until 2017 1% after 2017
Rate of pensions increase	0% until 2016 0.75% after 2017	0% until 2016 0.75% after 2017	0% until 2016 0.5% after 2017
Projected rate of return of fund assets	4.50%	4.00%	2.50%
Mortality tables			
Men	TV 73/77 - 1 year	TV 73/77 - 1 year	TV 73/77 - 2 years
Women	TV 88/90 - 2 years	TV 88/90 - 2 years	TV 88/90 - 3 years

The modification of the actuarial assumptions in 2014 contributed to negative actuarial differences of 574 million euros which, combined with other financial and non-financial actuarial differences, resulted in a total of 477 million euros of actuarial differences, that negatively affected the Bank's capital ratios in 2014.

The main indicators of the Pension Fund as at the end of 2012, 2013 and 2014 are as follows:

Main indicators	'12	'13	'14
Liabilities with pensions	2,293	2,533	3,133
Value of the Pension Fund	2,432	2,547	3,095
Coverage rate	119%	112%	110%
Return on Pension Fund	1.6%	4.4%	8.1%
Actuarial (gains) and losses	164	212	477

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 GDP growing 1.0% (estimate) year-on-year, in 2014; alongside the return to the funding markets, the intention of the Portuguese government to repay ahead of schedule part of the funding obtained from the IMF and the positive impact of the economic stimulus programme announced by the ECB, should be perceived as positive by the rating agencies. However, challenges still remain, in connection with further progress on fiscal consolidation and the strengthening of the economic recovery.

The financial system in Portugal is embarking on a new consolidation phase, as a result of the takeover bid for Banco BPI launched by CaixaBank and the sale of Novo Banco, which may have ratings implications for Portuguese banks. The long-term senior debt and deposits rating will also be conditioned by the implementation of the Banking Resolution and Recovery Directive.

During 2014, various rating actions were pursued by the different rating agencies:

Moody's		Standard & Poor's	
Bank Financial Strength	E	Stand-alone credit profile (SACP)	b
Baseline Credit Assessment	caa2		
Adjusted Baseline Credit Assessment	caa2		
Deposits LT / ST	B1/NP	Counterparty Credit Rating LT / ST	B+/B
Senior Unsecured LT	B1	Senior Secured LT / Unsecured LT	B+/B+
Outlook	Negative	Outlook	Negative
Subordinated Debt - MTN	(P) Caa3	Subordinated Debt	CCC
Preference Shares	C (hyb)	Preference Shares	D
Other short term debt	P (NP)	Certificates of Deposits	B+/B
Covered Bonds	Ba1		
Rating Actions		Rating Actions	
11 May - upgrade of the Portuguese public debt in one notch, from "Ba3" to "Ba2";		17 January - reaffirmation of the long and short term ratings of the Portuguese Republic at "BB/B", with a change in the Outlook from "Creditwatch with negative implications" to "Negative";	
26 May - reaffirmation of the ratings of the Bank at "B1/NP", maintaining the "Negative" Outlook.		22 January - reaffirmation of the ratings of the Bank at "B/B", with a change in the Outlook from "Creditwatch with negative implications" to "Negative"	
30 October - rating has placed under review with negative implications, following the release of AQR/Stress Tests results.		30 April - reaffirmation of the ratings of the Bank at "B/B", following the conclusion of the review conducted by governmental support and maintenance of the "Negative" Outlook ;	
12 February 2015 - conclusion of the revision's process, with the confirmation of the ratings.		9 May - revision of the Portuguese Republic Outlook from "Negative" to "Stable" e reaffirmation of the ratings at "BB/B";	
		21 May - reaffirmation of the ratings of the Bank at "B/B", maintaining the "Negative" Outlook.	
		8 July - placement of the counterparty rating on CreditWatch with positive implications;	
		29 July - upgrade of the long term rating from "B" to "B+" and reaffirmation of the short term rating at "B", maintaining the "Negative" Outlook.	
Fitch Ratings		DBRS	
Viability Rating	bb-	Intrinsic Assessment (IA)	BB (high)
Support	3		
Support Floor	BB+		
Deposits LT / ST	BB+/ B	Short-Term Debt & Deposit LT / ST	BBB (low) / R-2 (mid)
Senior unsecured debt issues LT	BB+	Trend	UR with Negative Implications
Outlook	Negative		
Subordinated Debt Lower Tier 2	B+	Dated Subordinated Notes	BB
Preference Shares	B-	Covered Bonds	A (low)
Covered Bonds	BBB-		
Rating Actions		Rating Actions	
10 April - revision of the Portuguese Republic Outlook from "Negative" to "Positive" and affirmation of IDR of LT/ST at "BB+/B" and the Country Ceiling at "A+";		23 May - confirmation of the Portuguese Republic at BBB(low) and change of the trend from "Negative" to "Stable".	
4 July - upgrade of the Viability Rating notation from "b" to "bb-", of the subordinated debt Lower Tier 2 from "B-" to "B+" and of the Preference Shares from "CC" to "B-".		15 July - downgrade of the Dated Subordinated notes rating.	
		30 October - rating has placed under review with negative implications, following the release of AQR/Stress Tests results.	

Risk Management

RISK MANAGEMENT

The Group's Risk Management System continued to be strengthened and consolidated throughout 2014, both regarding the mechanisms for control and monitoring of the multiple risks that affect its activities and in what concerns risks assessment at different levels.

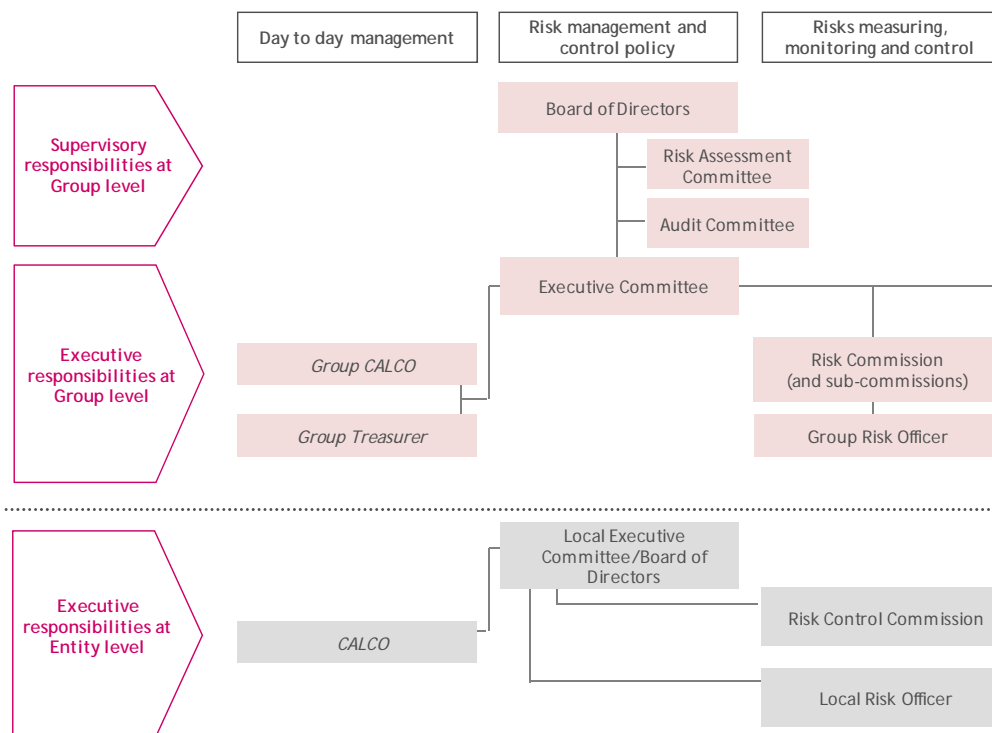
The Group's Risk Management System is part of the Internal Control System - along with the Internal Audit and Compliance functions - in order to provide a solid control environment in which the Group conducts its business, through the internal instruments, metrics and internal control standards that are adequate for the magnitude and materialisation frequency of the risks involved.

The main Risk Management activities and interventions in 2014, as well as various relevant accomplishments towards the strengthening and improvement of the Group's Risk Management System, are summarised as follows:

- Collaboration in the Asset Quality Review (AQR) tasks and joint stress-testing exercises (EBA/ECB), under the Comprehensive Assessment of the European Central Bank (ECB), to prepare the implementation of the new European SSM (Single Supervisory Mechanism);
- Revamping of the credit impairment calculation process, including the redevelopment of the collective impairment model;
- Launch of the Internal Capital Adequacy Assessment Process (ICAAP) - Basel Pillar II redesign, following recommendations issued by Banco de Portugal;
- Submission of the application to the use of the Internal Ratings Based (IRB) approach for the calculation of Risk Weighted Assets (RWA) of the Corporate portfolio of Bank Millennium (Poland);
- Internal launch of the AMA Project, for the adoption of the Advanced Measurement Approach in the calculation of operational risk capital requirements;
- Implementation of a new IT reporting tool, under the new EBA requirements for prudential and financial reporting (new COREP/FINREP);
- Integration, in the Internal Audit Division, of the independent validation function of internal risk models;
- Continuing formal intervention in the approval process for new products to be placed by the commercial networks, through the evaluation of their risk profile and the promotion of the necessary adjustments to comply with the Group's risk tolerance profile.

Risk Management organisation

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



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

Risk Assessment Committee

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

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

The Group Risk Officer participates in this body's meetings, reporting the evolution of the main indicators and metrics concerning risks and credit impairment, as well as all implications, changes and evolutions concerning the Risk Management System.

Audit Committee

The Audit Committee is composed of 3 to 5 non-executive members of the Board of Directors. 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 System's 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 Group Risk Officer usually participates in this body's regular meetings, reporting the evolution of the main indicators and metrics concerning risks and credit impairment, as well as the resolution status of the internal control recommendations that concern the Risk Management System.

Risk Commission

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

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

Credit Risk Monitoring Sub-Commission

This body has the following duties and responsibilities:

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

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

Pension Fund Risk Sub-Commission

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

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

Group CALCO

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

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

The Group CALCO is composed of all the members of the Executive Committee, the Group Risk Officer and Heads of the following divisions: Research, Planning and ALM; Corporate; Management Information; Corporate Products Marketing; Corporate Clients Marketing; Retail Marketing; Treasury and Markets; International Strategic Research (through invitation). Other elements may be invited to participate in the Group CALCO meetings, depending on the matters addressed.

Group Risk Officer

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

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

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

Credit risk

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

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

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

The highlights on the activities that were developed along 2014 to strengthen the practices of credit risk assessment, monitoring and control, in the different segments of the portfolio, are:

- Reporting on the Group's IRB models to Banco de Portugal, under the new monitoring model of approved portfolios, for the use of the Internal Ratings Based approach (*IRB Assessment Model - IRBAM*);
- Holding of the Validation Committees of the Retail Probability of Default (PD) and Loss Given Default (LGD) models, with participation of the Internal Audit Division, the Risk Office, the Rating Division and the Retail Recovery Division;
- Integration of data from Angola, Mozambique, Macau and Switzerland in the Risk Office Datamart (RODM), allowing for a more detailed knowledge of the respective loan portfolios, as well as for the automation and robustness of the regulatory capital requirements calculation regarding these countries;
- Development of a new credit risk assessment model for Project Finance in Portugal;
- Development of the credit recovery areas performance measurement and monitoring;

- Monitoring and control of the loan portfolio evolution for Non-Core Business in Portugal, as defined per the restructuring agreement signed with the DG Comp of the European Commission and the Portuguese Republic.
- Updating of the LGD estimates for the Retail and Corporate segments, as well as of the Expected Loss Best Estimate (EL_{BE}) model applicable to corporate Customers in default;
- Development of a new EL_{BE} model for the Retail segment Customers.

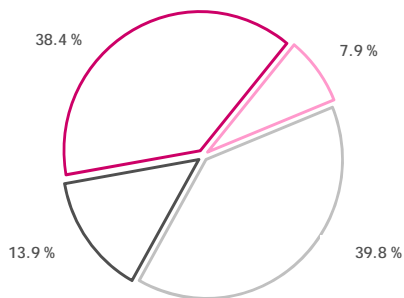
Loan portfolio evolution and breakdown

In 2014 the Bank continued its balance-sheet deleveraging, with an exposure (Exposure at Default - EAD) reduction of around 7 800 million between 31 December 2014 and 2013. In the other main countries where the Group operates, there was an increase in the loans portfolio, as a result of the Group's business growth in those countries.

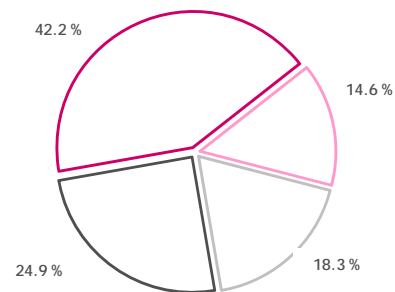
Country	Dec 14	Dec 13	(millions of Euros)	
			Change	
			Amount	%
Portugal	51,857	59,650	-7,793	-13.1%
Poland	14,642	13,975	667	4.8%
Angola	1,861	1,420	441	31.0%
Mozambique	2,529	1,949	580	29.8%
PT+PL+AO+MZ	70,888	76,994	-6,106	-7.9%

The following charts present the breakdown by exposure segment of the loan portfolio, as at 31 December 2014, in these four countries:

Portugal

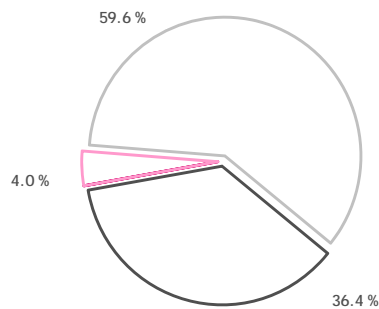


Poland

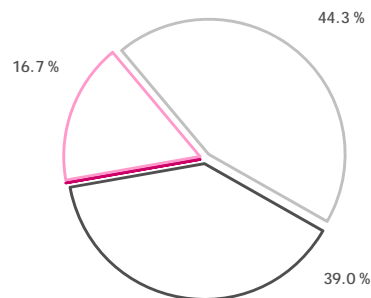


Retail secured by real estate collateral
 Retail (other exposures and SME Retail)
 Corporate (including SME Corporate)
 Banks and Sovereigns

Angola

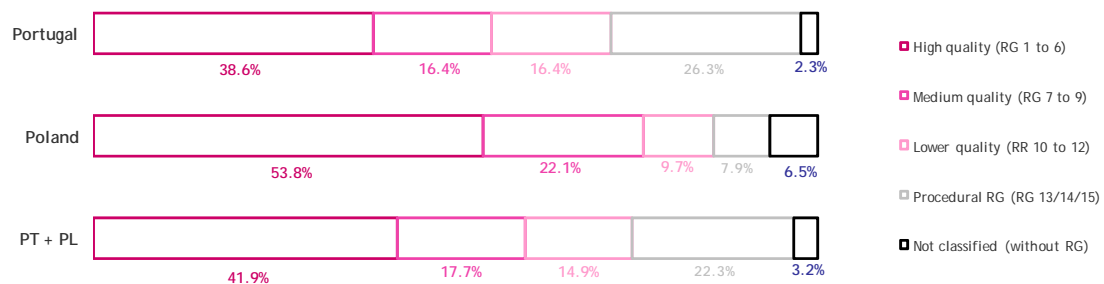


Mozambique



In Portugal there was a slight increase in the weight of the Retail segments, along with a decrease in the weight of the "Sovereigns and banks" and "Corporate" segments (the EAD of which was reduced by 6 650 millions of Euros). In Poland, the growth of the portfolio did not lead to a relevant change in the segments' weights distribution.

In what concerns the portfolio quality, as measured by the internal risk grades of the debtors in Portugal and Poland, in terms of their EAD, the situation was the following (as at 31 December 2014):



When compared with the situation in the previous year, these risk grade weights show a moderate increase on the portfolio global quality: high and medium quality attained 59,6%, against 56,2% in 31 December 2013. In what concerns the portfolio corresponding to procedural risk grades, there was a slight decrease in quality (22,3% by the end of 2014, against 21,2% by the end of 2013).

Main credit risk indicators

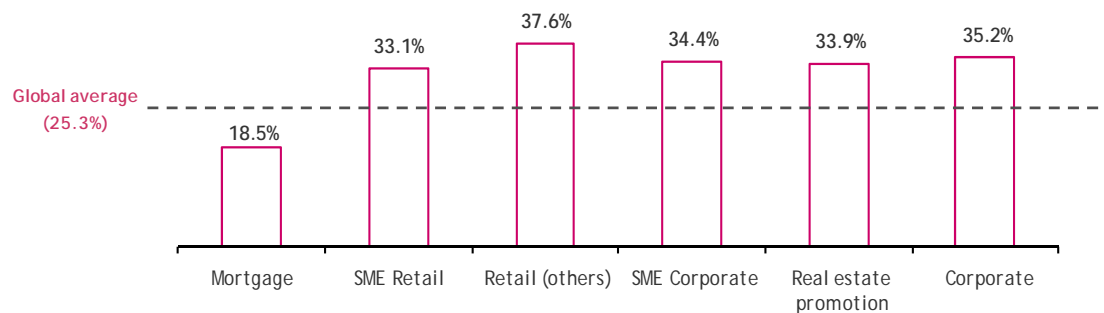
The following table illustrates the quarterly evolution of the main credit risk indicators in 2014, for the consolidated portfolio and for the main geographies:

	Dec-14	Sep-14	Jun-14	Mar-14
Group				
Non-performing Loans/Total Loans	6.7%	6.9%	6.7%	6.6%
Past due Loans (> 90 d)/Total Loans	10.5%	10.6%	10.4%	10.3%
Impairment/Total Loans	6.0%	5.9%	5.3%	5.7%
Portugal				
Non-performing Loans/Total Loans	8.1%	8.3%	7.9%	7.7%
Past due Loans (> 90 d)/Total Loans	12.7%	12.8%	12.4%	12.2%
Impairment/Total Loans	6.8%	6.7%	5.8%	6.3%
Poland				
Past due Loans (> 90 d)/Total Loans	2.9%	2.9%	2.8%	2.9%
Impairment/Total Loans	3.0%	3.0%	3.1%	3.1%
Mozambique				
Past due Loans (> 90 d)/Total Loans	3.5%	3.2%	3.3%	3.6%
Impairment/Total Loans	4.6%	4.8%	5.0%	5.2%
Angola				
Past due Loans (> 90 d)/Total Loans	5.3%	4.0%	3.5%	4.0%
Impairment/Total Loans	4.0%	4.1%	4.0%	4.3%

NPL = *Non-performing loans*

There was a relatively stable evolution of the non-performing loans, even if with a slight increase verified for Portugal and Angola.

Regarding the loss parameters (LGD), the average values by exposure segment in Portugal, arising from the calculation of regulatory capital (as at 31 December 2014) and based on the estimates determined through the losses that effectively occurred (i.e. loan recovery data), are presented in the following chart:



Credit concentration risk

The values relative to credit concentration as at 31 December 2014, measured by the weight of the 20 largest net exposures, excluding Banks and Sovereign, over the value of consolidated Own Funds (COF) or, alternatively, by the weight of each of these exposures in total exposure (in terms of EAD), are presented in the following table:

Clients' Groups	Net Exposure / Own Funds	EAD weight in total EAD
Group 1	8.2%	1.7%
Group 2	7.6%	1.6%
Group 3	3.6%	0.8%
Group 4	3.3%	0.7%
Group 5	3.1%	0.6%
Group 6	2.5%	0.5%
Group 7	2.5%	0.5%
Group 8	2.2%	0.4%
Group 9	2.1%	0.4%
Group 10	2.0%	0.4%
Group 11	1.8%	0.4%
Group 12	1.8%	0.4%
Group 13	1.8%	0.4%
Group 14	1.8%	0.4%
Group 15	1.7%	0.3%
Group 16	1.7%	0.3%
Group 17	1.6%	0.3%
Group 18	1.6%	0.3%
Group 19	1.4%	0.3%
Group 20	1.4%	0.3%
Total	53.5%	11.1%

Regarding the total weight of these exposures on the overall exposure (EAD), the figure of 11.1% compares to 11.0% by the end of 2013, demonstrating stability of the credit concentration levels. In terms of the weight of these 20 largest net exposures over the COF amount, the increase observed for this concentration indicator (which reached 46.5% in December 2013) is, mainly, a result of the contraction verified for the COF.

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.

Within the scope of operational risk management, a highlight is made on the following actions and initiatives carried out in 2014, in Portugal and at the Group's main subsidiaries:

- The reinforcement of the losses database through the systematic identification of new cases in the Group's main operations, new RSA exercises in Portugal, Poland and Mozambique and regular monitoring of the risk indicators that contribute to the early identification of changes in the risk profile of processes;
- Continuation of the implementation/development of the structures and mechanisms for operational risk control and management in Angola;
- Banco de Portugal's inspection to the operational risk management framework, at Group level;
- Launch of a project for the significant strengthening of the operational risk management system, with the assistance of external consultants and within the scope of the preparation of the Group's application to adopt the Advanced Measurement Approach (AMA) for calculating capital requirements for this risk type. In this context, there is the need to redesign the

governance framework of operational risk, aiming at a greater involvement of the organisational units (as a complement to the processes structure);

- The strengthening of the partnership with ORX (Operational Riskdata eXchange Association), through the participation in working groups and studies promoted by the association, as well as through the sharing of a first set of historical data on operational losses.

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 the characterisation of the operational losses captured under their processes, the monitoring of the respective key risk indicators, the undertaking of risk self-assessment exercises, as well as the identification and implementation of suitable actions to mitigate operational risk exposures, thus contributing to the strengthening of control mechanisms and the improvement of the internal control environment.

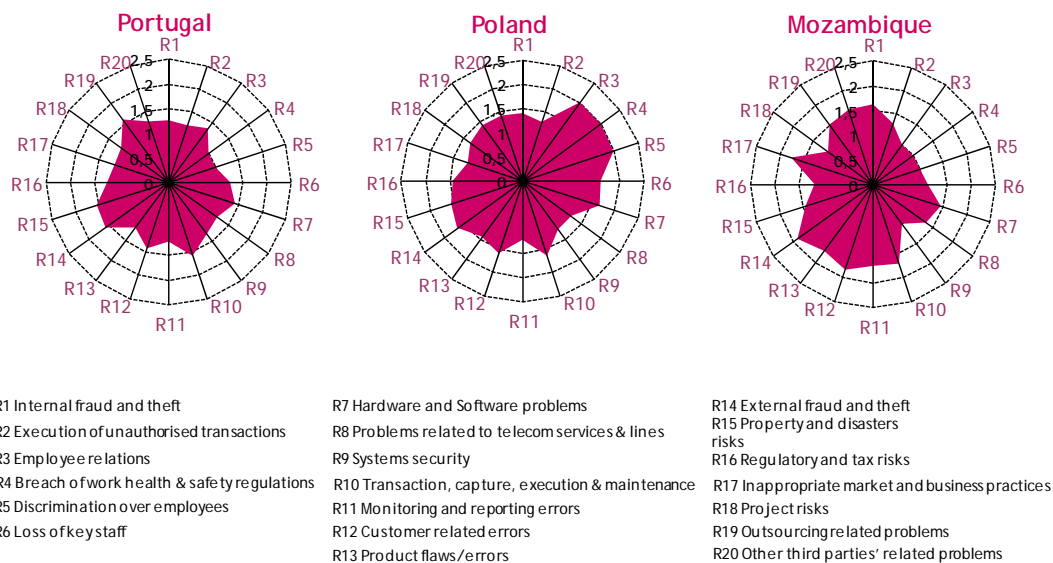
Operational risks self-assessment (RSA)

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. During 2013, new RSA exercises were carried out in the main geographic areas in which the Group operates, namely, Portugal, Poland and Mozambique, which enabled the updating of the exposure to operational risk measurement for the different processes defined in each of these operations, as well as the identification of improvements to mitigate the exposures classified above the defined tolerance limits, with a view to reduce its respective frequency or severity (or both).

The following charts show the results of the RSA exercises conducted, namely, the average score for each of the 20 subtypes of operational risk considered, for the set of processes of each geographic area. The outer line represents a score of 2.5 on a scale of 1 (lowest exposure) to 5 (highest exposure).



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.

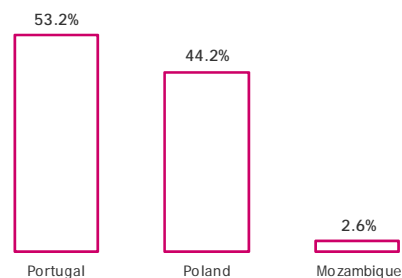
The identified events in which the losses, effective or potential, exceed the defined materiality limits (for each geographical area) are characterised by the process owners and process managers of processes to which the losses are related. Besides the description of the respective cause-effect, this 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 accumulated losses by 31 December 2014 is presented in the charts below, showing that most of the losses were caused by procedural failings and external events, as well as the fact that a major proportion of the operational loss events were of low material relevance (below 20,000 Euros).

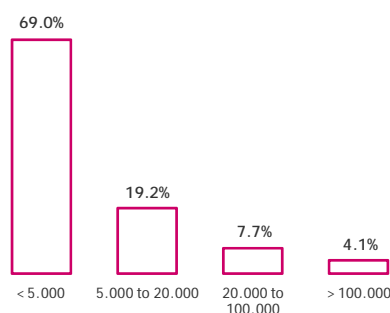
LOSS AMOUNT DISTRIBUTION
By type of event



LOSS AMOUNT DISTRIBUTION
By country



LOSS AMOUNT DISTRIBUTION
By amount range (in Euros)



Key risk indicators (KRI)

KRI draw attention to changes in the profile of the operational risks or in the effectiveness of its control, enabling the identification of the need to introduce corrective actions within the processes, so as to prevent potential risks from materialising into effective losses. The use of this management instrument has been extended to increasingly more processes, and currently covers the most relevant ones in the main Group operations (Portugal, Poland and Mozambique).

Business continuity management

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

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

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

Insurance Contracting

The contracting of insurance for risks related to assets, persons or third party liabilities is another important instrument in the management of operational risk, the objective being the transfer of risks (total or partial). Proposals for the contracting of new insurance policies are submitted by process owners under the scope of their duties concerning the management of operational risks inherent to their processes, or are presented by the Heads of areas of organisational units, and then analysed by the Risk Commission and authorised by the Executive Committee.

Market risks

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

For the purpose of profitability analysis and market 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 long period of time) or positions which are not tradable on liquid markets;
- Commercial - Management of positions arising from commercial activity with clients;
- Structural - Management of balance sheet items or operations which, due to their nature, are not directly related to any of the management areas referred to above;
- ALM - Assets and Liabilities Management.

The definition of these areas allows for an effective segregation in the management of the trading and banking books, as well as for the correct allocation of each operation to the most suitable management area, according to its respective context.

In order to ensure that the risk levels incurred in the different portfolios of the Group comply with the predefined levels of risk tolerance, several market risks limits are established (at least yearly) and applied to all the portfolios of the management areas over which the risks are incident. The limits are monitored on a daily basis (or intra-daily, in the case of the financial markets' areas - Trading and Funding) by the Risk Office.

Stop loss limits are also defined for the financial market areas, based on multiples of the risk limits defined for those areas, aimed at limiting the maximum losses that might occur. When these limits are reached, a review of the strategy and of the assumptions used to manage the positions in question becomes mandatory.

Throughout 2014, the internal control framework of market risks was strengthened and developed in accordance with recommendations issued by the Banco de Portugal. These tasks focused on the calculation of capital requirements for FX risk (Standardised Approach), as well as on the quality control of market data used in the Value-at-risk (VaR) model to measure generic market risk. Special reference should be made to:

- The development of the first stage of implementation of the Group's new IT treasury solution (integrating Front/Middle/Back Office) encompassing foreign exchange products and money market products;
- The implementation of the support calculation procedures for the new Basel III Liquidity and Leverage indicators (CRR/CRD IV).

Trading Book^{*} market risks

The Group uses an integrated market risk measurement that allows for the monitoring all of the risk subtypes that are considered relevant. This measurement includes the assessment of the following types of risk: general risk, specific risk, non-linear risk and commodity risk. Each risk subtype is measured individually using an appropriate risk model and the integrated measurement is built from the measurements of each subtype without considering any kind of diversification between the four subtypes (worst-case scenario approach).

^{*} Positions allocated to the Negotiation Management Area (and not necessarily belonging to the accounting Trading Book).

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 adequate change of the time horizon considered.

The following table presents the values at risk measured by the methodologies referred to above, for the trading book, between 31 December 2013 and 2014:

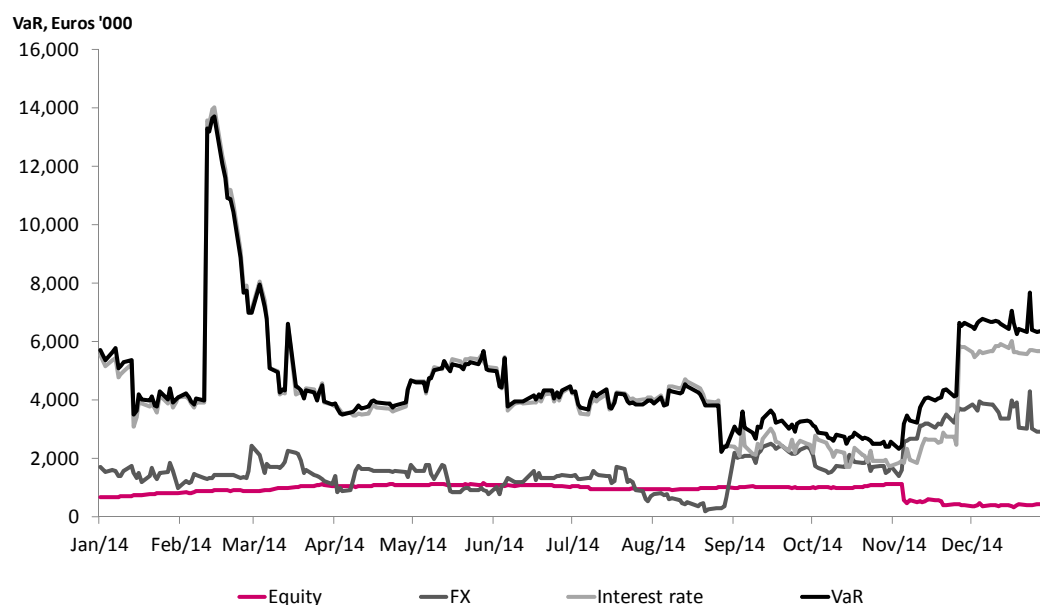
	Thousands of Euros				
	Dec-14	Average	Max	Min	Dec 13
Generic risk (VaR)	2,202.2	5,344.1	10,494.4	2,099.4	3,576.1
Interest rate risk	1,598.9	5,063.9	6,108.9	1,842.0	2,370.7
FX risk	1,313.1	972.2	995.8	591.2	1,345.8
Equity risk	588.7	746.5	6,154.7	782.4	713.2
<i>Diversification effects</i>	1,298.6	1,438.6	2,765.0	1,116.1	853.6
Specific risk	263.0	684.0	1,593.6	254.2	727.8
Non-linear risk	25.3	73.8	278.2	5.0	12.9
Commodities risk	17.0	33.3	81.3	9.2	46.9
Global risk	2,507.4	6,135.1	12,245.3	2,477.3	4,363.7

Notes:

- Holding term of 10 days and 99% of confidence level.
- Consolidated positions from Millennium bcp, Bank Millennium, Millennium bank Greece (until 30 June 2013) Banca Millennium (Romania).

In 2014, the Group's trading book risk remained at materially low levels, in spite of some market volatility which continued to be observed for the Public Debt of Southern European countries. The Bank maintained a limited size for this portfolio, along with a fairly conservative management posture.

The graph below illustrates the volatility of the trading book in 2014, divided into its 3 risk components, highlighting the primary influence of interest rate risk, especially during the first quarter.



VaR model monitoring and validation

In order to verify the adequacy of the internal VaR model for the assessment of the risks involved in the positions held, various validations are conducted over time, of different scopes and frequency, including back-testing, estimation of the effects of diversification and scope analysis of the risk factors.

In this context, it should be noted that the exercise of hypothetical back-testing of the VaR model for 2014 (trading book) - which compares the values recorded for VaR with the hypothetical results of the model used - resulted in only 1 excess value (relative to the results predicted by the model), which represents a frequency of 0.39% in 252 days of observation. It is thus concluded that the model is adequate for the purpose of assessing the risks at stake.

Stress tests on the trading book

Supplementary to the VaR calculation, the Group continuously tests a broad range of stress scenarios, analysing the respective results with a view to identify risk concentrations that have not been captured by the VaR model and, also, to test for other possible dimensions of loss. The results of these tests on the Group's trading book, as at 31 December 2014, were as follows:

Millions of Euros		
Tested scenarios	Negative results scenario	Result
Parallel shift of the yield curve by +/- 100 bps	+ 100 b.p.	-6.2
Change in the slope of the yield curve (for maturities from 2 to 10 years) by +/- 25 bps	+ 25 b.p.	-0.4
4 possible combinations of the previous 2 scenarios	- 100 b.p. and + 25 b.p.	-6.5
	+ 100 b.p. and - 25 b.p.	-5.8
Variation in the main stock market indices by +/- 30%	-30%	-1.6
Variation in foreign exchange rates (against the euro) by +/- 10% for the main currencies and by +/- 25% for other currencies	-10%, -25%	-1.5
Variation in swap spreads by +/- 20 bps	- 20 b.p.	-1.2

These results show that the exposure of the Group's trading book to the different risk factors considered is limited and that the main adverse scenario at stake is an increase in interest rates, especially when accompanied by an increase in the slope of the yield curve. This sensitivity of the trading book to interest rate risk is in line with the sensitivity observed at the end of 2013.

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 2014 and performed by assessing the difference between the present value of the interest rate mismatch (discounted at market interest rates) and the value of this mismatch discounted at a +100 bps level (for all periods) results in an impact of approximately + 87 million Euros for positions denominated in Euros. The following table shows the impact of this interest rate variation on the Bank's economic value, for each of the banking book management areas and for the different residual terms to maturity of the positions in question:

Thousands of Euros

IMPACT OF A +100 BPS PARALLEL SHIFT OF THE YIELD CURVE

Repricing gap in EUR

	Prazos residuais de repricing					Total
	< 1 A	1 - 3 A	3 - 5 A	5 - 7 A	> 7 A	
Commercial area activity	4,565.0	71,572.0	236,842.6	12,686.6	-12,150.5	313,515.7
Structural area activity	-14,177.6	73,430.1	8,231.8	14,834.2	-10,215.9	72,102.6
Subtotal	-9,612.6	145,002.1	245,074.4	27,520.8	-22,366.4	385,618.3
Hedging	-100.8	-170,398.7	-261,145.6	-25,254.7	10,050.3	-446,849.5
Commercial and Structural total	-9,713.4	-25,396.6	-16,071.2	2,266.1	-12,316.1	-61,231.2
Funding and hedging	49.7	1,112.9	53,854.6	-326.3	-8,722.3	45,968.5
Investment portfolio	-26,534.6	-286.1	-262.2	-1,130.2	-6,461.2	-34,674.3
ALM	15,216.8	87,712.9	106,750.2	-54,422.7	-18,536.2	136,721.0
Banking Book total in Dec 2013	-20,981.4	63,143.1	144,271.4	-53,613.1	-46,035.8	86,784.1
Banking Book total in Dec 2012	-11,678.1	50,621.8	-62,327.0	-35,800.6	-14,481.1	-73,664.9

The positions at risk which are not subject to specific market hedging operations are transferred internally to the two market areas (Funding and ALM), thus becoming an integral part of the respective portfolios. As such, these are assessed daily, based on the market risk control model for the trading book already identified.

Foreign exchange and equity risk in the banking book

The exchange rate risk of the banking book is transferred internally to the Trading area (Treasury), in accordance with the risk specialisation model followed by the Group for the management of the exchange rate risk of the Balance Sheet. The only exposures to exchange rate risk that are not included in this transfer - the financial holdings in subsidiaries, in foreign currency - are hedged on a case-by-case basis through market operations.

As at 31 December 2014, the Group had hedged its financial holdings in USD, CHF and PLN (partially, in this last case). On a consolidated basis, these hedges are identified, in accounting terms, as 'Net investment hedges', in accordance with the IFRS nomenclature. On an individual basis, for entities which have financial holdings with exchange rate risk, hedge accounting is also carried out, in this case through a "Fair Value Hedge" methodology (except for CHF).

Regarding equity risk, the Group holds equity positions of a non-significant size, which are not held for trading purposes. The management of these positions is carried out by a specific area of the Group, with their risk being included in the Investment area and controlled on a daily basis, through the indicators and limits defined for market risks. These positions and their risk are very small within the Group's investment portfolio, only contributing by around 16.6% of the VaR of this portfolio, as at 31 December 2014.

Liquidity risk

Liquidity risk reflects the Group's potential inability to meet its obligations at maturity without incurring in significant losses, arising from the deterioration of funding conditions (funding risk) and/or sale of its assets below market value (market liquidity risk).

The Bank proceeded with its Funding and Capital Plan, diversifying its funding sources through the increased use of short-term loans contracted with international financial institutions. On the other hand, market conditions allowed for resuming the financing through the wholesale funding market (WSF) sooner than expected, by means of a 3-year term senior debt issue of 500 million euros.

In what concerns the funding structure, 5,269 million Euros of medium-long term debt were repaid (compared to planned total of 3,417 million Euros), including the early redemption of 2,250 million Euros of hybrid capital instruments ("CoCos"), underwritten by the Portuguese State.

Notwithstanding the refinancing of medium-long term debt, it was possible to reduce the net funding by the Eurosystem by 3,340 million Euros, due to several factors: the sustained reduction of the Bank's commercial gap (in Portugal), the capital increase in July 2014, the decrease of the Public Debt portfolio, the above mentioned issuance of senior debt and the use of other funding sources.

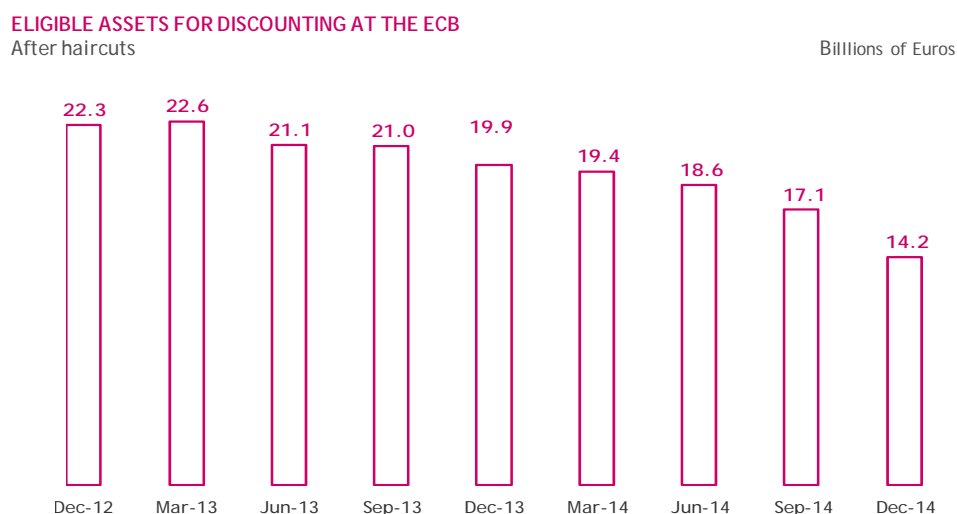
The following table illustrates the wholesale funding structure, as at 31 December 2013 and 2014, in terms of the relative importance of each instrument used:

Liquidity breakdown			
(Wholesale funding)			
	31-Dec-14	31-Dec-13	Weight chg.
MM	4.1%	2.5%	1.6%
ECB	50.5%	52.5%	-2.0%
CoCo's	5.7%	14.3%	-8.7%
Commercial Paper	0.0%	3.1%	-3.1%
Repos	14.0%	0.8%	13.2%
Loan agreements	7.5%	4.3%	3.3%
Schuldschein	0.8%	1.0%	-0.2%
EMTN	5.5%	9.9%	-4.4%
Equity Swaps	0.0%	0.0%	0.0%
Covered bonds	9.8%	10.0%	-0.2%
Subordinated debt	1.9%	1.5%	0.4%
TOTAL	100.0%	100.0%	-

In the annual evolution of the funding structure, emphasis is given to the reduction of the weight of hybrid capital instruments ("CoCos") - due to the early repayment already mentioned - and the increase in the weight of instruments with repurchase agreement; in the latter case, the increase in their relative importance is due to the market appetite towards the Portuguese Republic's debt, which was marked along 2014.

The Group's wholesale funding structure is defined for each annual period by the Liquidity Plan (which is an integral part of the budgeting process), formulated at a consolidated level and for the main subsidiaries of the Group. The preparation of this plan is coordinated by the Group Treasurer and its implementation is monitored continuously throughout the year, being reviewed whenever necessary.

As for the portfolio of assets eligible for discount with the Eurosystem, their active management, associated with a material reduction of the Bank's funding needs, enabled for the maintenance of the liquidity buffer at comfortable levels (7,588 million Euros on 31 December 2014), even after the early redemption - with a favourable impact on results - of all issues with State guarantee that were included in the pool of these instruments (amounting to 3,160 million Euros, after haircuts). The evolution of the portfolio of discountable collateral is illustrated by the following chart:



(*) 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

The control of the Group's liquidity risk, for short term time horizons (up to 3 months) is carried out daily based on two internally defined indicators, the immediate liquidity indicator and the quarterly liquidity indicator, which measure the maximum fund-taking requirements that could arise cumulatively over the respective time horizons, considering cash flow projections for periods of 3 days and of 3 months, respectively.

These indicators, as at 31 December 2014, 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 regulation, intended to characterise the liquidity risk, such as the loans-to-deposits ratio (109% as at 31 December 2014), the medium-term liquidity gaps and wholesale markets funding coverage ratios by highly liquid assets (HLA).

Capital and Liquidity Contingency Plan

The Capital and Liquidity Contingency Plan (PCCL) defines the priorities, responsibilities and specific measures to be taken in the event of a situation of a liquidity contingency. This plan is reviewed at least once a year.

The PCCL defines the objective of maintaining a balanced liquidity and capital structure, also establishing the need for the continuous monitoring of market conditions, as well as all lines of action and triggers aimed at timely decision-taking in adverse scenarios, either anticipated or observed.

The PCCL includes an early warning system designed to anticipate the occurrence of any capital and liquidity crisis, combining 32 indicators related to liquidity, capital, asset quality and other material risks for the Group. Under this warning system, the quantification of this composite indicator is conducted weekly and its evolution is monitored by the Group CALCO, the Research, Planning and ALM Division, as well as by the Group Treasurer and the Group Risk Officer.

Pension Fund risk

This risk stems from the potential devaluation of the Fund's assets or from a decline in their expected returns. Given such a scenario, the Group will have to make unplanned contributions in order to maintain the benefits defined by the Fund.

The Pension Fund Risk Sub-Commission is responsible for the regular monitoring of this risk and supervision of its respective management.

In 2014, the Pension Fund recorded a time-weighted return (TWR) of 8.14% (corresponding to a gross effective annual rate of 8.39%), net of management and deposit commissions. This was due to the good performance of the equities' holdings (both domestic and international) and of the fixed rate assets that benefited from lower yields in Europe and the compression of spreads in the domestic market.

Models validation

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

Along 2014, as planned, several monitoring, validation, calibration and review/improvement actions were performed on the credit and market risk models. In the case of credit risk models, these actions focused on the models and rating systems for the Corporate and Retail exposures classes, regarding its different components, for models used in Portugal.

Within this scope, the most significant models are the Probability of Default models (PD) - applied to the Small, Mid, and Large Corporate (for the Corporate risk class), the Small Businesses and the Mortgage models (for the Retail risk class) and the Loss Given Default (LGD) models.

The follow-up and validation of models also aim at monitoring and increasing the knowledge about their quality, in order to strengthen the timely reaction capacity to changes in their predictive powers, ensuring confidence concerning the use and performance of the implemented risk models and systems.

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 2014, the Group's net exposure to Portuguese sovereign debt was 4.7 billion euros, net exposure to Italian sovereign debt was 50 million euros and net exposure to Spanish sovereign debt was 45 million euros. Of the total of 7.6 billion euros of consolidated public debt, 486 million euros was recorded under the portfolio of financial assets held for trading and 7.1 billion euros under the portfolio of financial assets available for sale and held to maturity. Further information on exposure to the sovereign debt of countries of the European Union in bailout situations is presented in Note 57 of the Consolidated Financial Statements.

The Group's accounting policies are described in Note 1 of the Notes to the Financial Statements, included in the Accounts and Notes to the Accounts of 2014. 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 management information which is complete, pertinent, reliable and timely, to support decision-making and control processes, both at an internal and external level;
- Observance of the applicable legal and regulatory provisions issued by the Bank of Portugal, including those relative to the prevention of money laundering and terrorism financing, 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 actions; and
- Strict compliance with all legal and regulatory provisions in force by the Group's employees in general, and by the people who hold senior or managerial positions, including members of the management board, to ensure compliance with the Group's Code of Conduct and other codes of conduct applicable to the banking, financial, insurance and brokerage (of securities or derivatives) activities.

The Risk Management System, the Information and Reporting System and the Internal Control Monitoring System

The Internal Control System includes the following subsystems: the Risk Management System, the Information and Reporting System and the Internal Control Monitoring System.

The Risk Management System corresponds to the series of integrated and permanent processes which enable the identification, assessment, monitoring and control of all material risks, derived internally or externally, to which the Group's Institutions are exposed, in order to keep them at levels that are predefined by the management and supervisory boards, and take into consideration risks related to credit, markets, interest rates, exchange rates, liquidity, compliance, operating, information systems, strategy and reputation, as well as all other risks which, in view of the specific situation of the Group's institutions, could become materially relevant.

This system is adequately planned, reviewed and documented and is supported by 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, through the identification of deficiencies in the system, either in terms of its design, implementation and/or use. The control and monitoring actions are implemented on a continuous basis and as an integral part of the Group's routines, being complemented with regular or exceptional autonomous assessments. Any deficiencies of material impact which might be detected through the control procedures are duly registered, documented and reported to the appropriate management and supervisory 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 the Audit Division ensure the implementation of the procedures and means required to obtain all the relevant information for the information consolidation process at Group level - both of accounting nature and relative to management support and risk monitoring and control - which should include:

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

COMPLIANCE WITH THE RECOMMENDATIONS[†] ON THE TRANSPARENCY OF INFORMATION AND VALUATION OF ASSETS

	Page
I. Business Model	
1. Description of the business model (i.e. reasons for the development of the activities/businesses and respective contribution to the process of creation of value) and, if applicable, of any changes made (for example as a result of the period of turbulence).	<i>AR (Management Report) - Business Model, page 17-20; Governance Model, page 21-22; Review of the Business Areas, page 87-114</i>
2. Description of strategies and objectives (including those specifically related to the undertaking of securitisation operations and operations with structured products).	<i>AR (Management Report) - Strategy, page 54-55</i>
3. Description of the importance of the activities developed and respective contribution to the business (including in quantitative terms).	<i>AR (Management Report) - Review of the Business Areas, page 87-114 (Accounts and Notes to the Accounts) - Indicators of the Consolidated Balance Sheet and Income Statement by business and geographic segment</i>
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.	<i>AR (Management Report) - Risk Management, page 119-135; (Accounts and Notes to the Accounts) - Financial assets held for trading and available for sale; Hedge derivatives; Financial assets held to maturity</i>
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.	<i>AR (Management Report) - Risk Management, page 119-135; (Accounts and Notes to the Accounts) - Earnings from trading and hedge operations; Earnings from financial assets available for sale; Risk Management</i>
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.)	<i>AR (Management Report) - Risk Management, page 119-135; (Accounts and Notes to the Accounts) - Risk Management</i>
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.	<i>AR (Management Report) - Results and Balance Sheet, page 61-86; (Accounts and Notes to the Accounts) - Earnings from trading and hedge operations; Earnings from financial assets available for sale</i>

[†] 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).	<i>AR (Management Report) - Information on exposure to activities and products affected by the financial crisis, page 136</i>
10.	Description of the reasons and factors responsible for the impact incurred.	<i>AR (Management Report) - Economic Environment, page 47-49</i>
11.	Comparison of i) impacts between (relevant) periods; and ii) financial statements before and after the impact of the period of turbulence.	<i>AR (Management Report) - Results and Balance Sheet, page 61-86</i>
12.	Distribution of write-downs between unrealised and realised amounts.	<i>AR (Management Report) - Risk Management, page 119-135; (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</i>
13.	Description of the influence of the financial turbulence on the entity's share price.	<i>AR (Management Report) - BCP Share, page 41-45</i>
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.	<i>AR (Management Report) - Risk Management, page 119-135; (Accounts and Notes to the Accounts) - Fair value reserves, other reserves and retained earnings</i>
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.	<i>AR (Management Report) - Results and Balance Sheet, page 61-86; (Accounts and Notes to the Accounts) - Fair Value</i>
IV	Levels and types of exposure affected by the period of turbulence	
16.	Nominal amount (or amortised cost) and fair values of "live" exposure.	<i>AR (Management Report) - Information on exposure to activities and products affected by the financial crisis, page 136; (Accounts and Notes to the Accounts) - Financial assets held for trading and available for sale; Hedge derivatives; Financial assets held to maturity</i>
17.	Information on mitigation of credit risk (i.e. through credit default swaps) and the respective effect on existing exposure.	<i>AR (Management Report) - Information on exposure to activities and products affected by the financial crisis, page 136</i>

		Page
18.	<p>Detailed disclosure of exposure, with breakdown by:</p> <ul style="list-style-type: none"> – 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. 	<i>AR (Management Report) - Information on exposure to activities and products affected by the financial crisis, page 136</i>
19.	Movements that have occurred in exposures between relevant reporting periods and the underlying reasons for these variations (sales, write-downs, purchases, etc.).	<i>AR (Management Report) - Information on exposure to activities and products affected by the financial crisis, page 136</i>
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.	<i>AR (Management Report) - Information on exposure to activities and products affected by the financial crisis, page 136</i>
21.	<p>Exposure to monoline insurers and quality of the insured assets:</p> <ul style="list-style-type: none"> – 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. 	<i>AR (Management Report) - Information on exposure to activities and products affected by the financial crisis, page 136</i>
V.	Accounting policies and valuation methods	
22.	Classification of the transactions and structured products for accounting purposes and the respective accounting treatment.	<i>AR (Management Report) - Information on exposure to activities and products affected by the financial crisis, page 136; (Accounts and Notes to the Accounts) - Fair value reserves, other reserves and retained earnings; Fair value</i>
23.	Consolidation of Special Purpose Entities (SPE) and other "vehicles", and their reconciliation with structured products affected by the period of turbulence.	<i>AR (Management Report) - Information on exposure to activities and products affected by the financial crisis, page 136; (Accounts and Notes to the Accounts) - Accounting Policies</i>

		Page
24.	<p>Detailed disclosures on the fair value of financial instruments:</p> <ul style="list-style-type: none"> – 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). 	<p>AR (Management Report) - Risk Management, page 119-135 (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</p>
25.	<p>Description of modelling techniques used for the valuation of financial instruments, including information on:</p> <ul style="list-style-type: none"> – 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. 	<p>AR (Management Report) - Risk Management, page 119-135; (Accounts and Notes to the Accounts) - Fair Value, Risk Management</p>
VI.	Other relevant aspects in disclosures	
26.	<p>Description of the disclosure policies and principles used in the reporting of disclosures and in financial reporting.</p>	<p>AR (Management Report) - Risk Management, page 119-135; (Accounts and Notes to the Accounts) - Accounting Policies; Fair Value, Risk Management</p>

Supplementary Information

FINANCIAL STATEMENTS FOR 2014

BANCO COMERCIAL PORTUGUÊS

Consolidated Income Statement for the years ended at 31 December, 2014 and 2013

(Thousands of Euros)

	2014	2013
Interest and similar income	2,652,638	2,832,912
Interest expense and similar charges	(1,536,487)	(1,984,825)
Net interest income	1,116,151	848,087
Dividends from equity instruments	5,888	3,680
Net fees and commission income	680,885	662,974
Net gains / losses arising from trading and hedging activities	154,247	80,385
Net gains / losses arising from available for sale financial assets	302,407	184,065
Net gains / (losses) arising from financial assets held to maturity	(14,492)	(278)
Other operating income	(53,300)	(55,627)
	2,191,786	1,723,286
Other net income from non banking activity	19,278	20,502
Total operating income	2,211,064	1,743,788
Staff costs	635,616	767,463
Other administrative costs	448,451	459,653
Depreciation	65,543	68,123
Operating costs	1,149,610	1,295,239
Operating net income before provisions and impairments	1,061,454	448,549
Loans impairment	(1,106,990)	(820,827)
Other financial assets impairment	(91,345)	(102,193)
Other assets impairment	(36,311)	(210,471)
Goodwill impairment	(145)	(3,043)
Other provisions	(81,473)	(150,059)
Operating net income	(254,810)	(838,044)
Share of profit of associates under the equity method	35,960	62,260
Gains / (losses) from the sale of subsidiaries and other assets	45,445	(36,759)
Net (loss) / income before income tax	(173,405)	(812,543)
Income tax		
Current	(100,995)	(115,635)
Deferred	198,670	326,434
Net (loss) / income after income tax from continuing operations	(75,730)	(601,744)
Income arising from discontinued operations	(40,830)	(45,004)
Net income after income tax	(116,560)	(646,748)
Attributable to:		
Shareholders of the Bank	(226,620)	(740,450)
Non-controlling interests	110,060	93,702
Net income for the year	(116,560)	(646,748)
Earnings per share (in euros)		
Basic	(0.005)	(0.022)
Diluted	(0.005)	(0.022)

BANCO COMERCIAL PORTUGUÊS

Consolidated Balance Sheet as at 31 December, 2014 and 2013

(Thousands of Euros)

	2014	2013
Assets		
Cash and deposits at central banks	1,707,447	2,939,663
Loans and advances to credit institutions		
Repayable on demand	795,774	1,054,030
Other loans and advances	1,456,026	1,240,628
Loans and advances to customers	53,685,648	56,802,197
Financial assets held for trading	1,674,240	1,290,079
Financial assets available for sale	8,263,225	9,327,120
Assets with repurchase agreement	36,423	58,268
Hedging derivatives	75,325	104,503
Financial assets held to maturity	2,311,181	3,110,330
Investments in associated companies	323,466	578,890
Non current assets held for sale	1,622,016	1,506,431
Investment property	176,519	195,599
Property and equipment	755,451	732,563
Goodwill and intangible assets	252,789	250,915
Current tax assets	41,895	41,051
Deferred tax assets	2,398,562	2,181,405
Other assets	784,929	593,361
	<u>76,360,916</u>	<u>82,007,033</u>
Liabilities		
Amounts owed to credit institutions	10,966,155	13,492,536
Amounts owed to customers	49,816,736	48,959,752
Debt securities	5,709,569	9,411,227
Financial liabilities held for trading	952,969	869,530
Hedging derivatives	352,543	243,373
Provisions for liabilities and charges	460,293	365,960
Subordinated debt	2,025,672	4,361,338
Current income tax liabilities	31,794	24,684
Deferred income tax liabilities	6,686	6,301
Other liabilities	1,051,592	996,524
Total Liabilities	<u>71,374,009</u>	<u>78,731,225</u>
Equity		
Share capital	3,706,690	3,500,000
Treasury stock	(13,547)	(22,745)
Preference shares	171,175	171,175
Other capital instruments	9,853	9,853
Fair value reserves	106,898	22,311
Reserves and retained earnings	458,087	(356,937)
Net income for the year attributable to Shareholders	(226,620)	(740,450)
Total Equity attributable to Shareholders of the Bank	<u>4,212,536</u>	<u>2,583,207</u>
Non-controlling interests	774,371	692,601
Total Equity	<u>4,986,907</u>	<u>3,275,808</u>
	<u>76,360,916</u>	<u>82,007,033</u>

PROPOSED APPLICATION OF THE 2014 RESULTS

Whereas:

In the financial year of 2014 Banco Comercial Português, S.A, registered consolidated net losses amounting to 226,620,080.80 Euros and individual net losses amounting to 684,423,927.08 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 losses on the individual balance sheet, amounting to 684,423,927.08 Euros, for Retained Earnings.

Lisbon, 17 April 2015

THE BOARD OF DIRECTORS

Accounts and Notes to the Consolidated Accounts for 2014

BANCO COMERCIAL PORTUGUÊS

Consolidated Income Statement for the years ended at 31 December, 2014 and 2013

	Notes	2014	2013
		(Thousands of Euros)	
Interest and similar income	3	2,652,638	2,832,912
Interest expense and similar charges	3	(1,536,487)	(1,984,825)
Net interest income		1,116,151	848,087
Dividends from equity instruments	4	5,888	3,680
Net fees and commissions income	5	680,885	662,974
Net gains / (losses) arising from trading and hedging activities	6	154,247	80,385
Net gains / (losses) arising from financial assets available for sale	7	302,407	184,065
Net gains / (losses) arising from financial assets held to maturity	8	(14,492)	(278)
Other operating income / (costs)	9	(53,300)	(55,627)
		2,191,786	1,723,286
Other net income from non banking activities		19,278	20,502
Total operating income		2,211,064	1,743,788
Staff costs	10	635,616	767,463
Other administrative costs	11	448,451	459,653
Depreciation	12	65,543	68,123
Operating expenses		1,149,610	1,295,239
Operating net income before provisions and impairment		1,061,454	448,549
Loans impairment	13	(1,106,990)	(820,827)
Other financial assets impairment	14	(91,345)	(102,193)
Other assets impairment	28 and 33	(36,311)	(210,471)
Goodwill impairment		(145)	(3,043)
Other provisions	15	(81,473)	(150,059)
Operating net loss		(254,810)	(838,044)
Share of profit of associates under the equity method	16	35,960	62,260
Gains / (losses) arising from the sale of subsidiaries and other assets	17	45,445	(36,759)
Net loss before income tax		(173,405)	(812,543)
Income tax			
Current	32	(100,995)	(115,635)
Deferred	32	198,670	326,434
(Loss) / income after income tax from continuing operations		(75,730)	(601,744)
(Loss) / income arising from discontinued operations	18	(40,830)	(45,004)
Net loss after income tax		(116,560)	(646,748)
Consolidated net (loss) / income for the year attributable to:			
Shareholders of the Bank		(226,620)	(740,450)
Non-controlling interests	45	110,060	93,702
Net loss for the year		(116,560)	(646,748)
Earnings per share (in Euros)	19		
Basic		(0.005)	(0.022)
Diluted		(0.005)	(0.022)

CHIEF ACCOUNTANT

THE EXECUTIVE COMMITTEE

BANCO COMERCIAL PORTUGUÊS
Consolidated Balance Sheet as at 31 December, 2014 and 2013

	Notes	2014	2013
		(Thousands of Euros)	
Assets			
Cash and deposits at Central Banks	20	1,707,447	2,939,663
Loans and advances to credit institutions			
Repayable on demand	21	795,774	1,054,030
Other loans and advances	22	1,456,026	1,240,628
Loans and advances to customers	23	53,685,648	56,802,197
Financial assets held for trading	24	1,674,240	1,290,079
Financial assets available for sale	24	8,263,225	9,327,120
Assets with repurchase agreement		36,423	58,268
Hedging derivatives	25	75,325	104,503
Financial assets held to maturity	26	2,311,181	3,110,330
Investments in associated companies	27	323,466	578,890
Non-current assets held for sale	28	1,622,016	1,506,431
Investment property	29	176,519	195,599
Property and equipment	30	755,451	732,563
Goodwill and intangible assets	31	252,789	250,915
Current income tax assets		41,895	41,051
Deferred income tax assets	32	2,398,562	2,181,405
Other assets	33	784,929	593,361
		<u>76,360,916</u>	<u>82,007,033</u>
Total Assets		<u>76,360,916</u>	<u>82,007,033</u>
Liabilities			
Deposits from credit institutions	34	10,966,155	13,492,536
Deposits from customers	35	49,816,736	48,959,752
Debt securities issued	36	5,709,569	9,411,227
Financial liabilities held for trading	37	952,969	869,530
Hedging derivatives	25	352,543	243,373
Provisions	38	460,293	365,960
Subordinated debt	39	2,025,672	4,361,338
Current income tax liabilities		31,794	24,684
Deferred income tax liabilities	32	6,686	6,301
Other liabilities	40	1,051,592	996,524
		<u>71,374,009</u>	<u>78,731,225</u>
Total Liabilities		<u>71,374,009</u>	<u>78,731,225</u>
Equity			
Share capital	41	3,706,690	3,500,000
Treasury stock	44	(13,547)	(22,745)
Preference shares	41	171,175	171,175
Other capital instruments	41	9,853	9,853
Fair value reserves	43	106,898	22,311
Reserves and retained earnings	43	458,087	(356,937)
Net loss for the year attributable to Shareholders		<u>(226,620)</u>	<u>(740,450)</u>
		<u>4,212,536</u>	<u>2,583,207</u>
Total Equity attributable to Shareholders of the Bank		<u>4,212,536</u>	<u>2,583,207</u>
Non-controlling interests	45	774,371	692,601
		<u>4,986,907</u>	<u>3,275,808</u>
Total Equity		<u>4,986,907</u>	<u>3,275,808</u>
		<u>76,360,916</u>	<u>82,007,033</u>

CHIEF ACCOUNTANT

THE EXECUTIVE COMMITTEE

BANCO COMERCIAL PORTUGUÊS

Consolidated Cash Flows Statement for the years ended at 31 December, 2014 and 2013

	2014	2013
	(Thousands of Euros)	
<i>Cash flows arising from operating activities</i>		
Interest income received	2,354,534	2,433,310
Commissions received	862,022	904,978
Fees received from services rendered	90,078	98,319
Interest expense paid	(1,635,320)	(1,773,627)
Commissions paid	(271,755)	(326,910)
Recoveries on loans previously written off	15,631	16,493
Net earned premiums	26,742	29,092
Claims incurred of insurance activity	(10,641)	(13,582)
Payments to suppliers and employees	(1,491,419)	(1,460,800)
	(60,128)	(92,727)
<i>Decrease / (increase) in operating assets:</i>		
Receivables from / (Loans and advances to) credit institutions	(332,121)	1,857,494
Deposits held with purpose of monetary control	1,329,828	567,938
Loans and advances to customers	3,386,494	2,700,354
Short term trading account securities	(121,139)	(138,594)
<i>Increase / (decrease) in operating liabilities:</i>		
Deposits from credit institutions repayable on demand	137,806	(152,854)
Deposits from credit institutions with agreed maturity date	(2,536,748)	(1,383,154)
Deposits from clients repayable on demand	1,556,641	1,585,422
Deposits from clients with agreed maturity date	(1,509,976)	259,016
	1,850,657	5,202,895
Income taxes (paid) / received	(85,513)	(105,897)
	1,765,144	5,096,998
<i>Cash flows arising from investing activities</i>		
Sale of shares in subsidiaries and associated companies	163,786	2,595
Dividends received	9,269	6,482
Interest income from available for sale financial assets and held to maturity financial assets	414,809	426,694
Sale of available for sale financial assets	13,340,670	14,411,334
Acquisition of available for sale financial assets	(81,733,441)	(82,118,464)
Maturity of available for sale financial assets	69,578,158	67,379,278
Acquisition of tangible and intangible assets	(119,763)	(76,156)
Sale of tangible and intangible assets	28,163	37,981
Decrease / (increase) in other sundry assets	(231,821)	70,316
	1,449,830	140,060
<i>Cash flows arising from financing activities</i>		
Issuance of subordinated debt	421	1,104
Reimbursement of subordinated debt	(2,265,669)	(779)
Issuance of debt securities	3,912,301	5,859,326
Reimbursement of debt securities	(7,739,894)	(10,485,386)
Issuance of commercial paper and other securities	99,563	215,620
Reimbursement of commercial paper and other securities	(19,060)	(10,085)
Share capital increase	2,241,690	-
Dividends paid to non-controlling interests	(31,055)	(8,978)
Increase / (decrease) in other sundry liabilities and non-controlling interests	240,979	(587,668)
	(3,560,724)	(5,016,846)
Exchange differences effect on cash and equivalents	10,604	(48,782)
Net changes in cash and equivalents	(335,146)	171,430
Cash and equivalents at the beginning of the year	1,733,730	1,562,300
Cash (note 20)	602,810	679,700
Other short term investments (note 21)	795,774	1,054,030
Cash and equivalents at the end of the year	1,398,584	1,733,730

BANCO COMERCIAL PORTUGUÊS

Consolidated Statement of Changes in Equity for the years ended at 31 December, 2014 and 2013

(Amounts expressed in thousands of Euros)

	Other comprehensive income										
	Total equity	Share capital	Preference shares	Other capital instruments	Share premium	Legal and statutory reserves	Fair value and cash flow hedged reserves	Other	Other reserves and retained earnings	Treasury stock	Non-controlling interests
Balance on 1 January, 2013	4,000,188	3,500,000	171,175	9,853	71,722	630,000	2,668	(1,936,907)	937,875	(14,212)	628,014
Reclassification of exchange differences of financial investments	-	-	-	-	-	-	-	46,633	(46,633)	-	-
Balance on 1 January, 2013, after reclassification	4,000,188	3,500,000	171,175	9,853	71,722	630,000	2,668	(1,890,274)	891,242	(14,212)	628,014
Transfers to reserves:											
Share premium (note 43)	-	-	-	-	(71,722)	-	-	-	71,722	-	-
Legal reserve (note 42)	-	-	-	-	-	(406,730)	-	-	406,730	-	-
Costs related to the share capital increase	1,571	-	-	-	-	-	-	-	1,571	-	-
Tax related to costs arising from the share capital increase	(361)	-	-	-	-	-	-	-	(361)	-	-
Deferred tax of actuarial losses											
Gross value	(215,514)	-	-	-	-	-	-	(215,447)	-	-	(67)
Taxes	181,904	-	-	-	-	-	-	181,904	-	-	-
Net (loss) / income for the year attributable to Shareholders of the Bank	(740,450)	-	-	-	-	-	-	-	(740,450)	-	-
Net (loss) / income for the year attributable to non-controlling interests (note 45)	93,702	-	-	-	-	-	-	-	-	-	93,702
Dividends of BIM - Banco Internacional de Moçambique, S.A. and SIM - Seguradora Internacional de Moçambique, S.A.R.L.	(8,978)	-	-	-	-	-	-	-	-	-	(8,978)
Treasury stock	(8,533)	-	-	-	-	-	-	-	-	(8,533)	-
Exchange differences arising on consolidation	(48,782)	-	-	-	-	-	-	(26,973)	-	-	(21,809)
Fair value reserves (note 43)	21,375	-	-	-	-	-	19,643	-	-	-	1,732
Other reserves arising on consolidation (note 43)	(314)	-	-	-	-	-	-	-	(321)	-	7
Balance on 31 December, 2013	3,275,808	3,500,000	171,175	9,853	-	223,270	22,311	(1,950,790)	630,133	(22,745)	692,601
Share capital decrease (note 41)	-	(2,035,000)	-	-	-	-	-	-	2,035,000	-	-
Share capital increase (note 41)	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	-	-
Deferred tax of actuarial losses											
Gross value	(478,359)	-	-	-	-	-	-	(477,859)	-	-	(500)
Taxes	34,284	-	-	-	-	-	-	34,243	-	-	41
Net (loss) / income for the year attributable to Shareholders of the Bank	(226,620)	-	-	-	-	-	-	-	(226,620)	-	-
Net (loss) / income for the year attributable to non-controlling interests (note 45)	110,060	-	-	-	-	-	-	-	-	-	110,060
Dividends of BIM - Banco Internacional de Moçambique, S.A., 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	9,198	-	-	-	-	-	-	-	-	9,198	-
Exchange differences arising on consolidation	10,604	-	-	-	-	-	-	10,919	-	-	(315)
Fair value reserves (note 43)	84,180	-	-	-	-	-	84,587	-	-	-	(407)
Other reserves arising on consolidation (note 43)	(1,218)	-	-	-	-	-	-	-	(1,232)	-	14
Balance on 31 December, 2014	4,986,907	3,706,690	171,175	9,853	-	223,270	106,898	(2,383,487)	2,391,684	(13,547)	774,371

See accompanying notes to the consolidated financial statements

BANCO COMERCIAL PORTUGUÊS

Statement of Comprehensive income for the year ended at 31 December, 2014

2014					
(Thousands of Euros)					
Notes	Continuing operations	Discontinued operations	Total	Attributable to	
				Shareholders of the Bank	Non-controlling interests
<i>Items that may be reclassified to the income statement</i>					
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)
<i>Items that will not be reclassified to the income statement</i>					
Actuarial losses for the year					
Gross amount					
BCP Pensions Fund	50	(476,234)	(1,007)	(477,241)	-
Actuarial losses from associated companies		(1,118)	-	(1,118)	(500)
		(477,352)	(1,007)	(478,359)	(500)
Taxes		34,166	118	34,243	41
		(443,186)	(889)	(443,616)	(459)
Other comprehensive (loss) / income after taxes		(348,178)	(1,113)	(348,110)	(1,181)
Consolidated net (loss) / income for the year		(75,730)	(40,830)	(226,620)	110,060
Total comprehensive (loss) / income for the year		(423,908)	(41,943)	(574,730)	108,879

See accompanying notes to the consolidated financial statements

BANCO COMERCIAL PORTUGUÊS

Statement of Comprehensive income for the year ended at 31 December, 2013

2013					
(Thousands of Euros)					
Notes	Continuing operations	Discontinued operations	Total	Attributable to	
				Shareholders of the Bank	Non-controlling interests
<i>Items that may be reclassified to the income statement</i>					
Fair value reserves	22,280	(1,001)	21,279	18,705	2,574
Taxes	(261)	357	96	938	(842)
	22,019	(644)	21,375	19,643	1,732
Exchange differences arising on consolidation	(48,392)	(390)	(48,782)	(26,973)	(21,809)
	(26,373)	(1,034)	(27,407)	(7,330)	(20,077)
<i>Items that will not be reclassified to the income statement</i>					
Actuarial losses for the year					
Gross amount					
BCP Pensions Fund	50	(211,694)	(555)	(212,249)	-
Actuarial losses from associated companies		(2,855)	(410)	(3,198)	(67)
		(214,549)	(965)	(215,514)	(67)
Taxes		181,715	189	181,904	-
		(32,834)	(776)	(33,610)	(67)
Other comprehensive (loss) / income after taxes		(59,207)	(1,810)	(61,017)	(20,144)
Consolidated net (loss) / income for the year		(601,744)	(45,004)	(646,748)	93,702
Total comprehensive (loss) / income for the year		(660,951)	(46,814)	(707,765)	73,558

BANCO COMERCIAL PORTUGUÊS
Notes to the Consolidated Financial Statements
31 December, 2014

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, 2014 and 2013.

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 17 April 2015 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, 2014 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, 2014, 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: IFRS 10 – Consolidated Financial Statements, IFRS 11 – Joint Arrangements, IFRS 12 – Disclosure of Interest in Other Entities, mandatory for accounting periods beginning on or after 1 January, 2014.

- IFRS 10 - Consolidated Financial Statements

IFRS 10 revoked part of IAS 27- Separate Financial Statements and SIC 12 and introduced a new single model of control which determines when an investment should be consolidated. This new model is focus on whether the entity has power over an investee, exposure or rights to variable returns from its involvement with the investee and ability to use its power to affect those returns (de facto control).

In accordance with the transitional provisions of IFRS 10, the Group reassessed the control over its investments at 1 January, 2013, and no impact was determined as a result of this reassessment.

IFRS 11 – Joint Arrangements

IFRS 11 withdraw IAS 31 and SIC 13, defines "joint control" by incorporating the same control model as defined in IFRS 10 and requires an entity that is part of a "joint arrangement" to determine the nature of the joint arrangement ("joint operations" or "joint ventures") by assessing its rights and obligations. IFRS 11 removes the option to account for joint ventures using the proportionate consolidation. Instead, joint arrangements that meet the definition of "joint venture" must be account for using the equity method (IAS 28).

The changes introduce by IFRS 11 did not have any impact in the measurement of assets and liabilities of the Group.

IFRS 12 – Disclosures of Interest in Other Entities

IFRS 12 includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special vehicles and other off balance sheet vehicles.

The Group'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).

BANCO COMERCIAL PORTUGUÊS
Notes to the Consolidated Financial Statements
31 December, 2014

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

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 revalued 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.

BANCO COMERCIAL PORTUGUÊS
Notes to the Consolidated Financial Statements
31 December, 2014

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 customer'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.

BANCO COMERCIAL PORTUGUÊS
Notes to the Consolidated Financial Statements
31 December, 2014

Impairment losses are calculated by comparing the present value of the expected future cash flows, discounted at the original effective interest rate of the loan, with its current carrying value, being the amount of any loss charged in the income statement. The carrying amount of impaired loans is reduced through the use of an allowance account. For loans with a variable interest rate, the discount rate used corresponds to the effective annual interest rate, which was applicable in the period that the impairment was determined.

Loans that are not identified as having an objective evidence of impairment are grouped on the basis of similar credit risk characteristics, and assessed collectively.

(ii) Collective assessment

Impairment losses are calculated on a collective basis under two different scenarios:

- for homogeneous groups of loans that are not considered individually significant; or
- losses which have been incurred but have not yet been reported (IBNR) on loans for which no objective evidence of impairment is identified (see last paragraph (i)).

The collective impairment loss is determined considering the following factors:

- historical loss experience in portfolios with similar risk characteristics;
- knowledge of the current economic and credit conditions and its impact on the historical losses level; and
- the estimated period between a loss occurring and its identification.

The methodology and assumptions used to estimate the future cash flows are reviewed regularly by the Group in order to monitor the differences between estimated and real losses.

Loans, for which no evidence of impairment has been identified, are grouped together based on similar credit risk characteristics for calculating a collective impairment loss. This analysis allows the Group's recognition of losses whose identification in terms individual only occurs in future periods.

In accordance with "Carta-Circular" no. 15/2009 of the Bank of Portugal, loans and advances to customers are charged-off when there is no realistic expectation, from an economic perspective, of recovering the loan amount. For collateralised loans, the charge-off occurs for the unrecoverable amount when the funds arising from the execution of the respective collaterals, for the part of the loans which is collateralised, is effectively received. This charge-off is carried out only for loans that are considered not to be recoverable and fully provided.

d) Financial instruments

(i) Classification, initial recognition and subsequent measurement

1) Financial assets and liabilities at fair value through profit and loss

1a) Financial assets held for trading

The financial assets and liabilities acquired or issued with the purpose of sale or re-acquisition on the short term, namely bonds, treasury bills or shares, or that are part of a financial instruments portfolio and for which there is evidence of a recent pattern of short-term profit taking or that can be included in the definition of derivative (except in the case of a derivative classified as hedging) are classified as trading. The dividends associated to these portfolios are accounted in gains arising on trading and hedging activities.

The interest from debt instruments is recognised as net interest income.

Trading derivatives with a positive fair value are included in Financial assets held for trading and the trading derivatives with negative fair value are included in Financial liabilities held for trading.

1b) Other financial assets and liabilities at fair value through profit and loss ("Fair Value Option")

The Group has adopted the Fair Value Option for certain own bond issues, loans and time deposits that contain embedded derivatives or with related hedging derivatives. The variations of the Group's credit risk related to financial liabilities accounted under the Fair Value Option are disclosed in Net gains / (losses) arising from trading and hedging activities.

The designation of other financial assets and liabilities at fair value through profit and loss is performed whenever at least one of the requirements is fulfilled:

- the assets and liabilities are managed, evaluated and reported internally at its fair value;
- the designation eliminates or significantly reduces the accounting mismatch of the transactions;
- the assets and liabilities include derivatives that significantly change the cash-flows of the original contracts (host contracts).

The financial assets and liabilities at Fair Value Option are initially accounted at their fair value, with the expenses or income related to the transactions being recognised in profit and loss and subsequently measured at fair value through profit and loss. The accrual of interest and premium/discount (when applicable) is recognised in Net interest income according to the effective interest rate of each transaction, as well as for accrual of interest of derivatives associated to financial instruments classified as Fair Value Option.

2) Financial assets available for sale

Financial assets available for sale held with the purpose of being maintained by the Group, namely bonds, treasury bills or shares, are classified as available for sale, except if they are classified in another category of financial assets. The financial assets available for sale are initially accounted at fair value, including all expenses or income associated with the transactions. The financial assets available for sale are subsequently measured at fair value. The changes in fair value are accounted for against fair value reserves until they are sold or an impairment loss exists. On disposal of the financial assets available for sale, the accumulated gains or losses recognised as fair value reserves are recognised under Net gains / (losses) arising from available for sale financial assets. Interest income from debt instruments is recognised in Net interest income based on the effective interest rate, including a premium or discount when applicable. Dividends are recognised in the income statement when the right to receive the dividends is attributed.

BANCO COMERCIAL PORTUGUÊS
Notes to the Consolidated Financial Statements
31 December, 2014

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.

BANCO COMERCIAL PORTUGUÊS
Notes to the Consolidated Financial Statements
31 December, 2014

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 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.

BANCO COMERCIAL PORTUGUÊS
Notes to the Consolidated Financial Statements
31 December, 2014

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.

BANCO COMERCIAL PORTUGUÊS
Notes to the Consolidated Financial Statements
31 December, 2014

l) Finance lease transactions

At the lessee's perspective, finance lease transactions are recorded as an asset and liability at fair value of the leased asset, which is equivalent to the present value of the future lease payments. Lease rentals are a combination of the financial charge and the amortisation of the capital outstanding. The financial charge is allocated to the periods during the lease term to produce a constant periodic rate of interest on the remaining liability balance for each period.

At the lessor's perspective, assets held under finance leases are recorded in the balance sheet as a receivable at an amount equal to the net investment in the lease. Lease rentals are a combination of the financial income and amortization of the capital outstanding. Recognition of the financial result reflects a constant periodical return rate over the remaining net investment of the lessor.

m) Interest income and expense

Interest income and expense for financial instruments measured at amortised cost are recognised in the interest income or expenses (net interest income) through the effective interest rate method. The interest related to financial assets available for sale calculated at the effective interest rate method are also recognised in net interest income as well as those from assets and liabilities at fair value through profit and loss.

The effective interest rate is the rate that discounts estimated future cash payments or receipts through the expected life of the financial instrument (or, when appropriate, for a shorter period), to the net carrying amount of the financial asset or financial liability.

When calculating the effective interest rate, the Group estimates future cash flows considering all contractual terms of the financial instrument (for example: early payment options) but without considering future impairment losses. The calculation includes all fees paid or received considered as included in the effective interest rate, transaction costs and all other premiums or discounts directly related with the transaction, except for assets and liabilities at fair value through profit and loss.

If a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is recognised based on the interest rate used to discount the future cash flows for the purpose of measuring the impairment loss.

Specifically regarding the accounting policy for interest on overdue loans' portfolio, 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.

BANCO COMERCIAL PORTUGUÊS
Notes to the Consolidated Financial Statements
31 December, 2014

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:

	<u>Number of years</u>
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.

BANCO COMERCIAL PORTUGUÊS
Notes to the Consolidated Financial Statements
31 December, 2014

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 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 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 2014, 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.

BANCO COMERCIAL PORTUGUÊS
Notes to the Consolidated Financial Statements
31 December, 2014

Share based compensation plan

As at 31 December 2014 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. 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. The Group controls its activity through the following major operating segments:

Portugal

- Retail Banking (including ActivoBank);
- Companies (including Companies and Corporate and Investment Banking);
- Asset management and 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) on the Bank's Restructuring Plan, in particular the implementation of a new approach to the asset management business, and according to IFRS 5, the activity of Millennium bcp Gestão de Activos was classified as discontinued operations during 2013, with the impact on results of these operations from this date onwards presented on a separate line item in the profit and loss account, defined as "income arising from discontinued operations". At the consolidated balance sheet level, the assets, liabilities and results of Millennium bcp Gestão de Activos continue to be consolidated under the full method of consolidation, as it was considered in the consolidated financial statements as at 31 December 2013.

Additionally, following the sale of the total shareholding in Banca Millennium in Romania, this subsidiary was classified as discontinued operation as at 31 December 2014, 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 2013 and 2014. However, at the consolidated balance sheet level, considering that the sale transaction was completed during the preparation of the 2014 financial statements and that the conditions for its derecognition were met, the assets and liabilities of Banca Millennium in Romania are not considered as at 31 December 2014, whereas as at 31 December 2013 there was no change in the criteria considered in the consolidated financial statements. Banca Millennium 2014's results were fully appropriated by the Group.

BANCO COMERCIAL PORTUGUÊS
Notes to the Consolidated Financial Statements
31 December, 2014

Taking into account the sale of the entire share capital of Millennium bank in Greece, concluded on 19 June 2013, Millennium bank in Greece was classified as a discontinued operation, during 2013, and the results obtained till that date presented on a separate line item in the profit and loss account, defined as “Income arising from discontinued operations”.

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.

BANCO COMERCIAL PORTUGUÊS
Notes to the Consolidated Financial Statements
31 December, 2014

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 judgements in applying accounting policies

IFRS set forth a range of accounting treatments that require the Executive Committee and management to apply judgment and make estimates in deciding which treatment is most appropriate. The most significant of these accounting policies are discussed in this section in order to improve understanding of how their application affects the Group's reported results and related disclosure.

Considering that in some cases there are several alternatives to the accounting treatment chosen by the Executive Committee, the Group's reported results would differ if a different treatment was chosen. The Executive Committee believes that the choices made are appropriate and that the financial statements present the Group's financial position and results fairly in all material aspects.

The alternative outcomes discussed below are presented solely to assist the reader in understanding the financial statements and are not intended to suggest that other alternatives or estimates would be more appropriate.

Impairment of financial assets available for-sale

The Group determines that financial assets available for-sale are impaired when there has been a significant or prolonged decrease in the fair value below its acquisition cost. This determination of what is significant or prolonged requires judgment. In making this judgment, the Group evaluates among other factors, the volatility in the prices of the financial assets. According to the Group's policies, 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.

BANCO COMERCIAL PORTUGUÊS
Notes to the Consolidated Financial Statements
31 December, 2014

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.

BANCO COMERCIAL PORTUGUÊS
Notes to the Consolidated Financial Statements
31 December 2014

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 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:

	2014	2013
	Euros '000	Euros '000
Net interest income	1,116,151	848,087
Net gains / (losses) from trading and hedging assets	154,247	80,385
Net gains / (losses) from financial assets available for sale	302,407	184,065
Net gains / (losses) from financial assets held to maturity	(14,492)	(278)
	<u>1,558,313</u>	<u>1,112,259</u>

3. Net interest income

The amount of this account is comprised of:

	2014	2013
	Euros '000	Euros '000
<i>Interest and similar income</i>		
Interest on loans and advances	2,039,661	2,173,969
Interest on trading securities	17,300	20,518
Interest on available for sale financial assets	289,507	321,617
Interest on held to maturity financial assets	116,246	121,166
Interest on hedging derivatives	112,426	133,684
Interest on derivatives associated to financial instruments through profit and loss account	29,925	3,598
Interest on deposits and other investments	47,573	58,360
	<u>2,652,638</u>	<u>2,832,912</u>
<i>Interest expense and similar charges</i>		
Interest on deposits and inter-bank funding	896,740	1,149,593
Interest on securities sold under repurchase agreement	10,318	15,242
Interest on securities issued	353,512	460,074
Interest on subordinated debt		
Hybrid instruments eligible as core tier 1 (CoCos)		
underwritten by the Portuguese State	180,027	269,009
Others	66,986	64,183
Interest on hedging derivatives	14,829	18,870
Interest on derivatives associated to financial instruments through profit and loss account	14,075	7,854
	<u>1,536,487</u>	<u>1,984,825</u>
	<u>1,116,151</u>	<u>848,087</u>

The balance Interest on loans and advances includes the amount of Euros 56,290,000 (2013: Euros 67,689,000) related to commissions and other gains accounted for under the effective interest method, as referred in the accounting policy described in note 1 m).

The balance Interest and similar income includes, the amount of Euros 229,343,000 (2013: Euros 306,116,000) related with interest income arising from customers with signs of impairment (individual and parametric analysis).

The balances Interest on securities issued and Interest on subordinated debt include the amount of Euros 149,984,000 (2013: Euros 195,743,000) related to commissions and other costs accounted for under the effective interest method, as referred in the accounting policy described in note 1 m).

BANCO COMERCIAL PORTUGUÊS
Notes to the Consolidated Financial Statements
31 December 2014

4. Dividends from equity instruments

The amount of this account is comprised of:

	2014	2013
	Euros '000	Euros '000
Dividends from financial assets available for sale	5,886	3,678
Dividends from financial assets held for trading	2	2
	<u>5,888</u>	<u>3,680</u>

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:

	2014	2013
	Euros '000	Euros '000
<i>Fees and commissions received</i>		
From guarantees	83,290	98,642
From credit and commitments	1,910	1,112
From banking services	460,515	426,371
From insurance activity	1,413	1,386
From securities operations	106,645	101,344
From management and maintenance of accounts	76,611	72,708
From fiduciary and trust activities	1,279	1,405
From other services	80,518	144,889
	<u>812,181</u>	<u>847,857</u>
<i>Fees and commissions paid</i>		
From guarantees	26,129	66,364
From banking services	84,032	94,301
From insurance activity	1,611	1,151
From securities operations	9,637	9,958
From other services	9,887	13,109
	<u>131,296</u>	<u>184,883</u>
	<u>680,885</u>	<u>662,974</u>

The balance Fees and commissions received - From banking services includes the amount of Euros 72,742,000 (2013: Euros 72,493,000) related to insurance mediation commissions.

The caption Fees and commissions expenses - From guarantees includes the amount of Euros 22,689,000 (2013: Euros 60,088,000) related to commissions paid relating the issues guaranteed given by the Portuguese State.

BANCO COMERCIAL PORTUGUÊS
Notes to the Consolidated Financial Statements
31 December 2014

6. Net gains / (losses) arising from trading and hedging activities

The amount of this account is comprised of:

	2014 Euros '000	2013 Euros '000
<i>Gains arising on trading and hedging activities</i>		
Foreign exchange activity	1,148,545	892,791
Transactions with financial instruments recognised at fair value through profit and loss account		
Held for trading		
Securities portfolio		
Fixed income	43,199	27,750
Variable income	4,193	796
Certificates and structured securities issued	71,834	49,495
Derivatives associated to financial instruments through profit and loss account	56,592	34,040
Other financial instruments derivatives	608,490	1,518,218
Other financial instruments through profit and loss account	14,142	5,371
Repurchase of own issues	40,482	3,800
Hedging accounting		
Hedging derivatives	75,809	80,386
Hedged item	29,440	37,150
Other activity	25,830	27,594
	<u>2,118,556</u>	<u>2,677,391</u>
<i>Losses arising on trading and hedging activities</i>		
Foreign exchange activity	1,050,021	782,325
Transactions with financial instruments recognised at fair value through profit and loss account		
Held for trading		
Securities portfolio		
Fixed income	7,881	22,888
Variable income	1,051	2,498
Certificates and structured securities issued	69,039	86,769
Derivatives associated to financial instruments through profit and loss account	66,557	23,930
Other financial instruments derivatives	640,778	1,426,094
Other financial instruments through profit and loss account	14,668	20,616
Repurchase of own issues	1,783	6,917
Hedging accounting		
Hedging derivatives	47,503	118,313
Hedged item	48,506	7,297
Other activity	16,522	99,359
	<u>1,964,309</u>	<u>2,597,006</u>
	<u>154,247</u>	<u>80,385</u>

The caption Net gains arising from trading and hedging activities includes, in 2014, for Deposits from customers - Deposits at fair value through profit and loss, a loss of Euros 4,462,000 (2013: gain of Euros 1,451,000) related with the fair value changes arising from changes in own credit risk (spread), as referred in note 35.

This caption also includes in 2014, for Debt securities at fair value through profit and loss, a gain of Euros 632,000 (2013: loss of Euros 6,446,000) and for derivatives associated to financial instruments a loss of Euros 11,345,000 (2013: Euros 1,778,000), related with the fair value changes arising from changes in own credit risk (spread), as referred in note 36.

The caption Gains arising on trading and hedging activities - Other financial instruments derivatives included, in 2013, the amount of Euros 39,764,000 related with the gain on Piraeus Bank's warrants. The acquisition of these warrants occurred under the process of disposal of the total shares of Millennium Bank (Greece).

The result of repurchases of own issues is determined in accordance with the accounting policy described in note 1 d).

BANCO COMERCIAL PORTUGUÊS
Notes to the Consolidated Financial Statements
31 December 2014

7. Net gains / (losses) arising from financial assets available for sale

The amount of this account is comprised of:

	2014	2013
	Euros '000	Euros '000
<i>Gains arising from financial assets available for sale</i>		
Fixed income	302,828	77,906
Variable income	7,749	130,634
<i>Losses arising from financial assets available for sale</i>		
Fixed income	(6,659)	(7,259)
Variable income	(1,511)	(17,216)
	<u>302,407</u>	<u>184,065</u>

The caption Gains arising from financial assets available for sale - Fixed income - includes, in 2014, the amount of Euros 291,048,000 (2013: Euros 62,127,000) related to gains resulting from the sale of Portuguese public debt.

The caption Gains arising from financial assets available for sale - variable income - included, in 2013, the amount of Euros 127,882,000 related to the gain arising from the disposal of the shareholding held in Piraeus Bank. This acquisition occurred in 2013 in the procedure for the sale of the entire share capital of Millennium Bank (Greece) to Piraeus Bank.

8. Net gains / (losses) arising from financial assets held to maturity

The amount of this account is comprised of:

	2014	2013
	Euros '000	Euros '000
Losses arising from financial assets held to maturity	<u>(14,492)</u>	<u>(278)</u>

9. Other operating income / (costs)

The amount of this account is comprised of:

	2014	2013
	Euros '000	Euros '000
<i>Operating income</i>		
Income from services	29,291	31,868
Cheques and others	15,167	15,210
Other operating income	2,107	7,399
	<u>46,565</u>	<u>54,477</u>
<i>Operating costs</i>		
Indirect taxes	11,963	23,266
Donations and contributions	4,026	4,393
Specific contribution for the banking sector	37,195	30,919
Specific contribution for the resolution fund	8,016	13,236
Other operating expenses	38,665	38,290
	<u>99,865</u>	<u>110,104</u>
	<u>(53,300)</u>	<u>(55,627)</u>

The caption Specific contribution for the banking sector is estimated according to the terms of the Decree-Law no. 55-A/2010. The determination of the amount payable is based on: (i) the annual average liabilities deducted by core capital (Tier 1) and supplementary (Tier 2) and deposits covered by the Deposit Guarantee Fund, and (ii) the off-balance notional amount of derivatives.

The caption Specific contribution for the resolution fund corresponds to mandatory contributions to the Fund in accordance with Decree-Law no. 24/2013. These contributions are calculated according to a specific rate set annually and applied to the liabilities of the institutions, with the exception of provisions, revaluation of derivative financial instruments, deferred income and liabilities by assets not derecognised in securitization transactions.

BANCO COMERCIAL PORTUGUÊS
Notes to the Consolidated Financial Statements
31 December 2014

10. Staff costs

The amount of this account is comprised of:

	2014	2013
	Euros '000	Euros '000
Salaries and remunerations	485,880	499,196
Mandatory social security charges		
BCP Pension Fund		
Service cost	(4,376)	(8,489)
Interest cost / (income)	3,101	(690)
Impact of the decrease of the changing of the calculation formula of the Death Subsidy DL 13/2013 and 133/2012	-	(7,453)
Other	(160)	8,042
	(1,435)	(8,590)
Other mandatory social security charges	110,344	115,340
	108,909	106,750
Voluntary social security charges	31,969	40,287
Seniority premium	3,905	4,467
Other staff costs	4,953	116,763
	<u>635,616</u>	<u>767,463</u>

Considering that the remuneration of the members of the Executive Committee intends to compensate the functions that are performed directly in the Bank and all other functions on subsidiaries or other companies for which they have been designated by indication or representing the Bank, in the last case, the net amount of the remunerations annually received by each member is deducted to the fixed annual remuneration attributed by the Bank.

The remunerations paid to the members of the Executive Committee in 2014 amounts to Euros 2,080,000 (2013: Euros 2,219,000), of which Euros 101,000 (2013: Euros 85,000) were paid by subsidiaries or companies whose governing bodies represent interests in the Group. During 2014 and 2013, no variable remuneration was attributed to the members of the Executive Committee.

During 2014, for members of the Executive Committee, the costs with Social Security amounts to Euros 468,000 (2013: Euros 401,000) and the contributions to the Pension Fund amounts to Euros 727,000 (2013: Euros 313,000).

The remunerations paid to key management personnel in 2014, amount to Euros 7,757,000 (2013: Euros 8,033,000), being also supported costs with contributions with Social Security in the amount of Euros 1,918,000 (2013: Euros 1,981,000), Pension Fund in the amount of Euros 43,000 (2013: Euros - 154,000) and seniority premium in the amount of Euros 181,000 (2013: Euro 72,000).

For members of the non-executive Board of Directors were paid in the 2014, fixed remunerations of Euros 577,000 (2013: Euros 599,000) and the costs incurred with contributions to the Social Security amounted to Euros 152,000 (2013: Euros 110,000).

The balance Mandatory social security charges also included in 2013, a gain of Euros 7,453,000 arising from the change in the calculation method of the death subsidy in accordance with the publication on 25 January 2013, of the Decree-Law no. 13/2013, which introduces changes in the calculation of the referred subsidy.

The average number of employees by professional category, at service in the Group, is analysed as follows by category:

	2014	2013
Portugal		
Top Management	1,152	1,223
Intermediary Management	1,807	1,795
Specific/Technical functions	3,185	3,290
Other functions	2,172	2,490
	8,316	8,798
Abroad	9,623	10,075
	<u>17,939</u>	<u>18,873</u>

BANCO COMERCIAL PORTUGUÊS
Notes to the Consolidated Financial Statements
31 December 2014

11. Other administrative costs

The amount of this account is comprised of:

	2014	2013
	Euros '000	Euros '000
Water, electricity and fuel	19,571	20,065
Consumables	5,852	5,667
Rents	114,721	122,563
Communications	28,280	29,461
Travel, hotel and representation costs	9,831	9,599
Advertising	31,763	27,732
Maintenance and related services	29,797	30,936
Credit cards and mortgage	5,159	4,999
Advisory services	12,551	17,432
Information technology services	20,822	19,373
Outsourcing	76,074	81,084
Other specialised services	30,064	30,322
Training costs	1,732	1,478
Insurance	5,146	5,073
Legal expenses	7,328	7,363
Transportation	10,958	10,939
Other supplies and services	38,802	35,567
	<u>448,451</u>	<u>459,653</u>

The caption Rents includes the amount of Euros 96,745,000 (2013: Euros 104,248,000) related to rents paid regarding buildings used by the Group as lessee.

The Group has various operating lease for properties and vehicles. The payments under these leases are recognised in the statement of income during the life of the contract. The minimum future payments relating to operating leases not revocable, by maturity, are as follows:

	2014			2013		
	Properties	Vehicles	Total	Properties	Vehicles	Total
	Euros '000	Euros '000	Euros '000	Euros '000	Euros '000	Euros '000
Until 1 year	68,982	1,844	70,826	79,058	2,853	81,911
1 to 5 years	117,198	1,564	118,762	115,850	2,939	118,789
Over 5 years	17,816	7	17,823	22,352	-	22,352
	<u>203,996</u>	<u>3,415</u>	<u>207,411</u>	<u>217,260</u>	<u>5,792</u>	<u>223,052</u>

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, is as follows:

	2014	2013
	Euros '000	Euros '000
Legal certification	2,598	2,935
Other assurance services	1,143	853
Other services	919	507
	<u>4,660</u>	<u>4,295</u>

BANCO COMERCIAL PORTUGUÊS
Notes to the Consolidated Financial Statements
31 December 2014

12. Depreciation

The amount of this account is comprised of:

	2014 Euros '000	2013 Euros '000
<i>Intangible assets:</i>		
Software	13,884	15,057
Other intangible assets	361	169
	<u>14,245</u>	<u>15,226</u>
<i>Property, plant and equipment:</i>		
Land and buildings	27,520	27,312
Equipment		
Furniture	1,971	2,287
Machinery	2,257	2,376
Computer equipment	8,441	10,624
Interior installations	2,305	2,545
Motor vehicles	4,062	3,407
Security equipment	2,464	1,969
Other equipment	2,277	2,376
Other tangible assets	1	1
	<u>51,298</u>	<u>52,897</u>
	<u>65,543</u>	<u>68,123</u>

13. Loans impairment

The amount of this account is comprised of:

	2014 Euros '000	2013 Euros '000
<i>Loans and advances to credit institutions:</i>		
For overdue loans and credit risks		
Impairment charge for the year	2	21
Write-back for the year	(4)	(1)
	<u>(2)</u>	<u>20</u>
<i>Loans and advances to customers:</i>		
For overdue loans and credit risks		
Impairment charge for the year	1,420,435	1,868,213
Write-back for the year	(297,813)	(1,030,913)
Recovery of loans and interest charged-off	(15,630)	(16,493)
	<u>1,106,992</u>	<u>820,807</u>
	<u>1,106,990</u>	<u>820,827</u>

The caption Loans impairment is related to an estimate of the incurred losses determined according with the methodology for a regular evaluation of objective evidence of impairment, as described in note 1 c).

14. Other financial assets impairment

The amount of this account is comprised of:

	2014 Euros '000	2013 Euros '000
Impairment for financial assets available for sale		
Charge for the year	91,345	102,193

The caption Impairment for 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 79,907,000 (2013: Euros 22,191,000), namely related to the investments held in restructuring funds, as described in note 58.

During 2013, under the process of disposal of the entire share capital of Millennium Bank (Greece), the Group acquired an investment in Piraeus Bank. The caption Impairment for financial assets available for sale in 2013, included the amount of Euros 80,000,000 related to the impairment recognised in this investment which was estimated at the date of acquisition, taking into account the share price and the expectation of its future evolution regarding the future situation of Greece. As referred in note 7, this investment was sold during 2013 and the referred impairment was written off.

BANCO COMERCIAL PORTUGUÊS
Notes to the Consolidated Financial Statements
31 December 2014

15. Other provisions

The amount of this account is comprised of:

	2014	2013
	Euros '000	Euros '000
Provision for guarantees and other commitments		
Charge for the year	52,245	124,822
Write-back for the year	(14,198)	(14,659)
	<u>38,047</u>	<u>110,163</u>
Other provisions for liabilities and charges		
Charge for the year	44,688	41,596
Write-back for the year	(1,262)	(1,700)
	<u>43,426</u>	<u>39,896</u>
	<u><u>81,473</u></u>	<u><u>150,059</u></u>

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:

	2014	2013
	Euros '000	Euros '000
Banque BCP, S.A.S.	2,770	2,943
Banque BCP (Luxembourg), S.A.	82	(73)
Millenniumbcp Ageas Grupo Segurador, S.G.P.S., S.A.	35,818	50,207
SIBS, S.G.P.S., S.A.	2,874	2,066
Unicre - Instituição Financeira de Crédito, S.A.	1,664	3,829
VSC - Aluguer de Veículos Sem Condutor, Lda.	599	242
Other companies	(7,847)	3,046
	<u>35,960</u>	<u>62,260</u>

17. Gains / (losses) arising from the sale of subsidiaries and other assets

The amount of this account is comprised of:

	2014	2013
	Euros '000	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	-
Partial disposal of the investment held in Banque BCP (Luxembourg), S.A.	-	962
Other assets	(23,945)	(37,721)
	<u>45,445</u>	<u>(36,759)</u>

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. corresponds 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, as referred in note 48. This operation was carried out with Ageas international insurance Group.

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.

As at 31 December 2013, the caption Partial disposal of the investment held in Banque BCP (Luxembourg) S.A. corresponded to the gain generated on the sale of 10% of the investment held in the associated company, which occurred in June 2013.

BANCO COMERCIAL PORTUGUÊS
Notes to the Consolidated Financial Statements
31 December 2014

18. (Loss) / income arising from discontinued operations

The amount of this account is comprised of:

	2014	2013
	Euros '000	Euros '000
Net (loss) / income before income tax appropriated		
Millennium Bank (Greece)	-	(98,773)
Millennium bcp Gestão de Activos - Sociedade Gestora de Fundos de Investimento, S.A.	3,642	2,708
Banca Millennium S.A.	(13,867)	(7,847)
Gains arising from the sale of Banca Millennium (Romania)	(31,761)	-
Gains arising from the sale of Millennium Bank (Greece)	-	32,125
Others	109	435
	<u>(41,877)</u>	<u>(71,352)</u>
Taxes		
Millennium Bank (Greece)	-	25,254
Millennium bcp Gestão de Activos - Sociedade Gestora de Fundos de Investimento, S.A.	(991)	(739)
Banca Millennium S.A.	2,056	1,900
Others	(18)	(67)
	<u>1,047</u>	<u>26,348</u>
	<u><u>(40,830)</u></u>	<u><u>(45,004)</u></u>

As referred in note 48, the sale of Banca Millennium was completed on the 8 January 2015. Considering that on the 31 December 2014 the control has been ceded and the risks transferred, the Group no longer consolidates this institution..

19. Earnings per share

The earnings per share are calculated as follows:

	2014	2013
	Euros '000	Euros '000
Net (loss) / income from continuing operations	(185,790)	(695,446)
(Loss) / income arising from discontinued operations	(40,830)	(45,004)
Net (loss) / income	<u>(226,620)</u>	<u>(740,450)</u>
Average number of shares	42,829,744,183	33,959,527,416
Basic earnings per share (Euros):		
from continuing operations	(0.004)	(0.021)
from discontinued operations	(0.001)	(0.001)
	<u>(0.005)</u>	<u>(0.022)</u>
Diluted earnings per share (Euros)		
from continuing operations	(0.004)	(0.021)
from discontinued operations	(0.001)	(0.001)
	<u>(0.005)</u>	<u>(0.022)</u>

The Bank's share capital, amounts to Euros 3,706,690,253.08 and is represented by 54,194,709,415 ordinary, book-entry and nominate shares, without nominal value, which is fully paid.

On 24 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 2014 and 2013 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, by presenting an antidilutive effect on the financial years 2014 and 2013.

BANCO COMERCIAL PORTUGUÊS
Notes to the Consolidated Financial Statements
31 December, 2014

20. Cash and deposits at Central Banks

This balance is analysed as follows:

	2014	2013
	Euros '000	Euros '000
Cash	602,810	679,700
Central Banks		
Bank of Portugal	194,459	1,162,198
Central Banks abroad	910,178	1,097,765
	<u>1,707,447</u>	<u>2,939,663</u>

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:

	2014	2013
	Euros '000	Euros '000
Credit institutions in Portugal	8,760	6,027
Credit institutions abroad	591,061	850,029
Amounts due for collection	195,953	197,974
	<u>795,774</u>	<u>1,054,030</u>

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:

	2014	2013
	Euros '000	Euros '000
Central Banks abroad	87,765	262,267
Credit institutions in Portugal	18,268	36,913
Credit institutions abroad	1,350,046	941,650
	1,456,079	1,240,830
Impairment for other loans and advances to credit institutions	(53)	(202)
	<u>1,456,026</u>	<u>1,240,628</u>

BANCO COMERCIAL PORTUGUÊS
Notes to the Consolidated Financial Statements
31 December, 2014

This balance is analysed by the period to maturity, as follows:

	2014	2013
	Euros '000	Euros '000
Up to 3 months	1,143,977	1,030,710
3 to 6 months	13,651	22,814
6 to 12 months	128,709	14,042
1 to 5 years	169,742	159,849
Over 5 years	-	13,415
	<u>1,456,079</u>	<u>1,240,830</u>

Following the signed agreements of derivative financial transactions with institutional counterparties, the Group has the amount of Euros 702,356,000 (31 December 2013: Euros 501,396,000) of Loans and advances to credit institutions granted as collateral on the mentioned transactions.

The changes occurred in impairment for other loans and advances to credit institutions are analysed as follows:

	2014	2013
	Euros '000	Euros '000
Balance on 1 January	202	2,358
Transfers	(143)	(350)
Impairment charge for the year	2	21
Write-back for the year	(4)	(1)
Loans charged-off	-	(1,811)
Exchange rate differences	(4)	(15)
Balance on 31 December	<u>53</u>	<u>202</u>

23. Loans and advances to customers

This balance is analysed as follows:

	2014	2013
	Euros '000	Euros '000
Public sector	1,389,373	1,213,574
Asset-backed loans	30,777,956	35,507,371
Personal guaranteed loans	10,069,656	9,134,948
Unsecured loans	3,390,246	2,861,931
Foreign loans	2,543,534	2,630,179
Factoring	1,482,708	1,120,635
Finance leases	3,231,521	3,347,879
	<u>52,884,994</u>	<u>55,816,517</u>
Overdue loans - less than 90 days	94,547	125,202
Overdue loans - Over 90 days	4,188,812	4,280,537
	<u>57,168,353</u>	<u>60,222,256</u>
Impairment for credit risk	(3,482,705)	(3,420,059)
	<u>53,685,648</u>	<u>56,802,197</u>

As at 31 December 2014, the balance Loans and advances to customers includes the amount of Euros 12,951,710,000 (31 December 2013: Euros 13,218,648,000) regarding mortgage loans which are allocated as a collateral for seven asset-back securities, issued by the Group.

The Group, as part of the liquidity risk management, holds a pool of eligible assets that can serve as collateral in funding operations with the European Central Bank and other Central Banks in countries where the Group operates, which include loans and advances to customers.

As referred in note 58, the Group performed a set of sales of loans and advances to customers for Specialized Loan Funds. The total amount of loans sold amounted to Euros 1,358,362,000 (31 December 2013: Euros 1,204,667,000).

As at 31 December 2014, shareholders holding individually or together with their affiliates, 2% or more of the share capital, described in the Executive Board of Directors report, and to which the Group provides loans and/or guarantees represents, in aggregate, 32.2% of the share capital (31 December 2013: 31.8%).

At the end of 2014, loans, guarantees and irrevocable credit lines (excluding interbank and money market transactions) that the Group has made to qualifying shareholders and entities controlled by them, amounts to Euros 351,380,000 (31 December 2013: Euros 673,642,000). 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 783,000 as at 31 December 2014 (31 December 2013: Euros 19,746,000).

BANCO COMERCIAL PORTUGUÊS
Notes to the Consolidated Financial Statements
31 December, 2014

The analysis of loans and advances to customers, by type of credit, is as follows:

	2014	2013
	Euros '000	Euros '000
<i>Loans not represented by securities</i>		
Discounted bills	353,128	371,637
Current account credits	2,543,984	2,605,813
Overdrafts	1,657,598	1,833,990
Loans	15,597,520	16,862,327
Mortgage loans	25,959,333	27,367,062
Factoring	1,482,708	1,120,635
Finance leases	3,231,521	3,347,879
	<u>50,825,792</u>	<u>53,509,343</u>
<i>Loans represented by securities</i>		
Commercial paper	1,729,210	1,829,560
Bonds	329,992	477,614
	<u>2,059,202</u>	<u>2,307,174</u>
	52,884,994	55,816,517
Overdue loans - less than 90 days	94,547	125,202
Overdue loans - Over 90 days	4,188,812	4,280,537
	57,168,353	60,222,256
Impairment for credit risk	<u>(3,482,705)</u>	<u>(3,420,059)</u>
	<u><u>53,685,648</u></u>	<u><u>56,802,197</u></u>

The analysis of loans and advances to customers, by sector of activity, is as follows:

	2014	2013
	Euros '000	Euros '000
Agriculture	429,887	390,165
Mining	207,428	177,689
Food, beverage and tobacco	582,472	509,340
Textiles	487,611	454,475
Wood and cork	221,308	209,747
Paper, printing and publishing	202,393	231,682
Chemicals	660,935	617,703
Machinery, equipment and basic metallurgical	1,018,095	985,780
Electricity, water and gas	1,096,016	1,191,942
Construction	4,097,247	4,502,979
Retail business	1,199,603	1,259,196
Wholesale business	2,165,597	2,059,034
Restaurants and hotels	1,222,994	1,301,132
Transports and communications	1,947,866	2,362,520
Services	10,714,045	12,427,129
Consumer credit	4,037,116	3,583,050
Mortgage credit	25,545,160	26,603,015
Other domestic activities	7,890	6,841
Other international activities	1,324,690	1,348,837
	57,168,353	60,222,256
Impairment for credit risk	<u>(3,482,705)</u>	<u>(3,420,059)</u>
	<u><u>53,685,648</u></u>	<u><u>56,802,197</u></u>

BANCO COMERCIAL PORTUGUÊS
Notes to the Consolidated Financial Statements
31 December, 2014

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
	<u>11,391,376</u>	<u>9,621,991</u>	<u>31,871,627</u>	<u>4,283,359</u>	<u>57,168,353</u>

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
	<u>11,391,376</u>	<u>9,621,991</u>	<u>31,871,627</u>	<u>4,283,359</u>	<u>57,168,353</u>

BANCO COMERCIAL PORTUGUÊS
Notes to the Consolidated Financial Statements
31 December, 2014

The analysis of loans and advances to customers, by maturity and by sector of activity, as at 31 December 2013, is as follows:

	2013				
	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	127,188	146,505	93,839	22,633	390,165
Mining	103,816	60,690	3,644	9,539	177,689
Food, beverage and tobacco	290,409	120,001	67,734	31,196	509,340
Textiles	238,115	75,201	94,139	47,020	454,475
Wood and cork	75,405	49,110	41,530	43,702	209,747
Paper, printing and publishing	57,958	85,235	62,962	25,527	231,682
Chemicals	253,567	132,605	162,106	69,425	617,703
Machinery, equipment and basic metallurgical	465,673	268,199	174,968	76,940	985,780
Electricity, water and gas	159,979	357,318	661,702	12,943	1,191,942
Construction	1,679,250	992,960	595,712	1,235,057	4,502,979
Retail business	486,326	320,834	238,481	213,555	1,259,196
Wholesale business	1,071,745	452,327	294,749	240,213	2,059,034
Restaurants and hotels	200,811	261,516	609,617	229,188	1,301,132
Transports and communications	941,506	656,539	679,961	84,514	2,362,520
Services	5,409,705	2,213,526	3,707,896	1,096,002	12,427,129
Consumer credit	802,604	1,251,234	886,075	643,137	3,583,050
Mortgage credit	71,518	257,284	26,027,807	246,406	26,603,015
Other domestic activities	23	23	3	6,792	6,841
Other international activities	533,409	296,782	446,696	71,950	1,348,837
	<u>12,969,007</u>	<u>7,997,889</u>	<u>34,849,621</u>	<u>4,405,739</u>	<u>60,222,256</u>

The analysis of loans and advances to customers, by type of credit and by maturity, as at 31 December 2013, is as follows:

	2013				
	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	983,967	108,356	121,251	1	1,213,575
Asset-backed loans	4,591,472	4,347,954	26,567,945	2,195,048	37,702,419
Personal guaranteed loans	2,840,729	1,784,142	4,510,077	766,502	9,901,450
Unsecured loans	2,025,186	492,512	344,233	968,225	3,830,156
Foreign loans	1,108,999	284,314	1,236,866	131,217	2,761,396
Factoring	1,120,172	463	-	34,012	1,154,647
Finance leases	298,482	980,148	2,069,249	310,734	3,658,613
	<u>12,969,007</u>	<u>7,997,889</u>	<u>34,849,621</u>	<u>4,405,739</u>	<u>60,222,256</u>

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 BCP Group refer to mortgage loans, consumer loans, leases, commercial paper and corporate loans. The securitization transactions are set through specifically created SPE. As referred in accounting policy 1 b), when the substance of the relationships with the SPEs indicates that the Group holds control of its activities, the SPE are fully consolidated.

BANCO COMERCIAL PORTUGUÊS
Notes to the Consolidated Financial Statements
31 December, 2014

The balance Loans and advances to customers includes the following amounts related to securitization transactions, presented by type of transaction:

	Traditional	
	2014	2013
	Euros '000	Euros '000
Mortgage loans	641,456	697,184
Consumer loans	-	108,932
Leases	-	509,735
Corporate loans	-	2,122,436
	641,456	3,438,287

During 2014, securitization transactions Nova Finance No. 4, Tagus Leasing No.1 and Caravela SME No. 2 were settled. As at 31 December 2014, the securitization operations remaining 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 455,807,000 and the nominal value of liabilities amounts to Euros 472,061,000.

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 185,649,000 and the nominal value of liabilities amounts to Euros 200,632,000.

Caravela SME No. 3

The synthetic securitization "Caravela SME No.3" amounts to Euros 2,388,747,000.

Caravela SME No. 4

The synthetic securitization "Caravela SME No.4" amounts to Euros 1,010,209,000.

The Group's credit portfolio, which includes further than loans to customers, the guarantees granted and commitments to third parties, split between impaired and non impairment loans is analysed as follows:

	2014	2013
	Euros '000	Euros '000
Total loans	62,651,250	65,750,346
<i>Loans and advances to customers with impairment</i>		
<i>Individually significant</i>		
Gross amount	7,897,946	8,968,050
Impairment	(2,455,958)	(2,472,274)
	5,441,988	6,495,776
<i>Parametric analysis</i>		
Gross amount	3,616,411	4,403,868
Impairment	(1,077,572)	(979,007)
	2,538,839	3,424,861
Loans and advances to customers without impairment	51,136,893	52,378,428
Impairment (IBNR)	(199,333)	(180,543)
	58,918,387	62,118,522

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 5,482,897,000 (31 December 2013: Euros 5,528,090,000).

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 250,157,000 (31 December 2013 Euros 211,765,000).

BANCO COMERCIAL PORTUGUÊS
Notes to the Consolidated Financial Statements
31 December, 2014

The fair values of collaterals related to the loan portfolios, is analysed as follows:

	2014	2013
	Euros '000	Euros '000
<i>Loans and advances to customers with impairment</i>		
<i>Individually significant</i>		
Securities and other financial assets	1,202,159	1,330,502
Home mortgages	963,133	806,154
Other real estate	2,264,036	2,031,876
Other guarantees	967,525	639,764
	<u>5,396,853</u>	<u>4,808,296</u>
<i>Parametric analysis</i>		
Securities and other financial assets	26,938	46,968
Home mortgages	1,661,317	2,118,534
Other real estate	288,090	435,324
Other guarantees	82,265	156,625
	<u>2,058,610</u>	<u>2,757,451</u>
<i>Loans and advances to customers without impairment</i>		
Securities and other financial assets	2,015,005	2,127,843
Home mortgages	22,797,031	23,722,188
Other real estate	3,266,470	3,914,636
Other guarantees	3,733,437	3,639,842
	<u>31,811,943</u>	<u>33,404,509</u>
	<u>39,267,406</u>	<u>40,970,256</u>

Considering the Group's risk management policy, the amounts shown do not include the fair value of personal guarantees provided by customers with lower risk notation.

The Group is applying physical collaterals and financial guarantees as instruments to mitigate the credit risk. The physical collaterals are mainly mortgages on residential buildings for the mortgage portfolio and other mortgages on other types of buildings related to other types of loans. In order to reflect the market value, these collaterals are regularly reviewed based on independent and certified valuation entities or through the application of evaluation coefficients that reflect the market trends for each specific type of building and geographical area. The financial guarantees are reviewed based on the market value of the respective assets, when available, with the subsequent application of haircuts that reflect the volatility of their prices.

Considering the current real estate and financial markets conditions, the Group continued to negotiate during the first semester of 2014, additional physical and financial collaterals with its customers.

The balance Loans and advances to customers includes the following amounts related to finance leases contracts:

	2014	2013
	Euros '000	Euros '000
Gross amount	3,718,449	3,882,683
Interest not yet due	(486,928)	(534,804)
Net book value	<u>3,231,521</u>	<u>3,347,879</u>

The analysis of financial lease contracts, by type of client, is presented as follows:

	2014	2013
	Euros '000	Euros '000
Individuals		
Home	82,908	86,609
Consumer	36,440	39,442
Others	149,579	163,767
	<u>268,927</u>	<u>289,818</u>
Companies		
Equipment	1,199,975	1,195,108
Mortgage	1,762,619	1,862,953
	<u>2,962,594</u>	<u>3,058,061</u>
	<u>3,231,521</u>	<u>3,347,879</u>

Regarding operational leasing, the Group does not present relevant contracts as lessor.

BANCO COMERCIAL PORTUGUÊS
Notes to the Consolidated Financial Statements
31 December, 2014

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:

	2014	2013
	Euros '000	Euros '000
Agriculture	18,710	2,599
Mining	122	121
Food, beverage and tobacco	5,276	2,560
Textiles	1,227	590
Wood and cork	4,317	1,159
Paper, printing and publishing	3,599	912
Chemicals	1,613	994
Machinery, equipment and basic metallurgical	32,661	26,716
Electricity, water and gas	988	1,400
Construction	51,475	17,607
Retail business	7,796	3,577
Wholesale business	31,760	39,980
Restaurants and hotels	1,995	1,875
Transports and communications	4,822	8,366
Services	75,317	185,524
Consumer credit	92,535	116,379
Mortgage credit	78,159	53,462
Other domestic activities	9	79
Other international activities	11,657	876
	424,038	464,776

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 158,221,000 (31 December 2013: Euros 278,701,000).

Additionally, the portfolio includes loans that, based on the customer's financial difficulties, are subject to a change in the original terms of the contract, in the amount of Euros 4,583,597,000 (31 December 2013: Euros 4,572,260,000) with an impairment of Euros 594,611,000 (31 December 2013: Euros 410,848,000).

The analysis of overdue loans, by sector of activity, is as follows:

	2014	2013
	Euros '000	Euros '000
Agriculture	22,108	22,633
Mining	9,312	9,539
Food, beverage and tobacco	19,214	31,196
Textiles	38,658	47,020
Wood and cork	35,751	43,702
Paper, printing and publishing	12,417	25,527
Chemicals	63,760	69,425
Machinery, equipment and basic metallurgical	74,460	76,940
Electricity, water and gas	15,608	12,943
Construction	1,116,612	1,235,057
Retail business	177,217	213,555
Wholesale business	200,528	240,213
Restaurants and hotels	269,483	229,188
Transports and communications	129,927	84,514
Services	1,121,653	1,096,002
Consumer credit	637,491	643,137
Mortgage credit	295,855	246,406
Other domestic activities	7,269	6,792
Other international activities	36,036	71,950
	4,283,359	4,405,739

BANCO COMERCIAL PORTUGUÊS
Notes to the Consolidated Financial Statements
31 December, 2014

The analysis of overdue loans, by type of credit, is as follows:

	2014	2013
	Euros '000	Euros '000
Public sector	79	1
Asset-backed loans	2,201,562	2,195,048
Personal guaranteed loans	755,769	766,502
Unsecured loans	951,307	968,225
Foreign loans	93,797	131,217
Factoring	33,733	34,012
Finance leases	247,112	310,734
	4,283,359	4,405,739

The changes occurred in impairment for credit risk are analysed as follows:

	2014	2013
	Euros '000	Euros '000
Balance on 1 January	3,420,059	4,242,725
Transfers resulting from changes in the Group's structure	(28,020)	(889,669)
Other transfers	(63,180)	(4,356)
Impairment charge for the year	1,420,435	1,868,213
Write-back for the year	(297,813)	(1,030,913)
Loans charged-off	(969,006)	(753,094)
Exchange rate differences	230	(12,847)
Balance on 31 December	3,482,705	3,420,059

The caption Impairment charge for the year includes the effect of the reinforcement of the impairment made as a result of the Asset Quality Review exercise ("AQR") occurred during the year 2014, made by the European Central Bank.

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:

	2014	2013
	Euros '000	Euros '000
Agriculture	42,398	33,194
Mining	12,186	8,517
Food, beverage and tobacco	19,285	21,787
Textiles	26,145	22,470
Wood and cork	32,237	28,363
Paper, printing and publishing	14,707	38,544
Chemicals	54,057	37,349
Machinery, equipment and basic metallurgical	66,419	54,644
Electricity, water and gas	10,561	6,635
Construction	685,947	722,895
Retail business	139,861	121,375
Wholesale business	193,361	161,330
Restaurants and hotels	151,605	117,792
Transports and communications	113,661	99,748
Services	1,074,482	1,080,805
Consumer credit	414,983	442,295
Mortgage credit	328,891	274,156
Other domestic activities	33,134	20,252
Other international activities	68,785	127,908
	3,482,705	3,420,059

BANCO COMERCIAL PORTUGUÊS
Notes to the Consolidated Financial Statements
31 December, 2014

The impairment for credit risk, by type of credit, is analysed as follows:

	2014	2013
	Euros '000	Euros '000
Public sector	2,002	2,207
Asset-backed loans	1,682,257	1,717,255
Personal guaranteed loans	549,823	501,050
Unsecured loans	925,467	840,920
Foreign loans	110,790	144,869
Factoring	29,512	32,455
Finance leases	182,854	181,303
	<u>3,482,705</u>	<u>3,420,059</u>

The analysis of loans charged-off, by sector of activity, is as follows:

	2014	2013
	Euros '000	Euros '000
Agriculture	1,120	764
Mining	279	1,233
Food, beverage and tobacco	7,497	4,185
Textiles	10,468	9,724
Wood and cork	11,584	15,544
Paper, printing and publishing	27,259	3,038
Chemicals	14,994	19,978
Machinery, equipment and basic metallurgical	13,771	42,503
Electricity, water and gas	188	176
Construction	230,711	105,263
Retail business	50,367	9,668
Wholesale business	49,888	49,987
Restaurants and hotels	14,868	8,308
Transports and communications	16,993	10,920
Services	381,442	301,132
Consumer credit	128,325	79,834
Mortgage credit	6,359	3,919
Other domestic activities	841	1,363
Other international activities	2,052	85,555
	<u>969,006</u>	<u>753,094</u>

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:

	2014	2013
	Euros '000	Euros '000
Asset-backed loans	60,222	124,526
Personal guaranteed loans	41,930	47,083
Unsecured loans	790,391	396,093
Foreign loans	61,582	173,484
Factoring	1,315	759
Finance leases	13,566	11,149
	<u>969,006</u>	<u>753,094</u>

BANCO COMERCIAL PORTUGUÊS
Notes to the Consolidated Financial Statements
31 December, 2014

The analysis of recovered loans and interest, during 2014 and 2013, by sector of activity, is as follows:

	2014	2013
	Euros '000	Euros '000
Agriculture	93	8
Mining	80	3
Food, beverage and tobacco	151	111
Textiles	248	177
Wood and cork	236	201
Paper, printing and publishing	197	393
Chemicals	243	121
Machinery, equipment and basic metallurgical	1,267	104
Electricity, water and gas	25	2
Construction	1,555	3,457
Retail business	692	238
Wholesale business	1,078	1,553
Restaurants and hotels	241	264
Transports and communications	248	990
Services	3,287	1,169
Consumer credit	5,740	6,527
Mortgage credit	-	862
Other domestic activities	190	299
Other international activities	59	14
	15,630	16,493

The analysis of recovered loans and interest during 2014 and 2013, by type of credit, is as follows:

	2014	2013
	Euros '000	Euros '000
Asset-backed loans	-	78
Personal guaranteed loans	981	791
Unsecured loans	14,283	15,269
Foreign loans	294	179
Factoring	-	2
Finance leases	72	174
	15,630	16,493

24. Financial assets held for trading and available for sale

The balance Financial assets held for trading and available for sale is analysed as follows:

	2014	2013
	Euros '000	Euros '000
Bonds and other fixed income securities		
Issued by public entities	5,674,624	6,236,367
Issued by other entities	1,716,746	2,339,516
	7,391,370	8,575,883
Overdue securities	4,083	4,927
Impairment for overdue securities	(4,077)	(4,925)
	7,391,376	8,575,885
Shares and other variable income securities	1,464,597	1,203,203
	8,855,973	9,779,088
Trading derivatives	1,081,492	838,111
	9,937,465	10,617,199

The balance Trading derivatives includes the valuation of the embedded derivatives separated from the host contracts in accordance with the accounting policy 1 d) in the amount of Euros 3,000 (31 December 2013: Euros 944,000).

BANCO COMERCIAL PORTUGUÊS
Notes to the Consolidated Financial Statements
31 December, 2014

The portfolio of financial instruments held for trading and available for sale securities, net of impairment, is analysed as follows:

	2014			2013		
	Securities			Securities		
	Trading	Available	Total	Trading	Available	Total
	Euros '000	for sale	Euros '000	Euros '000	for sale	Euros '000
	Euros '000	Euros '000	Euros '000	Euros '000	Euros '000	Euros '000
<i>Fixed income:</i>						
Bonds issued by public entities						
Portuguese issuers	193,972	1,812,499	2,006,471	180,611	1,683,197	1,863,808
Foreign issuers	291,829	1,948,834	2,240,663	177,530	1,521,656	1,699,186
Bonds issued by other entities						
Portuguese issuers	1,072	884,740	885,812	58	395,311	395,369
Foreign issuers	89,866	745,151	835,017	81,292	1,217,431	1,298,723
Treasury bills and other						
Government bonds	-	1,427,490	1,427,490	-	2,673,373	2,673,373
Commercial paper	-	-	-	-	650,351	650,351
	576,739	6,818,714	7,395,453	439,491	8,141,319	8,580,810
Impairment for overdue securities	-	(4,077)	(4,077)	-	(4,925)	(4,925)
	576,739	6,814,637	7,391,376	439,491	8,136,394	8,575,885
<i>Variable income:</i>						
Shares in Portuguese companies	13,555	83,635	97,190	9,275	61,257	70,532
Shares in foreign companies	187	26,204	26,391	64	22,241	22,305
Investment fund units	1,244	1,338,749	1,339,993	1,371	1,107,228	1,108,599
Other securities	1,023	-	1,023	1,767	-	1,767
	16,009	1,448,588	1,464,597	12,477	1,190,726	1,203,203
<i>Trading derivatives</i>	1,081,492	-	1,081,492	838,111	-	838,111
	1,674,240	8,263,225	9,937,465	1,290,079	9,327,120	10,617,199
Level 1	668,595	5,009,841	5,678,436	542,475	5,712,999	6,255,474
Level 2	991,304	1,782,205	2,773,509	700,184	2,411,089	3,111,273
Level 3	9	1,375,926	1,375,935	37,009	1,142,350	1,179,359
Financial assets at cost	14,332	95,253	109,585	10,411	60,682	71,093

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 2014, the amount of fair value reserves of Euros 177,879,000 (31 December 2013: Euros 113,461,000) is presented net of impairment losses in the amount of Euros 287,106,000 (31 December 2013: Euros 151,535,000).

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, according to note 7, in 2014 were recorded in Gains arising from financial assets available for sale the amount of Euros 935,000 (2013: Euros: 68,000) and Losses arising from financial assets available for sale the amount of Euros 0 (2013: Euros: 16,348,000).

BANCO COMERCIAL PORTUGUÊS
Notes to the Consolidated Financial Statements
31 December, 2014

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
<i>Fixed income:</i>						
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
	<u>6,717,766</u>	<u>(69,571)</u>	<u>6,648,195</u>	<u>150,838</u>	<u>15,604</u>	<u>6,814,637</u>
<i>Variable income:</i>						
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
	<u>1,639,082</u>	<u>(217,535)</u>	<u>1,421,547</u>	<u>27,041</u>	<u>-</u>	<u>1,448,588</u>
	<u>8,356,848</u>	<u>(287,106)</u>	<u>8,069,742</u>	<u>177,879</u>	<u>15,604</u>	<u>8,263,225</u>

The portfolio of financial assets available for sale, as at 31 December 2013, is analysed as follows:

	2013					
	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
<i>Fixed income:</i>						
Bonds issued by public entities						
Portuguese issuers	1,596,944	-	1,596,944	87,409	(1,156)	1,683,197
Foreign issuers	1,516,423	-	1,516,423	5,233	-	1,521,656
Bonds issued by other entities						
Portuguese issuers	422,486	(32,346)	390,140	(83)	329	390,386
Foreign issuers	1,206,607	-	1,206,607	10,824	-	1,217,431
Treasury bills and other						
Government bonds	2,671,036	(14)	2,671,022	2,351	-	2,673,373
Commercial paper	650,351	-	650,351	-	-	650,351
	<u>8,063,847</u>	<u>(32,360)</u>	<u>8,031,487</u>	<u>105,734</u>	<u>(827)</u>	<u>8,136,394</u>
<i>Variable income:</i>						
Shares in Portuguese companies	96,972	(47,192)	49,780	11,477	-	61,257
Shares in foreign companies	26,256	(4,300)	21,956	285	-	22,241
Investment fund units	1,178,946	(67,683)	1,111,263	(4,035)	-	1,107,228
	<u>1,302,174</u>	<u>(119,175)</u>	<u>1,182,999</u>	<u>7,727</u>	<u>-</u>	<u>1,190,726</u>
	<u>9,366,021</u>	<u>(151,535)</u>	<u>9,214,486</u>	<u>113,461</u>	<u>(827)</u>	<u>9,327,120</u>

BANCO COMERCIAL PORTUGUÊS
Notes to the Consolidated Financial Statements
31 December, 2014

The portfolio of financial instruments held for trading and available for sale securities, net of impairment, as at 31 December 2014, by valuation levels, is analysed as follows:

	2014				
	Level 1	Level 2	Level 3	Financial	Total
	Euros '000	Euros '000	Euros '000	instruments at cost	Euros '000
<i>Fixed income:</i>					
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
<i>Variable income:</i>					
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
<i>Trading derivatives</i>	99,053	982,439	-	-	1,081,492
	5,678,436	2,773,509	1,375,935	109,585	9,937,465

The portfolio of financial instruments held for trading and available for sale securities, net of impairment, as at 31 December 2013, by valuation levels, is analysed as follows:

	2013				
	Level 1	Level 2	Level 3	Financial	Total
	Euros '000	Euros '000	Euros '000	instruments at cost	Euros '000
<i>Fixed income:</i>					
Bonds issued by public entities					
Portuguese issuers	1,863,808	-	-	-	1,863,808
Foreign issuers	1,418,635	280,551	-	-	1,699,186
Bonds issued by other entities					
Portuguese issuers	277,951	112,393	-	5,025	395,369
Foreign issuers	369,768	928,955	-	-	1,298,723
Treasury bills and other					
Government bonds	2,216,276	431,611	25,486	-	2,673,373
Commercial paper	-	650,351	-	-	650,351
	6,146,438	2,403,861	25,486	5,025	8,580,810
Impairment for overdue securities	-	-	-	(4,925)	(4,925)
	6,146,438	2,403,861	25,486	100	8,575,885
<i>Variable income:</i>					
Shares in Portuguese companies	6,023	6,912	10,773	46,824	70,532
Shares in foreign companies	64	316	-	21,925	22,305
Investment fund units	257	-	1,106,098	2,244	1,108,599
Other securities	1,767	-	-	-	1,767
	8,111	7,228	1,116,871	70,993	1,203,203
<i>Trading derivatives</i>	100,925	700,184	37,002	-	838,111
	6,255,474	3,111,273	1,179,359	71,093	10,617,199

BANCO COMERCIAL PORTUGUÊS
Notes to the Consolidated Financial Statements
31 December, 2014

As referred in IFRS 13, financial instruments are measured according to the levels of valuation described in note 49.

As mentioned in note 58, the balance Variable income - investment fund units includes the amount of Euros 1,267,071,000 (31 December 2013: Euros 1,040,178,000) 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 2013: Euros 34,610,000) 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.

No reclassifications of financial assets were made during 2014 and 2013.

During 2014 reclassifications were made from level 2 to level 1 in the amount of Euros 79,419,000 related to securities that became complied with the requirements of this level, as described in note 49.

The instruments classified as level 3 have associated gains and unrealized losses in the amount of Euros 25,088,000 (31 December 2013: Euros 1,502,000) recorded in fair value reserves.

The amount of impairment associated to these securities amounts to Euros 152,109,000 as at 31 December 2014 (31 December 2013: Euros 71,950,000) 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 1,337,637,000 (31 December 2013: Euros 1,106,098,000) 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 133,764,000 (31 December 2013: Euros 110,609,000) in Equity (Fair value reserves).

The reclassifications performed in prior years until 31 December 2014, are analysed as follows:

	At the reclassification date		2014		Difference Euros '000
	Book value	Fair value	Book value	Fair value	
	Euros '000	Euros '000	Euros '000	Euros '000	
<i>From Financial assets held for trading to:</i>					
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
<i>From Financial assets available for sale to:</i>					
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	
	Interests	Fair value reserves	Equity
	Euros '000	Euros '000	Euros '000
<i>From Financial assets held for trading to:</i>			
Financial assets available for sale	826	4,411	5,237
Financial assets held to maturity	30,443	-	30,443
<i>From Financial assets available for sale to:</i>			
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 reserves Euros '000	Equity Euros '000
	Fair value changes	Retained earnings		
	Euros '000	Euros '000		
<i>From Financial assets held for trading to:</i>				
Financial assets available for sale	4,411	(2,798)	(1,613)	-
Financial assets held to maturity	81,930	(34,575)	-	47,355
<i>From Financial assets available for sale to:</i>				
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

BANCO COMERCIAL PORTUGUÊS
Notes to the Consolidated Financial Statements
31 December, 2014

As at 31 December 2013, this reclassification is analysed as follows:

	At the reclassification date		2013		
	Book value Euros '000	Fair value Euros '000	Book value Euros '000	Fair value Euros '000	Difference Euros '000
<i>From Financial assets held for trading to:</i>					
Financial assets available for sale	196,800	196,800	13,772	13,772	-
Financial assets held to maturity	2,144,892	2,144,892	982,456	947,881	(34,575)
<i>From Financial assets available for sale to:</i>					
Loans represented by securities	2,713,524	2,713,524	228,183	217,813	(10,370)
Financial assets held to maturity	627,492	627,492	514,668	565,245	50,577
			<u>1,739,079</u>	<u>1,744,711</u>	<u>5,632</u>

The amounts accounted in the income statement and in fair value reserves, as at 31 December 2013, related to reclassified financial assets are analysed as follows:

	Income statement	Changes	
	Interest Euros '000	Fair value reserves Euros '000	Equity Euros '000
<i>From Financial assets held for trading to:</i>			
Financial assets available for sale	824	1,483	2,307
Financial assets held to maturity	35,035	-	35,035
<i>From Financial assets available for sale to:</i>			
Loans represented by securities	6,713	4	6,717
Financial assets held to maturity	<u>12,330</u>	<u>(360)</u>	<u>11,970</u>
	<u>54,902</u>	<u>1,127</u>	<u>56,029</u>

If the reclassifications described previously had not occurred, the additional amounts recognised in equity as at 31 December 2013, would be as follows:

	Income statement		Fair value reserves Euros '000	Equity Euros '000
	Fair value changes Euros '000	Retained earnings Euros '000		
<i>From Financial assets held for trading to:</i>				
Financial assets available for sale	1,483	(4,281)	2,798	-
Financial assets held to maturity	47,344	(81,919)	-	(34,575)
<i>From Financial assets available for sale to:</i>				
Loans represented by securities	-	-	(10,370)	(10,370)
Financial assets held to maturity	<u>-</u>	<u>-</u>	<u>50,577</u>	<u>50,577</u>
	<u>48,827</u>	<u>(86,200)</u>	<u>43,005</u>	<u>5,632</u>

The changes occurred in impairment for financial assets available for sale are analysed as follows:

	2014 Euros '000	2013 Euros '000
Balance on 1 January	151,535	135,870
Transfers resulting from changes in the Group's structure	-	(1,727)
Transfers	52,201	196
Impairment for the year	91,345	102,193
Write-back against fair value reserves	60	(1,177)
Loans charged-off	(8,035)	(83,709)
Exchange rate differences	<u>-</u>	<u>(111)</u>
Balance on 31 December	<u>287,106</u>	<u>151,535</u>

BANCO COMERCIAL PORTUGUÊS
Notes to the Consolidated Financial Statements
31 December, 2014

The analysis of financial assets held for trading and 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
<i>Fixed income:</i>						
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
<i>Variable income:</i>						
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 and available for sale, by maturity, as at 31 December 2013, is as follows:

	2013					
	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
<i>Fixed income:</i>						
Bonds issued by public entities						
Portuguese issuers	-	11,041	1,512,961	339,806	-	1,863,808
Foreign issuers	3,175	113,463	1,515,987	66,561	-	1,699,186
Bonds issued by other entities						
Portuguese issuers	42,372	52	125,865	222,155	4,925	395,369
Foreign issuers	724,200	305,087	92,038	177,396	2	1,298,723
Treasury bills and other						
Government bonds	772,696	1,878,196	14,500	7,981	-	2,673,373
Commercial paper	650,351	-	-	-	-	650,351
	2,192,794	2,307,839	3,261,351	813,899	4,927	8,580,810
Impairment for overdue securities	-	-	-	-	(4,925)	(4,925)
	2,192,794	2,307,839	3,261,351	813,899	2	8,575,885
<i>Variable income:</i>						
Companies' shares						
Portuguese companies					70,532	70,532
Foreign companies					22,305	22,305
Investment fund units					1,108,599	1,108,599
Other securities					1,767	1,767
					1,203,203	1,203,203
	2,192,794	2,307,839	3,261,351	813,899	1,203,205	9,779,088

BANCO COMERCIAL PORTUGUÊS
Notes to the Consolidated Financial Statements
31 December, 2014

The analysis of financial assets held for trading and available for sale by sector of activity, as at 31 December 2014 is as follows:

	2014				
	Bonds	Shares	Other	Overdue	Total
			Financial Assets		
	Euros '000	Euros '000	Euros '000	Euros '000	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 analysis of financial assets held for trading and available for sale by sector of activity as at 31 December 2013 is as follows:

	2013				
	Bonds	Shares	Other	Overdue	Total
			Financial Assets		
	Euros '000	Euros '000	Euros '000	Euros '000	Euros '000
Food, beverage and tobacco	-	-	-	2	2
Textiles	-	5,000	-	-	5,000
Wood and cork	-	501	-	361	862
Paper, printing and publishing	12,822	36	-	998	13,856
Chemicals	-	5	-	-	5
Machinery, equipment and basic metallurgical	-	7	-	-	7
Electricity, water and gas	-	6	-	-	6
Construction	-	1,656	-	2,560	4,216
Wholesale business	-	1,356	-	475	1,831
Restaurants and hotels	-	94	-	-	94
Transport and communications	169,466	11,216	-	529	181,211
Services	2,156,853	72,953	1,108,599	2	3,338,407
Other domestic activities	375	-	-	-	375
Other international activities	-	7	1,767	-	1,774
	2,339,516	92,837	1,110,366	4,927	3,547,646
Government and Public securities	3,562,994	-	2,673,373	-	6,236,367
Impairment for overdue securities	-	-	-	(4,925)	(4,925)
	5,902,510	92,837	3,783,739	2	9,779,088

The 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 where the Group operates, which includes fixed income securities.

BANCO COMERCIAL PORTUGUÊS
Notes to the Consolidated Financial Statements
31 December, 2014

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 agreement	-	608,443	-	608,443	115	
Interest rate swaps	874,722	2,335,806	13,833,535	17,044,063	721,128	
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	-	
Other interest rate contracts	2,389	16,953	105,027	124,369	48,167	
	1,135,511	3,302,793	14,063,368	18,501,672	770,169	
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	
Currency Swaps	2,391,730	201,778	16,089	2,609,597	59,084	
Currency options (purchase)	6,264	1,429	-	7,693	27	
Currency options (sale)	4,846	1,429	-	6,275	-	
	2,676,548	321,151	43,654	3,041,353	64,146	
Shares/debt instruments derivatives:						
OTC Market:						
Shares/indexes swaps	123,731	680,084	1,133,972	1,937,787	4,347	
Shares/indexes options (sale)	13,728	-	2,067	15,795	-	
Others shares/indexes options (purchase)	-	-	-	-	8,316	
	137,459	680,084	1,136,039	1,953,582	12,663	
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	-	
	587,238	301,286	412,176	1,300,700	99,053	
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	
Other credit derivatives (sale)	-	-	14,099	14,099	-	
	5,000	-	2,802,739	2,807,739	135,458	
Total financial instruments traded in:						
OTC Market	3,954,518	4,304,028	18,045,800	26,304,346	982,436	
Stock Exchange	634,023	316,935	412,176	1,363,134	99,053	
Embedded derivatives					3	
	4,588,541	4,620,963	18,457,976	27,667,480	1,081,492	

BANCO COMERCIAL PORTUGUÊS
Notes to the Consolidated Financial Statements
31 December, 2014

The analysis of trading derivatives, by maturity, as at 31 December 2013, is as follows:

	2013					
	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	120,357	-	-	120,357	-	68
Interest rate swaps	1,560,767	2,858,503	15,193,159	19,612,429	626,532	683,534
Interest rate options (purchase)	116,041	15,348	359,597	490,986	3,162	-
Interest rate options (sale)	116,041	15,348	357,686	489,075	-	4,765
Other interest rate contracts	30,500	61,475	152,063	244,038	21,413	21,387
	1,943,706	2,950,674	16,062,505	20,956,885	651,107	709,754
Stock Exchange transactions:						
Interest rate futures	6,585	-	-	6,585	-	-
Currency derivatives:						
OTC Market:						
Forward exchange contract	316,447	88,484	18,338	423,269	4,606	4,600
Currency swaps	1,866,714	122,566	24,060	2,013,340	8,718	24,307
Currency options (purchase)	8,474	17,753	-	26,227	501	-
Currency options (sale)	8,474	18,031	-	26,505	-	535
	2,200,109	246,834	42,398	2,489,341	13,825	29,442
Shares/debt instruments derivatives:						
OTC Market:						
Shares/indexes swaps	156,290	593,253	48,425	797,968	12,336	4,820
Shares/indexes options (purchase)	111	-	2,067	2,178	-	-
Shares/indexes options (sale)	9,883	-	-	9,883	-	-
Debt instruments forwards	30,000	-	-	30,000	-	-
	196,284	593,253	50,492	840,029	12,336	4,820
Stock Exchange transactions:						
Shares futures	238,553	-	-	238,553	-	-
Shares/indexes options (purchase)	61,575	155,957	336,857	554,389	100,925	-
Shares/indexes options (sale)	5,024	16,278	9,005	30,307	-	100,881
	305,152	172,235	345,862	823,249	100,925	100,881
Commodity derivatives:						
Stock exchange transactions:						
Commodities futures	22,714	-	-	22,714	-	-
Credit derivatives:						
OTC Market:						
Credit Default Swaps	21,950	563,100	2,731,474	3,316,524	58,974	23,849
Other credit derivatives (sale)	-	-	24,665	24,665	-	-
	21,950	563,100	2,756,139	3,341,189	58,974	23,849
Total financial instruments traded in:						
OTC Market	4,362,049	4,353,861	18,911,534	27,627,444	736,242	767,865
Stock Exchange	334,451	172,235	345,862	852,548	100,925	100,881
Embedded derivatives					944	784
	4,696,500	4,526,096	19,257,396	28,479,992	838,111	869,530

BANCO COMERCIAL PORTUGUÊS
Notes to the Consolidated Financial Statements
31 December, 2014

25. Hedging derivatives

This balance is analysed as follows:

	2014		2013	
	Assets	Liabilities	Assets	Liabilities
	Euros '000	Euros '000	Euros '000	Euros '000
<i>Hedging instruments</i>				
Swaps	75,325	352,543	104,503	243,373

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 with fixed rate loans and deposits and money market loans. The cash flows hedge model is adopted for future transactions in foreign currency to cover dynamic changes in cash flows from loans granted and variable rate deposits in foreign currency and foreign currency mortgage loans.

The relationships that follow the fair value hedge model recorded ineffectiveness for the year of a positive amount of Euros 9,240,000 (31 December 2013: negative amount of Euros 8,200,000) and the hedging relationships that follow the cash flows model recorded ineffectiveness for the period of a negative amount of Euros 2,373,000 (31 December 2013: negative amount of Euros 2,286,000).

In 2014 and 2013 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	2014	2013
	Euros '000	Euros '000
Loans	3,279	5,736
Deposits	(34,277)	(21,444)
Debt issued	(97,190)	(143,870)
Financial assets held to maturity	-	1,045
	(128,188)	(158,533)

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
Other 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

BANCO COMERCIAL PORTUGUÊS
Notes to the Consolidated Financial Statements
31 December, 2014

The analysis of hedging derivatives portfolio, by maturity, as at 31 December 2013, is as follows:

	2013					
	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	132,568	602,069	4,252,090	4,986,727	50,683	67,538
Cash flow hedging derivatives related to interest rate risk changes:						
OTC Market:						
Interest rate Swaps	730,942	1,706,355	2,799,960	5,237,257	50,324	171,881
Cash flow hedging derivatives related to currency risk changes:						
OTC Market:						
Forward exchange contract	4,900	22,196	13,464	40,560	562	3,583
Hedging derivatives related to net investment in foreign operations:						
OTC Market:						
Interest rate Swaps	-	108,267	364,751	473,018	2,934	371
Total financial instruments						
Traded by:						
OTC Market	868,410	2,438,887	7,430,265	10,737,562	104,503	243,373

26. Financial assets held to maturity

The balance Financial assets held to maturity is analysed as follows:

	2014	2013
	Euros '000	Euros '000
<i>Bonds and other fixed income securities</i>		
Issued by Government and public entities	1,917,366	2,095,199
Issued by other entities	393,815	1,015,131
	<u>2,311,181</u>	<u>3,110,330</u>

As at 31 December 2014, the balance Financial assets held to maturity also includes the amount of Euros 698,421,000 (31 December 2013: Euros 982,456,000) 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 2014, the balance Financial assets held to maturity also includes the amount of Euros 73,151,000 (31 December 2013: Euros 514,668,000) 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.

Following the regulatory changes related to the specific weight of certain assets, for the purposes of risk weighted, the Group sold the securities Mbs Tagus Edp EnergyOn Mbs and Tagus Edp EnergyOn 2, under the scope of paragraph f) of AG 22 IAS 39, considering the applicable framework and to the relevant standards, this situation did not imply the tainting of the remaining portfolio.

The balance Bonds and other fixed income securities - Issued by Government and public entities included as at 31 December 2013, the amount of Euros 1,837,108,000 related to securities of European Union countries in bailout situation, as detailed in note 57.

BANCO COMERCIAL PORTUGUÊS
Notes to the Consolidated Financial Statements
31 December, 2014

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
<i>Issued by Government and public entities</i>						
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
					<u>1,917,366</u>	<u>2,172,301</u>
<i>Issued by other entities</i>						
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
Step 00/05.06.2022 - 100Mios Call	Portugal	June, 2022	0.183%	100,000	98,250	87,365
Semest. a Partir 10Cpn-Min.10Mios						
Ayt Cédulas 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
					<u>393,815</u>	<u>375,451</u>
					<u>2,311,181</u>	<u>2,547,752</u>

As at 31 December 2013, 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
<i>Issued by Government and public entities</i>						
OT 3.5 Pct 10/25.03.2015	Portugal	March, 2015	3.500%	72,511	73,095	73,028
OT 4.20% 06/15.10.2016	Portugal	October, 2016	4.200%	135,000	135,111	137,343
OT 4.45 Pct 08/15.06.2018	Portugal	June, 2018	4.450%	1,436,762	1,415,515	1,446,192
OT 4.75 Pct 09/14.06.2019	Portugal	June, 2019	4.750%	10,000	10,012	9,935
OT 4.8 Pct 10/15.06.2020	Portugal	June, 2020	4.800%	150,000	150,229	146,445
OT 4.95 Pct 08/25.10.2023	Portugal	October, 2023	4.950%	50,000	53,146	46,151
Btps 4.5 Pct 08/01.08.2018 Eur	Italy	August, 2018	4.500%	50,000	50,337	55,172
Irish Govt 4 Pct 09/15.01.2014	Ireland	January, 2014	4.000%	200,000	207,754	207,801
					<u>2,095,199</u>	<u>2,122,067</u>
<i>Issued by other entities</i>						
Banco Esp Santo 09/05.06.2014	Portugal	June, 2014	5.625%	119,250	124,854	124,630
Caixa Geral 3.625 Pct 09/21.07.2014	Portugal	July, 2014	3.625%	35,000	35,654	35,869
Cp Comboios Pt 09/16.10.2019	Portugal	October, 2019	4.170%	75,000	73,430	67,257
Edia Sa 07/30.01.2027	Portugal	January, 2027	0.348%	40,000	38,834	24,254
Mbs Tagus Edp Energyon 2 Class A	Portugal	May, 2025	1.807%	86,410	89,127	99,348
Mbs Tagus Edp Energyon Class A1	Portugal	May, 2025	2.157%	348,543	353,276	399,804
Step 00/05.06.2022- 100Mios Call	Portugal	June, 2022	0.339%	100,000	98,026	68,456
Semest. a Partir 10Cpn-Min.10Mios						
Ayt Cédulas 07/21.03.2017	Spain	March, 2017	4.000%	50,000	50,972	53,647
Mbs Magellan M Series 1 Class A	Ireland	December, 2036	0.817%	106,779	106,818	101,200
Mbs Magellan M Series 1 Class B	Ireland	December, 2036	1.437%	26,300	26,317	15,797
Mbs Magellan M Series 1 Class C	Ireland	December, 2036	2.877%	17,800	17,823	7,347
					<u>1,015,131</u>	<u>997,609</u>
					<u>3,110,330</u>	<u>3,119,676</u>

BANCO COMERCIAL PORTUGUÊS
Notes to the Consolidated Financial Statements
31 December, 2014

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
	<u>83,115</u>	<u>-</u>	<u>1,613,445</u>	<u>614,621</u>	<u>2,311,181</u>

The analysis of Bonds and other fixed income securities portfolio, net of impairment, included in Financial assets held to maturity, by maturity, as at 31 December 2013 is as follows:

	2013				
	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	-	-	1,623,721	213,387	1,837,108
Foreign issuers	207,754	-	50,337	-	258,091
Bonds issued by other entities					
Portuguese issuers	-	160,508	-	652,693	813,201
Foreign issuers	-	-	50,972	150,958	201,930
	<u>207,754</u>	<u>160,508</u>	<u>1,725,030</u>	<u>1,017,038</u>	<u>3,110,330</u>

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:

	2014 Euros '000	2013 Euros '000
Transports and communications	172,060	171,457
Services	221,755	843,674
	<u>393,815</u>	<u>1,015,131</u>
Government and Public securities	1,917,366	2,095,199
	<u>2,311,181</u>	<u>3,110,330</u>

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 where the Group operates, in which are included fixed income securities.

BANCO COMERCIAL PORTUGUÊS
Notes to the Consolidated Financial Statements
31 December, 2014

27. Investments in associated companies

This balance is analysed as follows:

	2014	2013
	Euros '000	Euros '000
Portuguese credit institutions	30,143	29,273
Foreign credit institutions	29,862	27,094
Other Portuguese companies	256,213	515,307
Other foreign companies	7,248	7,216
	<u>323,466</u>	<u>578,890</u>

The balance Investments in associated companies is analysed as follows:

	2014	2013
	Euros '000	Euros '000
Banque BCP, S.A.S.	27,395	24,710
Banque BCP (Luxembourg), S.A.	2,467	2,384
Millenniumbcp Ageas Grupo Segurador, S.G.P.S., S.A.	236,768	497,301
SIBS, S.G.P.S., S.A.	18,090	15,457
Unicre - Instituição Financeira de Crédito, S.A.	30,143	29,273
Other	8,603	9,765
	<u>323,466</u>	<u>578,890</u>

These investments correspond to unquoted companies. According to the accounting policy described in note 1 b), these investments are consolidated by the equity method. The investment held in the associated company Millenniumbcp Ageas Grupo Segurador, S.G.P.S. corresponds to 49% of the share capital of the 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
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. (*)	135,425	56,499	151,863	10,762
Unicre - Instituição Financeira de Crédito, S.A. (*)	317,159	227,463	211,448	9,900
VSC - Aluguer de Veículos Sem Condutor, Lda.	2,959	218	988	1,197
2013				
Banque BCP, S.A.S.	2,077,639	1,953,470	128,947	14,197
Banque BCP (Luxembourg), S.A.	621,718	594,714	16,900	(269)
Millenniumbcp Ageas Grupo Segurador, S.G.P.S., S.A.	11,824,293	10,381,088	870,639	82,896
SIBS, S.G.P.S., S.A.	135,425	56,499	151,863	10,762
Unicre - Instituição Financeira de Crédito, S.A.	317,159	227,463	211,448	9,785
VSC - Aluguer de Veículos Sem Condutor, Lda.	6,701	5,156	5,475	484

(*) - estimated values.

BANCO COMERCIAL PORTUGUÊS
Notes to the Consolidated Financial Statements
31 December, 2014

	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, SA, prepared in accordance with IFRS, modified by the consolidation adjustments:

	2014 Euros '000	2013 Euros '000
Income	962,527	870,639
Net profit for the year	61,489	82,896
Comprehensive income	86,713	58,800
Total comprehensive income	148,202	141,696
Attributable to Shareholders of Millenniumbcp Ageas Grupo Segurador, S.G.P.S., S.A.	148,202	141,696
Financial assets	10,470,412	11,248,658
Non-financial assets	475,125	575,635
Financial liabilities	9,957,766	10,102,554
Non-financial liabilities	149,481	278,534
Equity	838,290	1,443,205
Attributable to Shareholders of Millenniumbcp Ageas Grupo Segurador, S.G.P.S., S.A.	838,290	1,443,205
Value of ownership by BCP on equity of Ageas as at 1 January	497,301	439,595
Other comprehensive income attributable to BCP during the year	39,469	27,016
Dividends received	(169,050)	(19,600)
Appropriation by the BCP in net income of Millenniumbcp Ageas Grupo Segurador, S.G.P.S., S.A.	35,818	50,207
Capital repayment	(110,250)	-
Disposal of Ocidental Seguros and Médis	(56,567)	-
Other adjustments	47	83
Investment held as at 31 December	236,768	497,301

BANCO COMERCIAL PORTUGUÊS
Notes to the Consolidated Financial Statements
31 December, 2014

28. Non-current assets held for sale

This balance is analysed as follows:

	2014	2013
	Euros '000	Euros '000
Subsidiaries acquired exclusively with the purpose of short-term sale	72,710	48,872
Investments, properties and other assets arising from recovered loans	1,810,881	1,830,254
	1,883,591	1,879,126
Impairment	(261,575)	(372,695)
	<u>1,622,016</u>	<u>1,506,431</u>

The assets included in this balance are accounted for in accordance with the accounting policy note 1 k).

The balance Investments, properties and other assets arising from recovered loans includes assets resulting from (i) foreclosure, with an option to repurchase or leaseback, which are accounted following the establishment of the contract or the promise of contract and the respective irrevocable power of attorney issued by the client on behalf of the Bank, or (ii) resolution of leasing contracts.

These assets are available for sale in a period less than one year and the Bank has a strategy for its sale. However, taking into account the actual market conditions, it was not possible in all instances to conclude the sales in the expected time. The strategy of alienation results in an active search of buyers, with the Bank having a website that advertises these properties, contracts with intermediaries for sales promotion and sales initiatives in real estate auctions. Prices are periodically reviewed and adjusted for continuous adaptation to the market.

The referred balance includes buildings and other assets for which the Group has already established contracts for the sale in the amount of Euros 14,308,000 (31 December 2013: Euros 28,875,000).

On 31 December 2014, the balance Investments, properties and other assets arising from recovered loans includes the amount of Euros 325,070,000 (31 December 2013: Euros 347,000,000) 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:

	2014	2013
	Euros '000	Euros '000
Balance on 1 January	372,695	319,463
Transfers	25,019	2,870
Impairment for the year	27,635	202,145
Loans charged-off	(163,850)	(151,321)
Exchange rate differences	76	(462)
Balance on 31 December	<u>261,575</u>	<u>372,695</u>

29. Investment property

The balance Investment property includes the amount of Euros 174,861,000 (31 December 2012: Euros 193,921,000) 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 1,058,000 (31 December 2013: Euros 1,060,000), as at 31 December 2014, and the maintenance expenses related to rented or not rented real estate, amount to Euros 1,078,000 (31 December 2013: Euros 1,127,000).

	2014	2013
	Euros '000	Euros '000
Balance on 1 January	195,599	554,233
Transfers:		
for non-current assets held for sale	-	(191,638)
for tangible assets	1,140	(200,419)
Changes in the consolidation perimeter	-	55,854
Revaluations	3,296	(14,872)
Disposals	(23,516)	(7,559)
Balance on 31 December	<u>176,519</u>	<u>195,599</u>

BANCO COMERCIAL PORTUGUÊS
Notes to the Consolidated Financial Statements
31 December, 2014

30. Property and equipment

This balance is analysed as follows:

	2014 Euros '000	2013 Euros '000
Land and buildings	1,151,149	1,045,251
Equipment		
Furniture	89,254	89,524
Machinery	57,657	56,729
Computer equipment	299,446	294,511
Interior installations	146,542	143,985
Motor vehicles	26,125	22,949
Security equipment	82,467	84,917
Other equipment	32,301	33,526
Work in progress	16,704	107,742
Other tangible assets	549	435
	<u>1,902,194</u>	<u>1,879,569</u>
<i>Accumulated depreciation</i>		
Charge for the year	(51,298)	(52,897)
Accumulated charge for the previous years	<u>(1,095,445)</u>	<u>(1,094,109)</u>
	<u>(1,146,743)</u>	<u>(1,147,006)</u>
	<u><u>755,451</u></u>	<u><u>732,563</u></u>

The changes occurred in Property and equipment balance, during 2014, 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
<i>Cost</i>						
Land and buildings	1,045,251	42,711	(45,597)	98,171	10,613	1,151,149
Equipment:						
Furniture	89,524	1,612	(2,053)	(282)	453	89,254
Machines	56,729	549	(759)	1,119	19	57,657
Computer equipment	294,511	5,226	(5,212)	4,173	748	299,446
Interior installations	143,985	2,279	(993)	637	634	146,542
Motor vehicles	22,949	5,842	(3,269)	434	169	26,125
Security equipment	84,917	1,636	(935)	(3,714)	563	82,467
Other equipment	33,526	52	(1,266)	645	(656)	32,301
Work in progress	107,742	43,064	(545)	(135,018)	1,461	16,704
Other tangible assets	435	78	-	-	36	549
	<u>1,879,569</u>	<u>103,049</u>	<u>(60,629)</u>	<u>(33,835)</u>	<u>14,040</u>	<u>1,902,194</u>
<i>Accumulated depreciation</i>						
Land and buildings	495,738	27,520	(23,441)	(8,666)	(608)	490,543
Equipment:						
Furniture	81,947	1,971	(1,882)	(1,370)	203	80,869
Machines	50,237	2,257	(757)	(335)	(232)	51,170
Computer equipment	280,618	8,441	(5,178)	(1,322)	484	283,043
Interior installations	130,320	2,305	(864)	(1)	265	132,025
Motor vehicles	11,729	4,062	(2,666)	18	201	13,344
Security equipment	71,227	2,464	(916)	(1,755)	213	71,233
Other equipment	25,144	2,277	(1,152)	(1,290)	(510)	24,469
Other tangible assets	46	1	-	-	-	47
	<u>1,147,006</u>	<u>51,298</u>	<u>(36,856)</u>	<u>(14,721)</u>	<u>16</u>	<u>1,146,743</u>

BANCO COMERCIAL PORTUGUÊS
Notes to the Consolidated Financial Statements
31 December, 2014

31. Goodwill and intangible assets

This balance is analysed as follows:

	2014 Euros '000	2013 Euros '000
<i>Intangible assets</i>		
Software	114,817	121,628
Other intangible assets	54,906	55,878
	<u>169,723</u>	<u>177,506</u>
<i>Accumulated depreciation</i>		
Charge for the year	(14,245)	(15,226)
Accumulated charge for the previous years	(117,083)	(125,747)
	<u>(131,328)</u>	<u>(140,973)</u>
	<u>38,395</u>	<u>36,533</u>
<i>Goodwill</i>		
Bank Millennium, S.A. (Poland)	164,040	164,040
Real estate and mortgage credit	40,859	40,859
Unicre - Instituição Financeira de Crédito, S.A.	7,436	7,436
Others	18,766	18,609
	<u>231,101</u>	<u>230,944</u>
<i>Impairment</i>		
Others	(16,707)	(16,562)
	<u>(16,707)</u>	<u>(16,562)</u>
	<u>214,394</u>	<u>214,382</u>
	<u>252,789</u>	<u>250,915</u>

The changes occurred in impairment for goodwill is analysed as follows:

	2014 Euros '000	2013 Euros '000
Balance on 1 January	16,562	307,779
Impairment for the year	145	3,043
Loans charged-off	-	(294,260)
Balance on 31 December	<u>16,707</u>	<u>16,562</u>

The changes occurred in goodwill and intangible assets balances, during 2014, 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	121,628	15,726	(15,679)	(6,210)	(648)	114,817
Other intangible assets	55,878	988	(431)	(387)	(1,142)	54,906
	<u>177,506</u>	<u>16,714</u>	<u>(16,110)</u>	<u>(6,597)</u>	<u>(1,790)</u>	<u>169,723</u>
Accumulated depreciation:						
Software	89,034	13,884	(15,568)	(5,902)	(667)	80,781
Other intangible assets	51,939	361	(2)	(349)	(1,402)	50,547
	<u>140,973</u>	<u>14,245</u>	<u>(15,570)</u>	<u>(6,251)</u>	<u>(2,069)</u>	<u>131,328</u>
Goodwill	230,944	145	-	-	12	231,101
Impairment for goodwill	16,562	145	-	-	-	16,707

BANCO COMERCIAL PORTUGUÊS
Notes to the Consolidated Financial Statements
31 December, 2014

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 2014, 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 2019. 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 2015 to 2019, considering, along this period, a compound annual growth rate of 6.6% for Total Assets and of 7.5% for Total Equity, while considering a ROE evolution from 11.5% in 2014 to 14.2% by the end of the period. Regarding 2013, the plan comprised a five-year period, from 2014 to 2018, considering, along this period, a compound annual growth rate of 4% for Total Assets and of 8% for Total Equity, while considering a ROE evolution from 10.6% in 2013 to 14.4% by the end of the period.

The exchange rate EUR/PLN considered was 4.2875 (December 2014 average: 4.235). In 2013, the rate was 4.17 (December 2013 average).

The Cost of Equity considered was 8.875% for the period 2015-2019 and 9.85% in perpetuity. The annual growth rate in perpetuity (g) was 0%. In 2013, the Cost of Equity considered was 10.625% and the annual growth rate in perpetuity (g) was 0%.

Real estate and mortgage credit

Considering the changes made in management of the real estate and mortgage credit over the past few years, the Executive Committee analysed this business as a whole.

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 2019 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 2015 to 2019, considering, along this period, a compound annual growth rate from 2014 to 2019 of -5.5% for Total Assets and of -4.1% for the Allocated Capital and an average ROE evolution from 13.5% estimated for 2015 to 17.3% by the end of the period. Regarding 2013, the plan comprised a five-year period, from 2014 to 2018, considering, along this period, a compound annual growth rate of -8.6% for Total Assets and of -3.6% for the Allocated Capital and an average ROE evolution from 12.9% to 23.7% by the end of the period.

The Cost of Equity considered was 9.00% for the period 2015-2019 and 10.85% in perpetuity. In 2013, the Cost of Equity considered was 12.125% for the period 2014-18 and 11.225% in perpetuity.

An average exit multiple of 1.50x was considered in relation to 2019 Allocated Capital, applied to the group of businesses associated with Real estate and mortgage business.

BANCO COMERCIAL PORTUGUÊS
Notes to the Consolidated Financial Statements
31 December, 2014

32. Income Tax

Deferred income tax assets and liabilities generated by tax losses and by temporary differences are analysed as follows:

	2014			2013		
	Assets Euros '000	Liabilities Euros '000	Net Euros '000	Assets Euros '000	Liabilities Euros '000	Net Euros '000
Intangible assets	43	-	43	58	-	58
Other tangible assets	7,353	3,906	3,447	7,448	4,232	3,216
Impairment losses	1,201,586	5,306	1,196,280	1,090,690	2,132	1,088,558
Employee benefits	689,779	-	689,779	795,543	-	795,543
Financial assets available for sale	8,839	44,288	(35,449)	5,894	36,334	(30,440)
Derivatives	-	1,697	(1,697)	-	1,311	(1,311)
Tax losses carried forward	434,767	-	434,767	256,241	-	256,241
Others	160,139	55,433	104,706	106,834	43,595	63,239
Total deferred taxes	2,502,506	110,630	2,391,876	2,262,708	87,604	2,175,104
Offset between deferred tax assets and deferred tax liabilities	(103,944)	(103,944)	-	(81,303)	(81,303)	-
Net deferred taxes	2,398,562	6,686	2,391,876	2,181,405	6,301	2,175,104

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.

The deferred tax rate is analysed as follows:

Description	2014	2013
Income tax (a)	21.0%	23.0%
Municipal surtax rate	1.5%	1.5%
State tax rate	7.0%	7.0%
Total (b)	29.5%	31.5%

(a) - Applicable to deferred taxes related to tax losses;

(b) - Applicable to deferred taxes related to temporary differences

The reduction in the income tax rate led to a deferred tax expense in the amount of Euro 133,507,000.

The caption Employee benefits includes the amount of Euros 402,256,000 (31 December 2013: Euros 490,899,000) 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 40,506,000 (31 December 2013: Euros 46,135,000) 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	2014 Euros '000	2013 Euros '000
2014	-	1,367
2015	3,471	9,425
2016	1	1
2017	139,513	107,827
2018	115,893	133,281
2019	179	3,401
2020 and following years	175,710	939
	434,767	256,241

BANCO COMERCIAL PORTUGUÊS
Notes to the Consolidated Financial Statements
31 December, 2014

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 the 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 2015-2019.

The estimated financial statements of the Group prepared under the budget procedure for 2015 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 Group's business plan considers particularly the sustained growth of profitability and the reimbursement of all hybrid financial instruments subscribed by the Portuguese State (CoCos), and embodies the objectives set in the third stage of the Strategic Plan related to the profitability of recovery, with the optimization of capital allocation and with the focus on international operations in Poland, Mozambique and Angola.

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.

Additionally, it should be noted that the Group adopted the special regime applicable to deferred tax assets, as mentioned in note 48. The amount of unrecognized deferred taxes is as follows:

	2014	2013
	Euros '000	Euros '000
Impairment losses	-	108,760
Tax losses carried forward	401,771	386,321
	<u>401,771</u>	<u>495,081</u>

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 (loss) / income	Reserves and retained earnings	Exchange differences	Discontinued operations and other variations
	Euros '000	Euros '000	Euros '000	Euros '000
<i>Deferred taxes</i>				
Intangible assets	(3)	-	-	(12)
Other tangible assets	314	-	(55)	(28)
Impairment losses	110,138	-	(2,417)	1
Employee benefits	(55,351)	(50,070)	(274)	(69)
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
	<u>198,670</u>	<u>35,328</u>	<u>(4,268)</u>	<u>(12,958)</u>
<i>Current taxes</i>	<u>(100,995)</u>	<u>877</u>	<u>-</u>	<u>(910)</u>
	<u><u>97,675</u></u>	<u><u>36,205</u></u>	<u><u>(4,268)</u></u>	<u><u>(13,868)</u></u>

BANCO COMERCIAL PORTUGUÊS
Notes to the Consolidated Financial Statements
31 December, 2014

The impact of income taxes in Net (loss) / income and in other captions of Group's equity, as at 31 December 2013, is analysed as follows:

	2013			
	Net (loss) / income	Reserves and retained earnings	Exchange differences	Discontinued operations
	Euros '000	Euros '000	Euros '000	Euros '000
<i>Deferred taxes</i>				
Intangible assets	1	-	-	(1)
Other tangible assets	1,470	-	(43)	6
Impairment losses	347,932	-	(1,858)	(27,941)
Employee benefits	26,568	204,552	(228)	(1,265)
Financial assets available for sale	-	(2,666)	158	195
Derivatives	1,399	-	74	-
Tax losses carried forward	(118,333)	(21,337)	711	(53,481)
Others	67,397	(506)	600	(843)
	326,434	180,043	(586)	(83,330)
<i>Current taxes</i>	(115,635)	-	-	-
	210,799	180,043	(586)	(83,330)

The reconciliation of the effective tax rate, arising from the permanent effects, is analysed as follows:

	2014	2013
	Euros '000	Euros '000
Net loss before income taxes	(173,405)	(812,543)
Current tax rate	31.50%	29.50%
Expected tax	54,622	239,700
Accruals for the purpose of calculating the taxable income (i)	(42,168)	(198,300)
Deductions for the purpose of calculating the taxable income (ii)	72,479	118,002
Fiscal incentives not recognised in profit/loss accounts (iii)	8,808	8,216
Effect of the difference of rate tax and of deferred tax not recognised previously (iv)	7,301	54,003
Correction of previous years	(664)	(9,085)
(Autonomous tax) / tax credits	(2,703)	(1,737)
	97,675	210,799
Effective rate	56.3%	25.9%

References:

(i) Refers, essentially, to the tax associated with the additions of impairment losses not deductible for tax purposes and the contribution for the banking sector and the accounting losses incurred by investment funds included in the consolidation perimeter.

(ii) This is mainly associated with the tax deductions of net income of non-resident companies and net income of associated companies consolidated under the equity method, impairment reversals and capital gains on the sale of investments;

(iii) Mainly related to interests on Angola's public debt;

(iv) Corresponds, essentially, to the recognition of deferred tax assets associated with impairment of investments intended to be settled, and tax losses which are not estimated that will be used within the reporting date and the effect of tax rate difference abroad, net of the effect of the reduction in the income tax rate to the level of deferred taxes and the difference in deferred tax rate associated with tax losses.

BANCO COMERCIAL PORTUGUÊS
Notes to the Consolidated Financial Statements
31 December, 2014

33. Other assets

This balance is analysed as follows:

	2014	2013
	Euros '000	Euros '000
Debtors	164,870	192,744
Supplementary capital contributions	113,546	132,348
Amounts due for collection	26,043	22,284
Recoverable tax	21,302	20,372
Recoverable government subsidies on interest on mortgage loans	7,367	10,546
Associated companies	228	1,679
Interest and other amounts receivable	48,538	38,095
Prepayments and deferred costs	44,246	22,188
Amounts receivable on trading activity	33,897	6,486
Amounts due from customers	244,544	147,524
Reinsurance technical provision	2,151	2,690
Sundry assets	217,156	163,072
	923,888	760,028
Impairment for other assets	(138,959)	(166,667)
	<u>784,929</u>	<u>593,361</u>

As referred in note 58, the balance Supplementary capital contributions includes the amount of Euros 109,918,000 (31 December 2013: Euros 125,477,000) and the balance Sundry assets includes the amount of Euros 2,939,000 (31 December 2013: Euros 10,805,000), related to the junior securities arising from the sale of loans and advances to costumers to specialized recovery funds which are fully provided.

The Sundry assets caption included in 31 December, 2013, the amount of Euros 14,040,000 regarding assets associated with post-employment benefits, as described in note 50.

The changes occurred in impairment for other assets are analysed as follows:

	2014	2013
	Euros '000	Euros '000
Balance on 1 January	166,667	160,046
Transfers resulting from changes in the Group's structure	(624)	(1,418)
Other transfers	(23,996)	232
Impairment for the year	9,027	9,392
Write back for the year	(351)	(1,066)
Amounts charged-off	(11,630)	(526)
Exchange rate differences	(134)	7
Balance on 31 December	<u>138,959</u>	<u>166,667</u>

34. Deposits from credit institutions

This balance is analysed as follows:

	2014			2013		
	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	-	6,816,726	6,816,726	-	11,190,557	11,190,557
Central Banks abroad	-	947	947	-	510	510
Deposits from credit institutions in Portugal	29,267	190,248	219,515	28,900	78,198	107,098
Deposits from credit institutions abroad	255,390	3,673,577	3,928,967	183,131	2,011,240	2,194,371
	<u>284,657</u>	<u>10,681,498</u>	<u>10,966,155</u>	<u>212,031</u>	<u>13,280,505</u>	<u>13,492,536</u>

BANCO COMERCIAL PORTUGUÊS
Notes to the Consolidated Financial Statements
31 December, 2014

This balance is analysed by remaining period, as follows:

	2014	2013
	Euros '000	Euros '000
Up to 3 months	8,276,767	1,550,597
3 to 6 months	385,553	117,851
6 to 12 months	215,424	118,141
1 to 5 years	1,751,744	11,494,147
Over 5 years	336,667	211,800
	10,966,155	13,492,536

Following the signed agreements of derivative financial transactions with institutional counterparties and according to the signed agreements, the Group has, as at 31 December 2014, the amount of Euros 109,768,000 (31 December 2013: 89,261,000) regarding deposits from other credit institutions received as collateral of the mentioned transactions.

35. Deposits from customers

This balance is analysed as follows:

	2014			2013		
	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	15,870,182	922,495	16,792,677	14,412,357	903,340	15,315,697
Term deposits	-	29,511,327	29,511,327	-	31,165,233	31,165,233
Saving accounts	-	1,287,817	1,287,817	-	1,462,644	1,462,644
Deposits at fair value through profit and loss	-	1,918,419	1,918,419	-	675,007	675,007
Treasury bills and other assets sold under repurchase agreement	-	13,986	13,986	-	16,484	16,484
Other	199,658	92,852	292,510	206,827	117,860	324,687
	16,069,840	33,746,896	49,816,736	14,619,184	34,340,568	48,959,752

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 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 2014, a loss in the amount of Euros 4,642,000 was recognised (31 December 2013: gain of Euros 1,451,000) 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 2014, Euros 1,924,445,000 (31 December 2013: Euros 672,377,000).

BANCO COMERCIAL PORTUGUÊS
Notes to the Consolidated Financial Statements
31 December, 2014

This balance is analysed by remaining period, is analysed as follows:

	2014 Euros '000	2013 Euros '000
<i>Deposits from customers repayable on demand:</i>	16,792,677	15,315,697
<i>Term deposits and saving accounts from customers:</i>		
Up to 3 months	15,887,427	17,997,965
3 to 6 months	5,784,650	5,590,804
6 to 12 months	6,469,574	4,713,851
1 to 5 years	2,440,168	4,149,501
Over 5 years	217,325	175,756
	<u>30,799,144</u>	<u>32,627,877</u>
<i>Deposits at fair value through profit and loss</i>		
Up to 3 months	166,473	159,012
3 to 6 months	142,850	210,564
6 to 12 months	624,166	277,317
1 to 5 years	984,930	6,114
Over 5 years	-	22,000
	<u>1,918,419</u>	<u>675,007</u>
<i>Treasury bills and other assets sold under repurchase agreement:</i>		
Up to 3 months	<u>13,986</u>	<u>16,484</u>
<i>Other:</i>		
Up to 3 months	201,555	208,955
6 to 12 months	-	25,000
1 to 5 years	-	732
Over 5 years	90,955	90,000
	<u>292,510</u>	<u>324,687</u>
	<u>49,816,736</u>	<u>48,959,752</u>

36. Debt securities issued

This balance is analysed as follows:

	2014 Euros '000	2013 Euros '000
Debt securities at amortized cost		
Bonds	1,914,640	2,608,342
Covered bonds	1,344,538	2,184,569
MTNs	1,318,416	3,384,542
Securitizations	483,427	540,442
	<u>5,061,021</u>	<u>8,717,895</u>
Accruals	<u>56,102</u>	<u>97,706</u>
	<u>5,117,123</u>	<u>8,815,601</u>
Debt securities at fair value through profit and loss		
Bonds	36,560	109,414
MTNs	159,960	170,708
	<u>196,520</u>	<u>280,122</u>
Accruals	<u>3,398</u>	<u>3,479</u>
	<u>199,918</u>	<u>283,601</u>
Certificates	<u>392,528</u>	<u>312,025</u>
	<u>5,709,569</u>	<u>9,411,227</u>

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 2014, a gain in the amount of Euros 632,000 was recognised (31 December 2013: loss of Euros 6,446,000) related to the fair value changes resulting from variations in the credit risk of the Group, as referred in note 6.

BANCO COMERCIAL PORTUGUÊS
Notes to the Consolidated Financial Statements
31 December, 2014

The characteristics of the bonds issued by the Group, as at 31 December, 2014 are analysed as follows:

Issue	Issue date	Maturity date	Interest rate	Nominal value Euros '000	Book value Euros '000
<i>Debt securities at amortized cost</i>					
<i>Banco Comercial Português:</i>					
BCP Ob Cx E. Gr. S. Dec 05/15	December, 2005	December, 2015	Indexed to Down Jones EuroStoxx 50	365	336
BCP Ob Cx E. I. S. Mar 06/16	March, 2006	March, 2016	Indexed to Down Jones EuroStoxx 50	1,100	1,066
BCP Cov Bonds Jun 07/17	June, 2007	June, 2017	Fixed rate of 4.750%	930,900	962,929
BCP FRN Mar 17	December, 2007	March, 2017	Euribor 3M + 0.180%	100,000	99,979
BCP Cov Bonds Oct 09/16	October, 2009	October, 2016	Fixed rate of 3.750%	371,538	381,609
BCP Fixed Rate Note Inv Top Mais	January, 2010	January, 2015	1st year 2.500%; 2nd year 2.750%; 3rd year 3.250%; 4th year 4.125%; 5th year 5.000%	40,293	40,374
BCP Fixed Rate Note Rd Ext-Emtn 685	April, 2010	April, 2015	1st semester 2.000%; 2nd semester 2.125%; 3rd semester 2.250%; 4th semester 2.375%; 5th semester 2.500%; 6th semester 2.750%; 7th semester 2.875%; 8th semester 3.125%; 9th semester 3.500%; 10th semester 4.000%	86,188	87,277
BCP Fixed Rate Note Rend Top April	April, 2010	April, 2015	1st semester 2.250%; 2nd semester 2.500%; 3rd semester 2.600%; 4th semester 2.800%; 5th semester 3.000%; 6th semester 3.150%; 7th semester 3.200%; 8th semester 3.500%; 9th semester 3.800%; 10th semester 4.500%	111,401	112,887
BCP Rend Ext 1 Ser 2010-2015	August, 2010	August, 2015	1st semester 1.875%; 2nd semester 2.000%; 3rd semester 2.125%; 4th semester 2.250%; 5th semester 2.375%; 6th semester 2.500%; 7th semester 2.750%; 8th semester 2.875%; 9th semester 3.000%; 10th semester 3.500%	33,916	34,631
BCP Rend Ext 2 Ser 2010-15	August, 2010	August, 2015	1st semester 2.125%; 2nd semester 2.300%; 3rd semester 2.425%; 4th semester 2.550%; 5th semester 2.800%; 6th semester 3.050%; 7th semester 3.300%; 8th semester 3.550%; 9th semester 3.800%; 10th semester 4.300%	59,715	61,179
BCP Rend Ext 1 Ser-Emtn 749	September, 2010	September, 2015	1st semester 1.875%; 2nd semester 2.000%; 3rd semester 2.125%; 4th semester 2.250%; 5th semester 2.375%; 6th semester 2.500%; 7th semester 2.750%; 8th semester 2.875%; 9th semester 3.000%; 10th semester 3.500%	41,066	42,047
BCP Rend Ext 2 Ser Sep 2010-2015	September, 2010	September, 2015	1st semester 2.175%; 2nd semester 2.300%; 3rd semester 2.425%; 4th semester 2.550%; 5th semester 2.800%; 6th semester 3.050%; 7th semester 3.300%; 8th semester 3.550%; 9th semester 3.800%; 10th semester 4.300%	71,356	73,340
BCP Frn Rend Cres I-11 Eur-Jan 2016	January, 2011	January, 2016	1st semester 1.75%; 2nd semester 2.25%; 3rd semester 2.750%; 4th semester 3.250%; 5th semester 3.750%; 6th semester 4.250%; 7th semester 4.750%; 8th semester 5.250%; 9th semester 5.750%; 10th semester 6.250%	2,500	2,641
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%	10,967	11,566
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%	61,124	64,942

BANCO COMERCIAL PORTUGUÊS
Notes to the Consolidated Financial Statements
31 December, 2014

(continuation)

Issue	Issue date	Maturity date	Interest rate	Nominal value Euros '000	Book value Euros '000
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%	145	154
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%	32,312	34,360
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%	595	631
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%	2,862	3,015
BCP IIn Permal Macro Hold Class D	June, 2011	June, 2021	Indexed to Permal Macro Holding Lda	719	719
BCP Rend Sup M 3 Sr -Val Mob Sr 14	June, 2011	June, 2016	1st semester 3.875%; 2nd semester 4.000%; 3rd semester 4.125%; 4th semester 4.250%; 5th semester 4.375%; 6th semester 4.500%; 7th semester 4.625%; 8th semester 4.750%; 9th semester 5.000%; 10th semester 5.500%	5,585	5,882
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%	680	716
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	137
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%	326	343
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%	1,050	1,105
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%	2,687	2,827
BCP Fix Jul 2016-Val Mob Sr 38	August, 2011	July, 2016	Fixed rate of 6.180%	1,750	1,750
BCP Float Nov 2015-Val Mob Sr 36	August, 2011	November, 2015	Until 28 Nov 2011: Fixed rate 2.587% year; after 28 Nov 2011: Euribor 6M + 0.875%	1,600	1,562
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	1,292
BCP Float Feb 2015-Val Mob Sr 35	August, 2011	February, 2015	Euribor 6M + 0.875%	1,750	1,743

BANCO COMERCIAL PORTUGUÊS
Notes to the Consolidated Financial Statements
31 December, 2014

(continuation)

Issue	Issue date	Maturity date	Interest rate	Nominal value Euros '000	Book value Euros '000
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	2,527
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	2,331
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	865
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	2,506
BCP Float Jun 2017-Vm Sr.47	November, 2011	June, 2017	Fixed rate of 1.771% (1st interest) and Euribor 6M (2nd and following)	4,575	3,770
BCP Float Jan 2018-Vm Sr.46	November, 2011	January, 2018	Fixed rate of 1.831% (1st interest) and Euribor 6M (2nd and following)	8,750	6,871
BCP Float Sep 2015-Vm Sr 45	November, 2011	September, 2015	Fixed rate of 1.732% (1st interest) and Euribor 6M (2nd and following)	2,550	2,395
BCP Float Nov 2015-Vm Sr.48	November, 2011	November, 2015	Fixed rate of 1.712% (1st interest) and Euribor 6M (2nd and following)	2,075	1,923
BCP Fix Oct 2019-Vm Sr.44	November, 2011	October, 2019	Fixed rate of 6.875%	5,400	5,053
BCP Rend Special One Sr 1-Vm Sr.50	December, 2011	December, 2015	1st year 3.500%; 2nd year 4.750%; 3rd year 6.000%. 4th year 6.750%	2,210	2,294
BCP Rend Special One Sr 2-Vm Sr.51	December, 2011	December, 2015	1st year 3.750%; 2nd year 5.000%; 3rd year 6.250%. 4th year 7.000%	2,526	2,621
BCP Rend Special One Sr 3-Vm Sr.52	December, 2011	December, 2015	1st year 4.000%; 2nd year 5.250%; 3rd year 6.500%. 4th year 7.250%	2,154	2,234
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	76,913
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	125,950
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	40,711
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	36,008
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	32,044
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	15,891
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	40,243
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	23,940
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	40,132
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	4,150
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	35,618
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	37,563
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	30,105
BCP Float Feb 2019-Vm 106 Ref.39	December, 2011	February, 2019	Until 16 May 2012: Fixed rate 2.459% year; after 16 May 2012: Euribor 3M + 1.000%	10,850	8,768
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	45,176
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	19,073
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	80,125

BANCO COMERCIAL PORTUGUÊS
Notes to the Consolidated Financial Statements
31 December, 2014

(continuation)

Issue	Issue date	Maturity date	Interest rate	Nominal value Euros '000	Book value Euros '000
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	32,752
BCP Float Nov 2016-Vm Sr.92-Ref.25	December, 2011	November, 2016	Until 26 May 2012: Fixed rate 1.974% year; after 26 May 2012: Euribor 3M + 0.500%	8,000	6,990
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	12,101
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	42,622
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	12,060
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	112,088
BCP Float Sep 2015-Vm Sr.62	December, 2011	September, 2015	Until 28 Sep 2012: Fixed rate 2.607% year; after 28 Sep 2012: Euribor 6M + 0.875%	8,900	8,579
BCP Float Dec 2016-Vm Sr.93-Ref.26	December, 2011	December, 2016	Euribor 3M + 0.500%	19,500	17,037
BCP Float Dec 2017-Vm Sr.101 Ref.34	December, 2011	December, 2017	Euribor 3M + 0.500%	65,900	53,366
BCP Float Mar 2018-Vm Sr.103 Ref.36	December, 2011	March, 2018	Euribor 3M + 0.500%	49,300	39,042
BCP Float Nov 2015-Vm Sr.64	December, 2011	November, 2015	Until 28 Nov 2012: Fixed rate 2.577% year; after 28 Nov 2012: Euribor 6M + 0.875%	8,500	7,957
BCP Float Jun 2017-Vm Sr.63	December, 2011	June, 2017	Until 27 Dec 2012: Fixed rate 2.537% year; after 27 Dec 2012: Euribor 6M + 0.875%	6,000	5,214
BCP Fixa Oct 2019-Vm Sr.61	December, 2011	October, 2019	Fixed rate of 6.875%	9,500	8,843
BCP Floater Sep 15-Vm Sr 111	January, 2012	September, 2015	Until 28 Sep2012: fixed rate 2.607% year; after 28 Sep2012: Euribor 6M + 0.875%	5,000	4,822
BCP Floater Nov 15-Vm Sr 112	January, 2012	November, 2015	Until 28 Nov 2012: fixed rate 2.577% year; after 28 Nov 2012: Euribor 6M + 0.875%	2,900	2,721
BCP Floater Jun 17-Vm Sr 113	January, 2012	June, 2017	Until 27 Dec 2012: fixed rate 2.537% year; after 27 Dec 2012: Euribor 6M + 0.875%	6,000	5,273
BCP Fixa Oct 19-Vm Sr 110	January, 2012	October, 2019	Fixed rate of 6.875%	4,000	3,699
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	7,445
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	1,579
BCP Floater Jun 16-Vm Sr 116	February, 2012	June, 2016	Until 28 Jan 2013: fixed rate 2.389% year; after 28 Jan 2013: Euribor 6M + 0.950%	8,586	7,916
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	3,240
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	23,533
Rend Tx Cres li -Vm Sr. 117	February, 2012	February, 2015	1st semester 7.000%; 2nd semester 7.000%; 3rd semester 7.000%; 4th semester 7.000%; 5th semester 7.500%; 6th semester 7.500%; 7th semester 7.500% ; 8th semester 7.500%; 9th semester 8.000%; 10th semester 8.000%; 11th semester 8.000%; 12th semester 8.000%	1,620	1,624
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	16,034
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	4,526
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	1,370
BCP Rend Tx Cresc Iii 12 Usd-Vm Sr171	March, 2012	March, 2015	1st quarter 3.750%; 2nd quarter 3.750%; 3rd quarter 3.750%; 4th quarter 3.750%; 5th quarter 4.000%; 6th quarter 4.000%; 7th quarter 4.000%; 8th quarter 4.000%; 9th quarter 4.250%; 10th quarter 4.250%; 11th quarter 4.250%; 12th quarter 4.250%	824	825

BANCO COMERCIAL PORTUGUÊS
Notes to the Consolidated Financial Statements
31 December, 2014

(continuation)

Issue	Issue date	Maturity date	Interest rate	Nominal value Euros '000	Book value Euros '000
Rend Taxa Cres Iv -Vm Sr 172	April, 2012	April, 2015	1st quarter 6.000%; 2nd quarter 6.000%; 3rd quarter 6.000%; 4th quarter 6.000%; 5th quarter 6.500%; 6th quarter 6.500%; 7th quarter 6.500%; 8th quarter 6.500%; 9th quarter 7.000%; 10th quarter 7.000%; 11th quarter 7.000%; 12th quarter 7.000%	1,559	1,567
BCP Floater Feb 15-Vm Sr. 174	April, 2012	February, 2015	Until 8 Feb 2013: fixed rate 2.266% year; after 8 Feb 2013: Euribor 6M + 0.875%	8,300	8,239
BCP Floater Sep 15-Vm Sr. 175	April, 2012	September, 2015	Until 28 Mar 2013: fixed rate 1.978% year; after 28 Mar 2013: Euribor 6M + 0.875%	8,200	7,882
BCP Floater Jun 17-Vm Sr. 176	April, 2012	June, 2017	Until 27 Dec 2012: fixed rate 2.537% year; after 27 Dec 2012: Euribor 6M + 0.875%	8,800	7,792
BCP Fixa Oct 19-Vm Sr. 177	April, 2012	October, 2019	Fixed rate of 6.875%	2,000	1,803
BCP Floater Feb 15-Vm Sr 189	April, 2012	February, 2015	Until 8 Feb 2013: fixed rate 2.266% year; after 8 Feb 2013: Euribor 6M + 0.875%	18,000	17,855
BCP Floater Sep 15-Vm Sr 190	April, 2012	September, 2015	Until 28 Mar 2013: fixed rate 1.978% year; after 28 Mar 2013: Euribor 6M + 0.875%	15,900	15,264
BCP Floater Jun 17-Vm Sr 191	April, 2012	June, 2017	Until 27 Dec 2012: fixed rate 2.537% year; after 27 Dec 2012: Euribor 6M + 0.875%	19,500	17,155
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	2,592
BCP Fixa Oct 19-Vm Sr 193	April, 2012	October, 2019	Fixed rate of 6.875%	4,900	4,419
BCP FRN 5.625 % Apr15-Emtn 842	June, 2012	April, 2015	Fixed rate of 5.625%	61,150	60,929
BCP FRNs 5.625 % Feb 16-Emtn 843	June, 2012	February, 2016	Fixed rate of 5.625%	10,450	10,172
BCP 4.75 Por Cento Sep -Vm Sr 279	September, 2012	September, 2020	Fixed rate of 4.750%	27,100	27,633
CIn Grupo Pestana Sgps -Vm Sr. 295	December, 2012	December, 2015	Variable rate Euribor 6M + 0.950% underlying asset PEST - 2015/12	10,000	9,405
Mill Rend.Trim Dec 20-Vm Sr. 290	December, 2012	December, 2020	Fixed rate of 4.500%	48,459	48,459
CIn Gr.Pestana Sgps 2ª Em-Vm Sr. 296	December, 2012	December, 2015	Variable rate Euribor 6M + 0.875% underlying asset PEST - 2015/12	10,000	9,357
BCP 3.375 14/27.02.2017 Emtn 852	February, 2014	February, 2017	Fixed rate of 3.375%	485,498	488,819
<i>Bank Millennium:</i>					
Bank Millennium - BPW_2015/01	December, 2011	January, 2015	Indexed to Euro Stoxx 50	51	51
Bank Millennium - BPW_2015/03	February, 2012	March, 2015	Indexed to Wig20	943	943
Bank Millennium - BPW_2015/04	March, 2012	April, 2015	Indexed to Wig20	1,409	1,409
Bank Millennium - BPW_2015/04A	March, 2012	April, 2015	Indexed to a portfolio of 6 shares	115	115
Bank Millennium - BPW_2015/04B	April, 2012	April, 2015	Indexed to Wig20	318	318
Bank Millennium - BPW_2015/06	May, 2012	June, 2015	Indexed to a portfolio of 6 shares	128	128
Bank Millennium - BPW_2015/06A	May, 2012	June, 2015	Indexed to Russian Depositary	343	343
Bank Millennium - BPW_2015/07	June, 2012	July, 2015	Indexed to Gold Fix Price	3,404	3,404
Bank Millennium - BPW_2015/09	September, 2012	September, 2015	Indexed to a portfolio of 2 indexes	1,069	1,069
Bank Millennium - BPW_2015/09A	September, 2012	September, 2015	Indexed to a portfolio of 6 shares	917	917
Bank Millennium - BKMO_051015B	October, 2012	October, 2015	Fixed rate of 4.230%	58,504	58,504
Bank Millennium - BPW_2015/04C	October, 2012	April, 2015	Indexed to Wig20	903	903
Bank Millennium - BPW_2015/11	November, 2012	November, 2015	Indexed to S&P 500	820	820
Bank Millennium - BPW_2015/12	December, 2012	December, 2015	Indexed to Russian Depositary	484	484
Bank Millennium - BPW_2015/12A	December, 2012	December, 2015	Indexed to Dax	304	304
Bank Millennium - BKMO_281215A	December, 2012	December, 2015	Fixed rate of 3.650%	23,402	23,402
Bank Millennium - BPW_2016/02	January, 2013	February, 2016	Indexed to Hang Seng China Enterprises	1,676	1,676
Bank Millennium - BPW_2016/02A	January, 2013	February, 2016	Indexed to Wig20 Index	456	456
Bank Millennium - BPW_2016/03	February, 2013	March, 2016	Indexed to Apple Inc.	3,693	3,693
Bank Millennium - BPW_2016/03A	March, 2013	March, 2016	Indexed to Coca-Cola Equity	1,979	1,979
Bank Millennium - BPW_2015/04D	March, 2013	April, 2015	Indexed to a portfolio of 3 shares	1,243	1,243

BANCO COMERCIAL PORTUGUÊS
Notes to the Consolidated Financial Statements
31 December, 2014

(continuation)

Issue	Issue date	Maturity date	Interest rate	Nominal value Euros '000	Book value Euros '000
Bank Millennium - BPW_2016/04	April, 2013	April, 2016	Indexed to Templeton Global	3,396	3,396
Bank Millennium - BPW_2016/04A	April, 2013	April, 2016	Indexed to Templeton Euro High	567	567
Bank Millennium - BPW_2016/05	May, 2013	May, 2016	Indexed to Wti Crude Oil	935	935
Bank Millennium - BPW_2016/05A	May, 2013	May, 2016	Indexed to Microsoft Corporation	77	77
Bank Millennium - BPW_2016/06	June, 2013	June, 2016	Indexed to Hang Seng China Enterprises	804	804
Bank Millennium - BPW_2016/06A	June, 2013	June, 2016	Indexed to Apple Inc	1,045	1,045
Bank Millennium - BPW_2016/07	July, 2013	July, 2016	Indexed to Apple Inc	2,442	2,442
Bank Millennium - BPW_2016/08	August, 2013	August, 2016	Indexed to Dow Jones Global Titans 50 Usd	1,085	1,085
Bank Millennium - BPW_2016/09	September, 2013	September, 2016	Indexed to Wig20 Index	3,192	3,192
Bank Millennium - BPW_2016/09A	September, 2013	September, 2016	Indexed to Kghm	2,977	2,977
Bank Millennium - BPW_2016/10	October, 2013	October, 2016	Indexed to Kghm	3,792	3,792
Bank Millennium - BPW_2016/10A	October, 2013	October, 2016	Indexed to Kghm	1,167	1,167
Bank Millennium - BPW_2015/12B	November, 2013	December, 2015	Indexed to Russell 2000 Index	3,719	3,719
Bank Millennium - BPW_2016/12	November, 2013	December, 2016	Indexed to Kghm	1,733	1,733
Bank Millennium - BPW_2016/12A	December, 2013	December, 2016	Indexed to Hang Seng China Enterprises	702	702
Bank Millennium - BPW_2016/12B	December, 2013	December, 2016	Indexed to Wti Crude Oil	1,809	1,809
Bank Millennium - BPW_2015/12C	December, 2013	December, 2015	Indexed to Samsung Electronics	1,145	1,145
Bank Millennium - BPW_2017/01	January, 2014	January, 2017	Indexed to Wti Crude Oil	1,609	1,609
Bank Millennium - BPW_2017/01A	January, 2014	January, 2017	Indexed to Gold Fix Price	1,748	1,748
Bank Millennium - BPW_2017/02A	February, 2014	February, 2017	Indexed to FTSE 100 Index	712	712
Bank Millennium - BPW_2017/02	February, 2014	February, 2017	Indexed to Volkswagen	1,927	1,927
Bank Millennium - BKMO_280317C	March, 2014	March, 2017	Fixed rate of 3.700%	116,739	116,739
Bank Millennium - BPW_2017/03	March, 2014	March, 2017	Indexed to Gold Fix Price	2,113	2,113
Bank Millennium - BPW_2017/03A	March, 2014	March, 2017	Indexed to Wti Crude Oil	1,382	1,382
Bank Millennium - BPW_2017/04	April, 2014	April, 2017	Indexed to BMW AG	827	827
Bank Millennium - BPW_2017/04A	April, 2014	April, 2017	Indexed to OBXP	1,052	1,052
Bank Millennium - BPW_2017/05	May, 2014	May, 2017	Indexed to Pzu PW	1,486	1,486
Bank Millennium - BPW_2017/06	June, 2014	June, 2017	Indexed to Gold Fix Price	1,073	1,073
Bank Millennium - BPW_2017/07	July, 2014	July, 2017	Indexed to General Motors Co	1,234	1,234
Bank Millennium - BPW_2016/08A	August, 2014	August, 2016	Indexed to Swiss index	4,264	4,264
Bank Millennium - BPW_2016/09B	September, 2014	September, 2016	Indexed to Facebook	1,883	1,883
Bank Millennium - BKMO_080115G	September, 2014	January, 2015	Fixed rate of 2.615%	93,559	93,559
Bank Millennium - BPW_2017/04C	October, 2014	April, 2017	Indexed to Swiss index	2,651	2,651
Bank Millennium - BPW_2017/11	November, 2014	November, 2017	Indexed to Nestle	1,347	1,347
Bank Millennium - BPW_2017/12	December, 2014	December, 2017	Indexed to Airbus	971	971
Bank Millennium - BPW_2017/12A	December, 2014	December, 2017	Indexed to Nestle	673	673
Bank Millennium - BKMO_100315H	December, 2014	March, 2015	Fixed rate of 2.269%	23,605	23,605
Bank Millennium - BKMO_151215I	December, 2014	December, 2015	Fixed rate of 2.390%	11,701	11,701

BCP Finance Bank:

BCP Fin.Bank - EUR 10 M	March, 2004	March, 2024	Fixed rate of 5.010%	10,000	10,625
BCP Fin.Bank - EUR 2.9 M	February, 2005	February, 2015	1st year 9.700% *n/N; 2nd year and following Former coupon *n/N; (n: n. of days USD Libor 6M < Barrier)	1,019	1,019
BCP Fin.Bank - EUR 20 M	April, 2005	April, 2015	Euribor 3M + 0.180%	20,000	19,999
BCP Fin.Bank - EUR 3.5 M	April, 2005	April, 2015	1st year 6.000% *n/N; 2nd year and following Former coupon *n/N; (n: n. of days Euribor 3M < Barrier)	2,276	2,252
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)	828	763
BCP Fin.Bank - EUR 100 M	January, 2007	January, 2017	Euribor 3M + 0.175%	99,750	99,723
BCP Finance Bank - EUR 15 M	July, 2009	July, 2017	Euribor 3M + 2.500% underlying asset Bonds Brisa 09/280717	15,000	14,962
BCP Finance Bank - EUR 5 M	December, 2009	March, 2015	Euribor 3M + 2.250% underlying asset Bonds Cimpor 09/200315	5,000	4,997
BCP Finance Bank - EUR 8.424 M	January, 2010	January, 2015	1st year 2.500%; 2nd year 2.75%; 3rd year 3.250%; 4th year 4.125%; 5th year 5.000%	6,114	6,126

BANCO COMERCIAL PORTUGUÊS
Notes to the Consolidated Financial Statements
31 December, 2014

(continuation)					
Issue	Issue date	Maturity date	Interest rate	Nominal value Euros '000	Book value Euros '000
BCP Finance Bank - EUR 4.64 M	April, 2010	April, 2015	1st semester 2.000%; 2nd semester 2.125%; 3rd semester 2.250%; 4th semester 2.375%; 5th semester 2.500%; 6th semester 2.750%; 7th semester 2.875%; 8th semester 3.125%; 9th semester 3.500%; 10th semester 4.000%	3,197	3,238
BCP Finance Bank - EUR 15.733 M	April, 2010	April, 2015	1st semester 2.250%; 2nd semester 2.500%; 3rd semester 2.600%; 4th semester 2.800%; 5th semester 3.000%; 6th semester 3.150%; 7th semester 3.200%; 8th semester 3.500%; 9th semester 3.800%; 10th semester 4.500%	11,499	11,651
BCP Finance Bank - EUR 1.756 M	August, 2010	August, 2015	1st semester 1.875%; 2nd semester 2.000%; 3rd semester 2.125%; 4th semester 2.250%; 5th semester 2.375%; 6th semester 2.500%; 7th semester 2.750%; 8th semester 2.875%; 9th semester 3.000%; 10th semester 3.500%	1,478	1,508
BCP Finance Bank - EUR 11.537 M	August, 2010	August, 2015	1st semester 2.125%; 2nd semester 2.300%; 3rd semester 2.425%; 4th semester 2.550%; 5th semester 2.800%; 6th semester 3.050%; 7th semester 3.300%; 8th semester 3.550%; 9th semester 3.800%; 10th semester 4.300%	8,317	8,519
BCP Finance Bank - USD 3.069 M	August, 2010	August, 2015	1st semester 1.875%; 2nd semester 2.000%; 3rd semester 2.125%; 4th semester 2.250%; 5th semester 2.375%; 6th semester 2.500%; 7th semester 2.625%; 8th semester 2.875%; 9th semester 3.250%; 10th semester 3.750%	691	711
BCP Finance Bank - EUR 3.547 M	September, 2010	September, 2015	1st semester 1.875%; 2nd semester 2.000%; 3rd semester 2.125%; 4th semester 2.250%; 5th semester 2.375%; 6th semester 2.500%; 7th semester 2.750%; 8th semester 2.875%; 9th semester 3.000%; 10th semester 3.500%	3,039	3,110
BCP Finance Bank - EUR 19.203 M	September, 2010	September, 2015	1st semester 2.175%; 2nd semester 2.300%; 3rd semester 2.425%; 4th semester 2.550%; 5th semester 2.800%; 6th semester 3.050%; 7th semester 3.300%; 8th semester 3.550%; 9th semester 3.800%; 10th semester 4.300%	14,537	14,938
<i>Magellan Mortgages No. 2:</i>					
SPV Magellan No 2 - Class A Notes	October, 2003	July, 2036	Euribor 3M + 0.440%	103,993	103,993
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
<i>Magellan Mortgages No. 3:</i>					
Mbs Magellan Mortgages S.3 Cl.A	June, 2005	May, 2058	Euribor 3M + 0.130%	338,234	313,473
Mbs Magellan Mortgages S.3 Cl.B	June, 2005	May, 2058	Euribor 3M + 0.190%	1,657	1,536
Mbs Magellan Mortgages S.3 Cl.C	June, 2005	May, 2058	Euribor 3M + 0.290%	2,574	2,385
<i>BIM - Banco Internacional de Moçambique, S.A.</i>					
Obrigações BIM / 2010	October, 2010	October, 2015	Fixed rate of 19.000%	24,710	24,710
<i>Accruals</i>					5,061,021
					56,102
					5,117,123

BANCO COMERCIAL PORTUGUÊS
Notes to the Consolidated Financial Statements
31 December, 2014

(continuation)

Issue	Issue date	Maturity date	Interest rate	Nominal value Euros '000	Book value Euros '000
<i>Debt securities at fair value through profit and loss</i>					
<i>Banco Comercial Português:</i>					
BCP Cln Portugal - Emtm 726	June, 2010	June, 2018	Fixed rate of 4.720% underlying asset OT - 2018/06	59,100	61,807
BCP Eur Cln Port 2Ems Jun 10/18	November, 2010	June, 2018	Fixed rate of 4.450% underlying asset OT - 2018/06	11,550	12,186
BCP Eur Cln Portugal 10/15.06.20	November, 2010	June, 2020	Fixed rate of 4.800% underlying asset OT - 2020/06	30,000	32,987
BCP Iln Seleç Merc Emerg 10 Feb 16	February, 2011	February, 2016	Indexed to MSCI Emerging Market Fund	1,005	986
BCP Iln Indic Internac Cup Fixo Iii	March, 2011	March, 2015	Fixed rate of 10% + portfolio of 3 indexes	1,365	1,453
BCP Iln Estr Global Viii/11 Eur	August, 2011	August, 2016	Fixed rate of 1.600%	2,260	2,640
BCP Eur Cln Portugal 3Rd-Emtm 840	May, 2012	June, 2018	Fixed rate of 4.450% underlying asset OT - 2018/06	32,700	39,208
BCP Rend Reem. Par. II/13Eur-Vm 304	February, 2013	February, 2015	Until 13 Aug 2013: fixed rate 1.250%; after 13 Aug 2013: fixed rate 3.333%	1,825	1,954
Inv. Reemb. Parc. III-Emtm 846	March, 2013	March, 2015	1st semester=1.125%; 2nd semester=3.000% after indexed to DJ EuroStoxx 50 and S&P 500	1,935	1,964
Inv. Blue Chips Z.Euro V 13 -Emtm 848	May, 2013	May, 2015	Indexed to DJ EuroStoxx 50	1,310	1,529
Inv. Selec. Mund. Usd V 13-Emtm 849	May, 2013	May, 2015	Indexed to Stoxx Global Select Dividend 10	1,021	1,050
Part. Multisetorial Europ.-Emtm 850	June, 2013	June, 2018	Indexed to DB SALSA Sectors EUR	4,150	4,150
Part. Blue Chips Z.Euro Epvm Sr.2	December, 2013	June, 2015	Indexed to DJ EuroStoxx 50	1,780	1,777
Invest Acoes Europeias Epvm Sr 3	December, 2013	December, 2015	Indexed to DJ EuroStoxx 50	2,570	2,547
Inv.Zona Euro I 22012017 Epvm Sr 4	January, 2014	January, 2017	Indexed to DJ EuroStoxx 50	1,150	1,219
Ret Indices Eur Autocallable - Epvm 5	February, 2014	February, 2016	Indexed to a portfolio of 2 indexes	3,590	3,569
Part Acoes Zona Euro Iii - Epvm Sr 6	March, 2014	March, 2016	Indexed to DJ EuroStoxx 50	1,700	1,752
Ret Acoes Euro Amer Autoc Epvm Sr 9	May, 2014	May, 2016	Indexed to a portfolio of 2 indexes	2,690	2,651
Invest Blue Chips Z Euro Autoc Epvm 10	May, 2014	May, 2017	Indexed to EuroStoxx 50	1,300	1,352
Inv Merc. Acion Zona Euro - Epvm Sr 11	June, 2014	June, 2016	Indexed to a portfolio of 2 indexes	3,960	3,957
Ret Banca Zona Euro Autoc Epvm Sr 13	July, 2014	July, 2015	Indexed to EuroStoxx Banks Index	2,870	2,681
Rend Acoes Z Euro Autoc Epvm Sr 12	July, 2014	July, 2017	Indexed to EuroStoxx 50	2,420	2,377
Inv Acoes Zona Euro Aut Epvm Sr 14	August, 2014	August, 2017	Indexed to EuroStoxx 50	1,040	1,019
Cab Blue Chips Z Euro Aut Epvm Sr 15	November, 2014	November, 2016	Indexed to EuroStoxx 50	5,730	5,763
Inv Commodities Autc Epvm Sr 16	November, 2014	November, 2017	Indexed to S&P GSCI ER index	1,340	1,298
Inv Indust Eur Autoc Xii 14 Epvm Sr 17	December, 2014	December, 2017	Indexed to EuroStoxx Industrial	1,560	1,553
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%	1,100	1,091
					196,520
<i>Accruals</i>					3,398
					199,918

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
<i>Debt securities at amortized cost</i>						
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
<i>Debt securities at fair value through profit and loss</i>						
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
<i>Certificates</i>						
	-	-	-	-	392,528	392,528
	206,331	308,615	454,742	3,684,003	996,378	5,650,069

BANCO COMERCIAL PORTUGUÊS
Notes to the Consolidated Financial Statements
31 December, 2014

This balance, as at 31 December 2013, is analysed by the remaining period, as follows:

	2013					Total Euros '000
	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	
<i>Debt securities at amortized cost</i>						
Bonds	683,391	199,193	144,357	1,436,958	144,443	2,608,342
Covered bonds	-	-	896,061	1,288,508	-	2,184,569
MTNs	171,285	1,610,619	742,034	850,779	9,825	3,384,542
Securizations	-	-	-	-	540,442	540,442
	<u>854,676</u>	<u>1,809,812</u>	<u>1,782,452</u>	<u>3,576,245</u>	<u>694,710</u>	<u>8,717,895</u>
<i>Debt securities at fair value through profit and loss</i>						
Bonds	-	3,154	91,442	14,818	-	109,414
MTNs	2,339	-	10,957	128,277	29,135	170,708
	<u>2,339</u>	<u>3,154</u>	<u>102,399</u>	<u>143,095</u>	<u>29,135</u>	<u>280,122</u>
<i>Certificates</i>	-	-	-	-	312,025	312,025
	<u>857,015</u>	<u>1,812,966</u>	<u>1,884,851</u>	<u>3,719,340</u>	<u>1,035,870</u>	<u>9,310,042</u>

37. Financial liabilities held for trading

The balance is analysed as follows:

	2014 Euros '000	2013 Euros '000
FRA	-	68
Swaps	846,837	757,897
Options	100,979	106,181
Embedded derivatives	369	784
Forwards	4,784	4,600
	<u>952,969</u>	<u>869,530</u>
Level 1	98,880	100,881
Level 2	845,587	760,961
Level 3	8,502	7,688

As referred in IFRS 13, financial instruments are measured according to the levels of valuation described in note 48.

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 d), in the amount of Euros 369,000 (31 December 2013: Euros 784,000). This note should be analysed together with note 24.

38. Provisions

This balance is analysed as follows:

	2014 Euros '000	2013 Euros '000
Provision for guarantees and other commitments	250,158	211,765
Technical provision for the insurance activity:		
For direct insurance and reinsurance accepted:		
Unearned premium / reserve	13,787	12,037
Life insurance	55,990	50,587
Bonuses and rebates	2,161	1,594
Other technical provisions	10,794	9,960
Other provisions for liabilities and charges	127,403	80,017
	<u>460,293</u>	<u>365,960</u>

BANCO COMERCIAL PORTUGUÊS
Notes to the Consolidated Financial Statements
31 December, 2014

Changes in Provision for guarantees and other commitments are analysed as follows:

	2014 Euros '000	2013 Euros '000
Balance on 1 January	211,765	107,470
Transfers resulting from changes in the Group's structure	(134)	(7,707)
Other transfers	(19)	2,345
Charge for the year	52,245	124,822
Write-back for the year	(14,198)	(14,659)
Exchange rate differences	499	(506)
Balance on 31 December	<u>250,158</u>	<u>211,765</u>

Changes in Other provisions for liabilities and charges are analysed as follows:

	2014 Euros '000	2013 Euros '000
Balance on 1 January	80,017	66,953
Transfers resulting from changes in the Group's structure	(1,013)	(153)
Other transfers	7,911	2,541
Charge for the year	44,688	41,596
Write-back for the year	(1,262)	(1,700)
Amounts charged-off	(2,884)	(28,666)
Exchange rate differences	(54)	(554)
Balance on 31 December	<u>127,403</u>	<u>80,017</u>

The provisions are accounted in accordance with the probability of occurrence of certain contingencies related with the Group's inherent risks, which are revised in each reporting date in order to reflect the best estimate of the amount and probability of payment.

39. Subordinated debt

This balance is analysed as follows:

	2014 Euros '000	2013 Euros '000
Bonds		
Non Perpetual Bonds	1,224,603	1,221,541
Perpetual Bonds	28,510	28,202
CoCos	<u>762,767</u>	<u>3,024,642</u>
	2,015,880	4,274,385
Accruals	<u>9,792</u>	<u>86,953</u>
	<u>2,025,672</u>	<u>4,361,338</u>

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 and as referred in note 48.

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.

BANCO COMERCIAL PORTUGUÊS
Notes to the Consolidated Financial Statements
31 December, 2014

As at 31 December 2014, 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
<i>Non Perpetual Bonds</i>					
<i>Banco Comercial Português:</i>					
Mbcp Ob Cx Sub 1 Serie 2008-2018	September, 2008	September, 2018	See reference (i)	250,972	250,974
Mbcp Ob Cx Sub 2 Serie 2008-2018	October, 2008	October, 2018	See reference (i)	70,727	70,727
Bcp Ob Sub Jun 2020 - Emtn 727	June, 2010	June, 2020	See reference (ii)	87,178	88,073
Bcp Ob Sub Aug 2020 - Emtn 739	August, 2010	August, 2020	See reference (iii)	53,298	54,430
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	8,212
Bcp Subord Sep 2019 - Emtn 826	October, 2011	September, 2019	Fixed rate of 9.310%	50,000	50,858
Bcp Subord Nov 2019 - Emtn 830	November, 2011	November, 2019	Fixed rate of 8.519%	40,000	39,228
Bcp Subord Dec 2019 - Emtn 833	December, 2011	December, 2019	Fixed rate of 7.150%	26,600	25,013
Mill Bcp Subord Jan 2020 - Emtn 834	January, 2012	January, 2020	Fixed rate of 7.010%	14,000	12,599
Mbcp Subord Feb 2020 - Vm Sr. 173	April, 2012	February, 2020	Fixed rate of 9.000%	23,000	21,699
Bcp Subord Apr 2020 - Vm Sr 187	April, 2012	April, 2020	Fixed rate of 9.150%	51,000	48,376
Bcp Subord 2 Serie Apr 2020 - Vm 194	April, 2012	April, 2020	Fixed rate of 9.000%	25,000	23,583
Bcp Subordinadas Jul 20-Emtn 844	July, 2012	July, 2020	Fixed rate of 9.000%	26,250	23,897
<i>Bank Millennium:</i>					
MB Finance AB	December, 2007	December, 2017	Euribor 6M + 2%	149,617	149,617
<i>BCP Finance Bank:</i>					
BCP Fin Bank Ltd EMTN - 295	December, 2006	December, 2016	See reference (iv)	71,209	71,209
BCP Fin Bank Ltd EMTN - 828	October, 2011	October, 2021	Fixed rate of 13.000%	98,850	72,964
<i>Magellan No. 3:</i>					
Magellan No. 3 Series 3 Class F	June, 2005	May, 2058	-	44	44
					<u>1,224,603</u>
<i>Perpetual Bonds</i>					
<i>Obrigações Caixa Perpétuas</i>					
Subord 2002/19jun2012	June, 2002	-	See reference (v)	90	60
TOPS BPSM 1997	December, 1997	-	Euribor 6M + 0.900%	22,791	23,137
BCP Leasing 2001	December, 2001	-	Euribor 3M + 2.250%	5,313	5,313
					<u>28,510</u>
<i>CoCos</i>					
Bcp Coco Bonds 12/29.06.2017	June, 2012	June, 2017	See reference (vi)	750,000	762,767
<i>Accruals</i>					<u>9,792</u>
					<u>2,025,672</u>

References :

- (i) - 1st year 6.000%; 2nd to 5th year Euribor 6M + 1.000%; 6th year and following Euribor 6M + 1.400%;
- (ii) - Until the 5th year fixed rate of 3.250%; 6th year and following years Euribor 6M + 1.000%;
- (iii) - 1st year: 3.000%; 2nd year 3.250%; 3rd year 3.500%; 4th year 4.000%; 5th year 5.000%; 6th year and following Euribor 6M + 1.250%;
- (iv) - Euribor 3M + 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:

	2014 Euros '000	2013 Euros '000
Up to 1 year	-	14,994
1 to 5 years	1,428,605	3,567,820
Over 5 years	558,765	663,369
Undetermined	28,510	28,202
	<u>2,015,880</u>	<u>4,274,385</u>
Accruals	9,792	86,953
	<u>2,025,672</u>	<u>4,361,338</u>

BANCO COMERCIAL PORTUGUÊS
Notes to the Consolidated Financial Statements
31 December, 2014

40. Other liabilities

This balance is analysed as follows:

	2014 Euros '000	2013 Euros '000
Creditors:		
Suppliers	35,842	38,389
From factoring operations	6,132	9,052
Associated companies	798	582
Other creditors	236,944	371,231
Public sector	56,712	65,326
Interests and other amounts payable	98,533	101,244
Deferred income	9,804	6,506
Holiday pay and subsidies	61,900	67,800
Other administrative costs payable	3,347	2,341
Amounts payable on trading activity	14,859	6,848
Other liabilities	526,721	327,205
	<u>1,051,592</u>	<u>996,524</u>

The balance Creditors - Other creditors also includes, Euros 48,201,000 (31 December 2013: Euros 49,412,000) related with the seniority premium, as described in note 50.

Additionally, this balance includes the amount of Euros 35,164,000 (31 December 2013: Euros 98,838,000) regarding the restructuring provision, related to the resizing program agreed with the European Commission and the amount of Euros 24,212,000 (31 December 2013: Euros 16,877,000) relative to the actual value of benefits attributed associated with housing loans to employees, retirees and former employees.

The balance Creditors - Other creditors also includes the amount of Euros 3,153,000 (31 December 2013: Euros 4,176,000), related to the obligations with retirement benefits already recognised in Staff costs, to be paid to former members of the Executive Board of Directors. As referred in note 50, the above mentioned obligations are not covered by the Pension Fund and therefore, correspond to amounts payable by the Group.

The caption Other liabilities includes in 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 capital instruments

The Bank's share capital amounts to Euros 3,706,690,253.08 and is represented by 54,194,709,415 ordinary, book-entry and nominate shares, without nominal value, which is fully paid.

On 24 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 accordance with the Shareholders General Meeting in 30 May of 2014, the bank 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 the majority of the preference shares were exchanged for new debt instruments. As at 31 December 2014, the balance preference shares amounts to Euros 171,175,000.

The other capital 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 offering of perpetual subordinated securities for ordinary shares, performed in 2011. As at 31 December 2014, the balance amounts to Euros 9,853,000.

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.

BANCO COMERCIAL PORTUGUÊS
Notes to the Consolidated Financial Statements
31 December, 2014

As at 31 December 2014, 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 social	% voting rights
Sonangol - Sociedade Nacional de Combustíveis de Angola, EP	10,534,115,358	19.44%	19.44%
Sabadell Group	2,994,863,413	5.53%	5.53%
EDP Group	1,468,453,531	2.71%	2.71%
Interoceânico Group	1,367,610,186	2.52%	2.52%
BlackRock	1,308,152,656	2.41%	2.41%
Ageas Group	1,089,201,255	2.01%	2.01%
Total Qualified Shareholdings	18,762,396,399	34.62%	34.62%

42. Legal reserve

Under Portuguese legislation, the Bank is required to set-up annually a legal reserve equal to a minimum of 10 percent of annual profits until the reserve equals the share capital. Such reserve is not normally distributable. In accordance with the proposal approved in the General Shareholders Meeting held on 30 May 2014, 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:

	2014 Euros '000	2013 Euros '000
Actuarial losses (net of taxes)	(2,320,907)	(1,877,291)
Exchanges differences arising on consolidation	(62,580)	(73,499)
Fair value reserves		
Financial assets available for sale		
Potential gains and losses recognised		
in fair value reserves	177,879	113,461
Loans represented by securities (*)	(20)	(25)
Financial assets held to maturity (*)	(1,207)	5,503
Of associated companies and others	2,056	(39,340)
Cash-flow hedge	(28,529)	(25,141)
	150,179	54,458
Tax		
Financial assets available for sale		
Potential gains and losses recognised		
in fair value reserves	(48,764)	(35,186)
Loans represented by securities	6	8
Financial assets held to maturity	356	(1,733)
Cash-flow hedge	5,121	4,764
	(43,281)	(32,147)
Fair value reserve net of taxes	106,898	22,311
	(2,276,589)	(1,928,479)
Other reserves and retained earnings:		
Legal reserve	193,270	193,270
Statutory reserve	30,000	30,000
Other reserves and retained earnings	2,788,179	1,539,226
Other reserves arising on consolidation	(169,875)	(168,643)
	2,841,574	1,593,853

(*) Refers to the amount not accrued 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 balance Other reserves and retained earnings includes the amount of Euros 46,633,000 regarding the reclassification effect of Exchanges differences arising on consolidation related to foreign exchange differences on investments sold in previous years and net investment coverage.

BANCO COMERCIAL PORTUGUÊS
Notes to the Consolidated Financial Statements
31 December, 2014

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	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
	<u>79,599</u>	<u>310,171</u>	<u>91,345</u>	<u>(302,407)</u>	<u>178,708</u>

The changes occurred during 2013, in Fair value reserves for loans represented by securities, financial assets available for sale, financial assets held to maturity, investments in associated companies and others, are analysed as follows:

	2013				
	Balance on 1 January 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	(74,133)	29,670	-	-	(44,463)
Portuguese public debt securities	129,519	21,713	-	(61,820)	89,412
Other investments	13,491	41,211	102,193	(122,245)	34,650
	<u>68,877</u>	<u>92,594</u>	<u>102,193</u>	<u>(184,065)</u>	<u>79,599</u>

44. Treasury stock

This balance is analysed as follows:

	Banco Comercial Português, S.A. shares	Other treasury stock	Total
2014			
Net book value (Euros '000)	1,595	11,952	13,547
Number of securities	24,280,365	(*)	
Average book value (Euros)	0.07		
2013			
Net book value (Euros '000)	12,757	9,988	22,745
Number of securities	76,664,387	(*)	
Average book value (Euros)	0.17		

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 2014, Banco Comercial Português, S.A. does not held treasury stocks and does not performed any purchases or sales of own shares during the year. However, as at 31 December 2014, this balance includes 24,280,365 shares (31 December 2013: 76,664,387 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.

Regarding treasury stock owned by associated companies listed in note 60, as at 31 December 2014, the Millenniumbcp Ageas Group owned 652,087,518 BCP shares (31 December 2013: 233,631,825 shares) in the amount of Euros 42,842,000 (31 December 2013: Euros 38,876,000).

45. Non-controlling interests

This balance is analysed as follows:

	2014 Euros '000	2013 Euros '000
Actuarial losses (net of taxes)	(526)	(67)
Exchange differences arising on consolidation	(40,300)	(39,985)
Fair value reserves	(9,268)	(7,927)
Deferred taxes	1,582	648
	<u>(48,512)</u>	<u>(47,331)</u>
Other reserves and retained earnings	822,883	739,932
	<u>774,371</u>	<u>692,601</u>

BANCO COMERCIAL PORTUGUÊS
Notes to the Consolidated Financial Statements
31 December, 2014

The balance Non-controlling interests is analysed as follows:

	Balance Sheet		Income Statement	
	2014	2013	2014	2013
	Euros '000	Euros '000	Euros '000	Euros '000
Bank Millennium, S.A.	465,303	445,219	53,634	43,934
BIM - Banco Internacional de Moçambique, SA	151,942	128,099	30,565	29,418
Banco Millennium Angola, S.A.	157,140	123,528	25,560	20,359
Other subsidiaries	(14)	(4,245)	301	(9)
	<u>774,371</u>	<u>692,601</u>	<u>110,060</u>	<u>93,702</u>
% held				
Non-controlling interests				
Name	Head office	Segment	2014	2013
Bank Millennium, S.A.	Warsaw	Bank	34.5%	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%

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.	
	2014	2013	2014	2013	2014	2013
	Euros '000	Euros '000	Euros '000	Euros '000	Euros '000	Euros '000
Income	832,658	852,392	311,195	288,744	190,966	161,859
Net profit for the year	155,243	127,113	88,451	85,502	51,222	40,799
Net profit for the year attributable to the shareholders	101,609	83,179	57,886	56,084	25,662	20,440
Net profit for the year attributable to non-controlling interests	53,634	43,934	30,565	29,418	25,560	20,359
Other comprehensive income attributable to the shareholders	3,383	917	(475)	(227)	(2,309)	1,402
Other comprehensive income attributable to non-controlling interests	1,781	483	(237)	(113)	(2,300)	1,396
Total comprehensive income	<u>160,407</u>	<u>128,513</u>	<u>87,739</u>	<u>85,162</u>	<u>46,613</u>	<u>43,597</u>
Financial assets	14,036,588	13,538,545	2,376,925	1,964,397	1,736,450	1,467,063
Non-financial assets	177,697	159,276	198,844	160,183	213,776	184,114
Financial liabilities	(12,657,377)	(12,179,636)	(1,983,484)	(1,621,882)	(1,585,230)	(1,358,605)
Non-financial liabilities	<u>(207,689)</u>	<u>(227,201)</u>	<u>(146,869)</u>	<u>(127,606)</u>	<u>(50,086)</u>	<u>(45,021)</u>
Equity	1,349,219	1,290,984	445,416	375,092	314,910	247,551
Equity attributed to the shareholders	883,916	845,765	293,474	246,993	157,770	124,023
Equity attributed to the Non-controlling interests	<u>465,303</u>	<u>445,219</u>	<u>151,942</u>	<u>128,099</u>	<u>157,140</u>	<u>123,528</u>
Cash flows arising from:						
operating activities	(111,755)	713,856	83,634	53,079	66,781	44,822
investing activities	(362,497)	(509,938)	(41,568)	(25,089)	(193,473)	(318,011)
financing activities	<u>157,321</u>	<u>(93,571)</u>	<u>(20,903)</u>	<u>(20,124)</u>	<u>129,197</u>	<u>319,172</u>
Net increase / (decrease) in cash and equivalents	<u>(316,931)</u>	<u>110,347</u>	<u>21,163</u>	<u>7,866</u>	<u>2,505</u>	<u>45,983</u>
Dividends paid during the year:						
attributed to the shareholders	41,679	-	17,120	16,756	-	-
attributed to the Non-controlling interests	<u>21,941</u>	<u>-</u>	<u>9,115</u>	<u>8,978</u>	<u>-</u>	<u>-</u>
	<u>63,620</u>	<u>-</u>	<u>26,235</u>	<u>25,734</u>	<u>-</u>	<u>-</u>

BANCO COMERCIAL PORTUGUÊS
Notes to the Consolidated Financial Statements
31 December, 2014

46. Guarantees and other commitments

This balance is analysed as follows:

	2014	2013
	Euros '000	Euros '000
Guarantees granted	5,482,897	5,528,090
Guarantees received	31,254,692	29,292,448
Commitments to third parties	7,453,290	8,003,594
Commitments from third parties	10,769,188	14,043,416
Securities and other items held for safekeeping on behalf of customers	119,368,385	109,426,379
Securities and other items held under custody by the Securities Depository Authority	123,425,276	129,517,608
Other off balance sheet accounts	135,896,783	148,832,584

The amounts of Guarantees granted and Commitments to third parties are analysed as follows:

	2014	2013
	Euros '000	Euros '000
<i>Guarantees granted:</i>		
Guarantees	4,145,369	4,309,714
Stand-by letter of credit	93,034	81,876
Open documentary credits	464,433	291,701
Bails and indemnities	780,061	844,799
	<u>5,482,897</u>	<u>5,528,090</u>
<i>Commitments to third parties</i>		
Irrevocable commitments		
Term deposits contracts	16,292	50,111
Irrevocable credit lines	2,462,932	2,296,632
Other irrevocable commitments	291,835	308,622
Revocable commitments		
Revocable credit lines	3,706,528	3,996,579
Bank overdraft facilities	751,355	1,184,706
Other revocable commitments	224,348	166,944
	<u>7,453,290</u>	<u>8,003,594</u>

The guarantees granted by the Group may be related with loan transactions, where the Group grants a guarantee in connection with a loan granted to a client by a third entity. According to its specific characteristics it is expected that some of these guarantees expire without being executed and therefore these transactions do not necessarily represent a cash-outflow.

Stand-by letters and open documentary credits aim to ensure the payment to third parties from commercial deals with foreign entities and therefore financing the shipment of the goods. Therefore the credit risk of these transactions is limited 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.

BANCO COMERCIAL PORTUGUÊS
Notes to the Consolidated Financial Statements
31 December, 2014

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:

	2014 Euros '000	2013 Euros '000
Banco Comercial Português, S.A.	1,534,264	1,007,359
Millennium bcp Bank & Trust	14,731	10,406
Millennium bcp Gestão de Activos - Sociedade Gestora de Fundos de Investimento, S.A.	1,467,802	1,561,103
BII Investimentos International, S.A.	73,538	79,331
Interfundos Gestão de Fundos de Investimento Imobiliários, S.A.	1,518,606	1,588,672
Millennium TFI S.A.	834,865	836,394
	<u>5,443,806</u>	<u>5,083,265</u>

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:

	2014 Euros '000	2013 Euros '000
Investment funds	2,376,205	2,476,828
Real-estate investment funds	1,518,606	1,588,672
Wealth management	1,548,995	1,017,765
Assets under deposit	111,104,414	101,541,311
	<u>116,548,220</u>	<u>106,624,576</u>

48. Relevant events occurred during 2014

Sale of Banca Millennium (Romania) to OTP Bank

Banco Comercial Português, S.A. ("Bank") signed on 30 July 2014 an agreement with OTP Bank regarding the sale of the entire share capital of Banca Millennium (Romania) ("BMR"). The transaction is subjected to customary condition, in particular to obtaining regulatory approvals. The aggregate consideration for the sale of the share capital of BMR was agreed at Euros 39,000,000. On the date of closing of the sale transaction, OTP Bank will ensure full reimbursement to the Bank of the intragroup funding currency provided by the Bank to BMR, amounting to approximately Euros 150,000,000.

Accession to the special regime applicable to deferred tax assets

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 thereto 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.

BANCO COMERCIAL PORTUGUÊS
Notes to the Consolidated Financial Statements
31 December, 2014

Sale of Millennium bcp Gestão de Activos

Banco Comercial Português, S.A., (“Bank”) hereby informs that it signed an agreement on 7 October 2014 with the CIMD Group, headquartered in Madrid, for the sale of the entire share capital of Millennium bcp Gestão de Activos - Sociedade Gestora de Fundos de Investimento, S.A. (“MGA”).

The agreed price for the sale of the share capital of MGA is Euros 15,750,000. The operation is still subject to approval by the Supervision entities.

The Bank will continue to distribute the investment funds managed by MGA, of which is the custodian of these funds.

The reimbursement to the Portuguese State of Euros 1,850,000,000 in CoCos

Banco Comercial Português, S.A. (“Bank”) repaid Euros 1,850,000,000 of common equity tier I capital instruments (CoCos) issued by the Portuguese State, 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.

Increase of the Bank's Share Capital from Euros 1,465,000,000 to Euros 3,706,690,253.08

On 24 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, with the issue value and unit subscription price of 0.65 Euros, which were offered to the Bank's shareholders for subscription through the exercise of their pre-emptive subscription rights.

As such, the current Bank's share capital is Euros 3,706,690,253.08 represented by 54,194,709,415 ordinary, book-entry and nominate shares, without nominal value.

Annual General Meeting on 30 May, 2014

On 30 May, 2014, the Annual General Meeting of the Bank was held with 45.48% of the share capital represented. In this meeting the following resolutions were taken: (i) Approval of the separate and consolidated annual report, balance sheet and financial statements of 2013; (ii) Approval of the proposal to transfer the losses recorded in the 2013 separate balance sheet to Retained Earnings; (iii) Approval of a vote of support and praise addressed to the Board of Directors, including its Executive Committee and Audit Committee and to each one of their members, as well to the Statutory Auditor; (iv) Approval of the proposal for reducing the number of members of the Remuneration and Welfare Board in the 2014/2016 term-of-office to 4; (v) Approval of the proposal for reducing the number of members of the Board of Directors from 22 to 20; (vi) Approval of the current members of the Board of the General Meeting of Shareholders for the exercise of functions during the term of office 2014/2016; (vii) Approval of the election as Effective and Alternate Statutory Auditor of the Bank to exercise functions during the term of the office 2014/2016; (viii) Approval of the election as External Auditor of the Bank to exercise functions during term of the office 2014/2016; (ix) Approval of the remuneration policy for the members of the Board of Directors, including the Executive Committee; (x) Approval of the reformulation the items of own capital by reducing the share capital; (xi) Approval of the acquisition and sale of own shares and bonds.

Decrease of the share capital

Pursuant to the resolutions adopted at the Annual General Meeting of the Bank held on 30 May, 2014, the Bank registered the new share capital of Euros 1,465,000,000, represented by 19,707,167,060 nominative, book-entry shares without nominal value.

Reimbursement to the Portuguese State of Euros 400,000,000 of CoCos

On May 2014, Banco Comercial Português, S.A. repaid Euros 400,000,000 of core tier I capital instruments (CoCos) issued by the Portuguese State, 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.

Sale of its 49% in the Non-Life Insurance Business

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 “Médic – 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 totalling 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.

Banco Comercial Português informs on a new synthetic securitization transaction

Banco Comercial Português, S.A. completed in June 2014, the execution of a new securitisation transaction (“Caravela SME No. 4”) concerning a pool of leasing contracts to companies and sole-partnerships, amounting to Euros 1,000,000,000.

Banco Comercial Português, S.A. informs about the senior unsecured debt issue

In February 2014, Banco Comercial Português, S.A. placed a senior unsecured debt issue under its Euro Medium Term Note Program. The issue, in the amount of Euros 500,000,000, has a term of 3 years and a coupon of 3.375% per annum.

BANCO COMERCIAL PORTUGUÊS
Notes to the Consolidated Financial Statements
31 December, 2014

49. Fair value

Fair value is based on market prices, whenever these are available. If market prices are not available, as occurs regarding many products sold to clients, fair value is estimated through internal models based on cash-flow discounting techniques. Cash-flows for the different instruments sold are calculated according to its financial characteristics and the discount rates used include both the interest rate curve and the current conditions of the pricing policy in the Group.

Thus, the fair value obtained is influenced by the parameters used in the evaluation model that have some degree of judgement and reflects exclusively the value attributed to different financial instruments. However it does not consider prospective factors, as the future business evolution. Therefore the values presented cannot be understood as an estimate of the economic value of the Group.

The main methods and assumptions used in estimating the fair value for the financial assets and financial liabilities of the Group are presented as follows:

Cash and deposits at Central Banks, Loans and advances to credit institutions repayable on demand

Considering the short term of these financial instruments, the amount in the balance sheet is a reasonable estimate of its fair value.

Loans and advances to credit institutions, Deposits from credit institutions and Assets with repurchase agreements

The fair value of these financial instruments is calculated discounting the expected principal and interest future cash flows for these instruments, considering that the payments of the instalments occur in the contractually defined dates.

For Deposits from Central Banks it was considered that the book value is a reasonable estimate of its fair value, given the nature of operations and the associated short-term. The rate of return of funding with the European Central Bank is 0.05% as at 31 December 2014 (31 December 2013: 0.25%).

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 2014, the average discount rate was 1.10% for loans and advances and - 0.36% for deposits. As at 31 December 2013 the rates were 2.95% and 1.42%, 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 4.44% as at 31 December 2014 and 5.50% as at 31 December 2013. The calculations also include the credit risk spread.

BANCO COMERCIAL PORTUGUÊS
Notes to the Consolidated Financial Statements
31 December, 2014

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 2014, the average discount rate was 1.65% and as at 31 December 2013 was 2.49%.

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 6.97% (31 December, 2013: 8.99%) for subordinated debt placed on the institutional market. Regarding the subordinated issues placed on the retail market it was determined a discount rate of 7.18% (31 December, 2013: 8.25%). The average discount rate calculated for senior issues (including the Government guaranteed and asset-backed) was 2.06% (31 December 2013: 3.43%) and 2.97% (31 December, 2013: 3.88%) 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 2014 is a positive amount of Euros 63,163,000 (31 December 2013: a negative amount of Euros 48,271,000), and includes a receivable amount of Euros 366,000 (31 December 2013: a receivable amount of Euros 160,000) which reflects the fair value of embedded derivatives and are recorded in financial assets and liabilities held for trading.

As at 31 December 2014, 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	-0.10%	0.18%	0.52%	1.98%
7 days	-0.03%	0.23%	0.53%	1.98%
1 month	0.01%	0.30%	0.57%	1.98%
2 months	0.03%	0.33%	0.61%	1.97%
3 months	0.06%	0.38%	0.64%	1.96%
6 months	0.13%	0.48%	0.78%	1.95%
9 months	0.21%	0.64%	0.90%	1.94%
1 year	0.16%	0.43%	1.03%	1.79%
2 years	0.18%	0.88%	0.93%	1.77%
3 years	0.22%	1.28%	1.13%	1.80%
5 years	0.36%	1.76%	1.44%	1.94%
7 years	0.53%	2.03%	1.64%	2.07%
10 years	0.82%	2.27%	1.84%	2.21%
15 years	1.15%	2.50%	2.07%	2.43%
20 years	1.33%	2.61%	2.18%	2.43%
30 years	1.47%	2.69%	2.23%	3.84%

BANCO COMERCIAL PORTUGUÊS
Notes to the Consolidated Financial Statements
31 December, 2014

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	Fair value through reserves	Amortised cost	Book value	Fair value
	Euros '000	Euros '000	Euros '000	Euros '000	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
	<u>1,749,565</u>	<u>8,263,225</u>	<u>59,992,499</u>	<u>70,005,289</u>	<u>67,584,712</u>
Deposits from credit institutions	-	-	10,966,155	10,966,155	11,018,598
Amounts owed to customers	1,918,419	-	47,898,317	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
	<u>3,816,377</u>	<u>-</u>	<u>66,007,267</u>	<u>69,823,644</u>	<u>70,994,926</u>

The following table shows the fair value of financial assets and liabilities of the Group, as at 31 December 2013:

	2013				
	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	-	-	2,939,663	2,939,663	2,939,663
Loans and advances to credit institutions					
Repayable on demand	-	-	1,054,030	1,054,030	1,054,030
Other loans and advances	-	-	1,240,628	1,240,628	1,240,468
Loans and advances to customers	-	-	56,802,197	56,802,197	54,029,633
Financial assets held for trading	1,290,079	-	-	1,290,079	1,290,079
Financial assets available for sale	-	9,327,120	-	9,327,120	9,327,120
Assets with repurchase agreement	-	-	58,268	58,268	58,268
Hedging derivatives	104,503	-	-	104,503	104,503
Held to maturity financial assets	-	-	3,110,330	3,110,330	3,119,676
	<u>1,394,582</u>	<u>9,327,120</u>	<u>65,205,116</u>	<u>75,926,818</u>	<u>73,163,440</u>
Deposits from credit institutions	-	-	13,492,536	13,492,536	13,482,916
Amounts owed to customers	675,007	-	48,284,745	48,959,752	48,966,808
Debt securities	595,626	-	8,815,601	9,411,227	9,362,956
Financial liabilities held for trading	869,530	-	-	869,530	869,530
Hedging derivatives	243,373	-	-	243,373	243,373
Subordinated debt	-	-	4,361,338	4,361,338	4,659,969
	<u>2,383,536</u>	<u>-</u>	<u>74,954,220</u>	<u>77,337,756</u>	<u>77,585,552</u>

BANCO COMERCIAL PORTUGUÊS
Notes to the Consolidated Financial Statements
31 December, 2014

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	Total
	Euros '000	Euros '000	Euros '000	instruments at cost	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 following table shows, by valuation levels, the fair value of financial assets and liabilities of the Group, as at 31 December 2013:

	2013				
	Level 1	Level 2	Level 3	Financial	Fair
	Euros '000	Euros '000	Euros '000	instruments at cost	value
	Euros '000	Euros '000	Euros '000	Euros '000	Euros '000
Cash and deposits at Central Banks	2,939,663	-	-	-	2,939,663
Loans and advances to credit institutions					
Repayable on demand	1,054,030	-	-	-	1,054,030
Other loans and advances	-	-	1,240,468	-	1,240,468
Loans and advances to customers	-	-	54,029,633	-	54,029,633
Financial assets held for trading	542,475	700,184	37,009	10,411	1,290,079
Financial assets available for sale	5,712,999	2,411,089	1,142,350	60,682	9,327,120
Assets with repurchase agreement	-	-	-	58,268	58,268
Hedging derivatives	-	104,503	-	-	104,503
Held to maturity financial assets	2,122,067	997,609	-	-	3,119,676
	12,371,234	4,213,385	56,449,460	129,361	73,163,440
Deposits from credit institutions	-	-	13,482,916	-	13,482,916
Amounts owed to customers	-	-	48,966,808	-	48,966,808
Debt securities	312,025	9,050,931	-	-	9,362,956
Financial liabilities held for trading	-	861,842	7,688	-	869,530
Hedging derivatives	-	243,373	-	-	243,373
Subordinated debt	-	4,659,969	-	-	4,659,969
	312,025	14,816,115	62,457,412	-	77,585,552

BANCO COMERCIAL PORTUGUÊS
Notes to the Consolidated Financial Statements
31 December, 2014

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

In accordance with the accounting policy described in note 1 w), the liabilities regarding pension plans are evaluated semi-annually. On this basis, the information presented refers to the year ended 31 December, 2014 and 2013.

The number of participants in the Pension Fund of Banco Comercial Português covered by this pension plan and other benefits is analysed as follows:

	2014	2013
<i>Number of participants</i>		
Pensioners	16,337	16,100
Former Attendees Acquired Rights	3,216	2,788
Employees	8,054	8,871
	<u>27,607</u>	<u>27,759</u>

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:

	2014 Euros '000	2013 Euros '000
<i>Projected benefit obligations</i>		
Pensioners	1,835,678	1,485,361
Former Attendees Acquired Rights	187,812	93,326
Employees	1,109,165	954,548
	<u>3,132,655</u>	<u>2,533,235</u>
Pension Fund Value	<u>(3,094,635)</u>	<u>(2,547,275)</u>
Net (Assets) / Liabilities in balance sheet	<u>38,020</u>	<u>(14,040)</u>
Accumulated actuarial losses recognised in Other comprehensive income	2,811,018	2,333,777

BANCO COMERCIAL PORTUGUÊS
Notes to the Consolidated Financial Statements
31 December, 2014

The change in the projected benefit obligations is analysed as follows:

	2014		2013	
	Pension benefit obligations Euros '000	Extra-Fund Euros '000	Total Euros '000	Total Euros '000
Balance as at 1 January	2,236,786	296,449	2,533,235	2,293,075
Service cost	(4,618)	183	(4,435)	(8,557)
Interest cost / (income)	86,712	10,808	97,520	101,833
Actuarial (gains) and losses				
Not related to changes in actuarial assumptions	2,477	(2,256)	221	9,801
Arising from changes in actuarial assumptions	513,430	60,450	573,880	199,961
Impact resulting from the change in the calculation of the Death Subsidy (Decree-Law no.13/2013)	-	-	-	(7,453)
Payments	(57,243)	(22,054)	(79,297)	(74,628)
Early retirement programmes	1,282	(273)	1,009	8,748
Contributions of employees	9,778	-	9,778	10,165
Transfer from other plans	744	-	744	290
Balance at the end of the year	<u>2,789,348</u>	<u>343,307</u>	<u>3,132,655</u>	<u>2,533,235</u>

The balance Impact resulting from the change of the calculation of the Death subsidy (Decree-Law n. ° 13/2013) corresponded as at 31 December, 2013, to the amount of Euros 7,453,000 arising from the change in the calculation method of the death subsidy following the publication on 17 January 2013, of the Decree-Law No. 13/2013 which amends the determination of the amount of that benefit.

In accordance with IAS 19, a negative past service cost occurs when there are changes in the benefit plan, which results in a reduction of the current value of the responsibilities for past services. On that basis, the Group accounted the referred impact in results for the year 2013 (Decree-Law n. ° 13/2013) .

As at 31 December 2014 the value of the benefits paid by the Pension Fund, excluding other benefits included on Extra-fund, amounted to Euros 57,243,000 (31 December 2013: Euros 52,309,000).

The liabilities with health benefits are fully covered by the Pension Fund and correspond, as at 31 December 2014, to the amount of Euros 298,354,000 (31 December 2013: Euros 279,833,000).

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 2014 amounts to Euros 78,406,000 (31 December 2013: Euros 80,932,000), 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 planned 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 Group.

The change in the value of plan's assets is analysed as follows:

	2014 Euros '000	2013 Euros '000
Balance as at 1 January	2,547,275	2,432,146
Expected return on plan assets	94,417	102,531
Actuarial gains and (losses)	96,860	(2,487)
Contributions to the Fund	400,000	56,233
Payments	(57,243)	(52,309)
Amount transferred to the Fund resulting from acquired rights unassigned related to the Complementary Plan	2,804	706
Employees' contributions	9,778	10,165
Transfer from other plans	744	290
Balance at the end of the year	<u>3,094,635</u>	<u>2,547,275</u>

BANCO COMERCIAL PORTUGUÊS
Notes to the Consolidated Financial Statements
31 December, 2014

The elements of the Pension Fund's assets are analysed as follows:

	2014	2013
	Euros '000	Euros '000
Shares	746,123	681,985
Bonds and other fixed income securities	907,943	740,973
Participations units in investment funds	190,193	230,730
Participation units in real estate funds	274,598	279,973
Properties	302,190	311,213
Loans and advances to credit institutions and others	673,588	302,401
	<u>3,094,635</u>	<u>2,547,275</u>

The balance Properties includes buildings owned by the Fund and used by the Group's companies which as at 31 December 2014, amounts to Euros 301,507,000 (31 December 2013: Euros 309,797,000).

The securities issued by Group's companies accounted in the portfolio of the Fund are analysed as follows:

	2014	2013
	Euros '000	Euros '000
Fixed income securities	-	7
Variable income securities	129,992	143,999
Loans and advances to credit institutions and others	650,038	288,924
	<u>780,030</u>	<u>432,930</u>

The evolution of net (assets) / liabilities in the balance sheet is analysed as follows:

	2014	2013
	Euros '000	Euros '000
Balance as at 1 January	(14,040)	(139,071)
Recognised in the income statement:		
Service cost	(4,435)	(8,557)
Interest cost / (income)	3,103	(698)
Cost with early retirement programs	1,009	8,748
Impact resulting from the change of the calculation formula of the Death Subsidy DL 13/2013 and 133/2012	-	(7,453)
Amount transferred to the Fund resulting from acquired rights unassigned related to the Complementary Plan	(2,804)	(706)
Recognised in the statement of comprehensive income:		
Actuarial (gains) and losses		
Not related to changes in actuarial assumptions		
Return of the fund	(96,860)	2,487
Difference between expected and effective obligations	221	9,801
Arising from changes in actuarial assumptions	573,880	199,961
Contributions to the fund	(400,000)	(56,233)
Payments	(22,054)	(22,319)
Balance at the end of the year	<u>38,020</u>	<u>(14,040)</u>

As at 31 December 2014, Euros 1,557,000 from the balances Cost with early retirement programs and Amount transferred to the fund resulting from acquired rights unassigned related to the Complementary Plan, were recognised against the restructuring provision as referred in note 40.

As at 31 December 2014, the Group's companies made contributions in cash to the Pension Fund, in the amount of Euros 400,000,000 (31 December 2013: Euros 56,233,000).

BANCO COMERCIAL PORTUGUÊS
Notes to the Consolidated Financial Statements
31 December, 2014

In accordance with IAS 19, 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	Discontinued operations	Total
	Euros '000	Euros '000	Euros '000
Service cost	(4,376)	(59)	(4,435)
Net interest cost / (income) in the liability coverage balance	3,101	2	3,103
Others	(160)	(78)	(238)
(Income) / Cost of the year	<u>(1,435)</u>	<u>(135)</u>	<u>(1,570)</u>

In accordance with IAS 19, as at 31 December 2013, the Group accounted post-employment benefits as an income in the amount of Euros 8,666,000, which is analysed as follows:

	2013		
	Continuing operations	Discontinued operations	Total
	Euros '000	Euros '000	Euros '000
Service cost	(8,489)	(68)	(8,557)
Net interest cost / (income) in the liability coverage balance	(690)	(8)	(698)
Impact resulting from the change of the calculation formula of the Death Subsidy DL 13/2013 and 133/2012	(7,453)	-	(7,453)
Other	8,042	-	8,042
(Income) / Cost of the year	<u>(8,590)</u>	<u>(76)</u>	<u>(8,666)</u>

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 3,153,000 (31 December 2013: Euros 4,176,000). The decrease was the result of the write-down of provisions established to cover the future increases in the retirement pensions of the former members of the Executive Board of Directors, following the agreements established between the parties.

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:

	2014	2013
	Euros '000	Euros '000
Balance as at 1 January	4,176	4,413
Write-back	<u>(1,023)</u>	<u>(237)</u>
Balance at the end of the year	<u>3,153</u>	<u>4,176</u>

BANCO COMERCIAL PORTUGUÊS
Notes to the Consolidated Financial Statements
31 December, 2014

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:

	2014	2013
Increase in future compensation levels	0.75% until 2017 1.0% after 2017	1% until 2016 1.75% after 2016
Rate of pensions increase	0% until 2017 0.50% after 2017	0% until 2016 0.75% after 2016
Projected rate of return of fund assets	2.50%	4.00%
Discount rate	2.50%	4.00%
Mortality tables		
Men	TV 73/77 - 2 years	TV 73/77 - 1 year
Women	TV 88/90 - 3 years	TV 88/90 - 2 years
Disability rate	0.00%	0.00%
Turnover rate	0.00%	0.00%
Costs with health benefits increase rate	6.50%	6.50%

The mortality tables consider an age inferior to the effective age of the beneficiaries, 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 face to (i) the positive deviations observed in the last financial year and (ii) the current trend of wages evolution and the economic situation at this time, led to a growth rate of wages progressive of 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, it is mandatory for annual periods beginning on 1 January 2013, the rate of return on plan assets considered in the calculation of the present value of the liabilities, corresponds to the discount rate.

However, presented below is the estimated expected return for 2015:

	2015	
Asset class	Portfolio %	Estimated return
Shares	24.11%	6.47%
Bonds and other fixed income securities	29.34%	3.56%
Participations units in investment funds	6.15%	1.33%
Participation units in real estate funds	8.87%	0.33%
Properties	9.76%	6.58%
Loans and advances to credit institutions and others	21.77%	1.30%
Total income expected		3.64%

Net actuarial losses amounts to Euros 477,241,000 (31 December 2013: Net actuarial losses amounts to Euros 212,249,000) 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 2014		Actuarial (gains) / losses 2013	
	Values effectively verified in %	Euros '000	Values effectively verified in %	Euros '000
Deviation between expected and actual liabilities:				
Increase in future compensation levels	0.74%	(2,470)	0.76%	(2,705)
Disability	0.12%	2,935	0.18%	4,085
Mortality deviations	0.24%	6,167	0.18%	4,020
Others	-0.25%	(6,412)	0.19%	4,401
Changes on the assumptions:				
Discount rate	2.50%	769,465	4.00%	199,961
Increase in future compensation levels	-	(123,174)	-	-
Pensions increase rate	-	(151,399)	-	-
Mortality tables		78,988		-
Return on Plan assets	8.14%	(96,860)	4.40%	2,487
		477,241		212,249

BANCO COMERCIAL PORTUGUÊS
Notes to the Consolidated Financial Statements
31 December, 2014

In accordance with IAS 19, the sensitivity analysis to changes in assumptions, is as follows

	Impact resulting from changes in financial assumptions 2014		Impact resulting from changes in financial assumptions 2013	
	-0.25%	0.25%	-0.25%	0.25%
	Euros '000	Euros '000	Euros '000	Euros '000
Discount rate	136,160	(129,321)	103,218	(101,101)
Pensions increase rate	(105,349)	111,919	(102,403)	102,789
Increase in future compensation levels	(49,290)	51,931	(39,571)	41,657

	Impact resulting from changes in demographic assumptions 2014		Impact resulting from changes in demographic assumptions 2013	
	- 1 year	+ 1 year	- 1 year	+ 1 year
	Euros '000	Euros '000	Euros '000	Euros '000
Mortality Table	91,936	(92,521)	(114,274)	66,745

Health benefit costs have a significant impact on pension costs. Considering this impact the Group performed a sensitivity analysis assuming one percent positive variation in health benefit costs (from 6.5% to 7.5%) and a negative variation (from 6.5% to 5.5%) in health benefit costs, which impact is analysed as follows:

	2014		2013	
	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%)
	Euros '000	Euros '000	Euros '000	Euros '000
Pension cost impact	587	(587)	427	(427)
Liability impact	50,897	(50,897)	43,051	(43,051)

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 2014, the liabilities associated with the seniority premium amounted to Euros 48,201,000 (31 December, 2013: Euros 49,412,000) and are covered by provisions in the same amount.

For 2014 and 2013, the cost of the seniority premium is analysed as follows:

	2014			2013		
	Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total
	Euros '000	Euros '000	Euros '000	Euros '000	Euros '000	Euros '000
Service cost	2,502	11	2,513	2,642	14	2,656
Interest costs	1,868	10	1,878	2,110	12	2,122
Actuarial gains and losses	(465)	(2)	(467)	(285)	(7)	(292)
Cost of the year	3,905	19	3,924	4,467	19	4,486

BANCO COMERCIAL PORTUGUÊS
Notes to the Consolidated Financial Statements
31 December, 2014

51. Related parties

The group of companies considered as related parties of the Group as defined by IAS 24 are detailed in Notes 27 - Associates and 60 - Subsidiaries as the Pension Fund, members of the Executive Committee and the non-executive Board of Directors and key elements of management. The first line Directors are considered key management elements.

The Group grants loans in the ordinary course of its business within the Group's companies and to other related parties. Under the Collective Agreement of Labour for Employees of the Portuguese Banking Sector which includes substantially all employees of banks operating in Portugal, the Group grants loans to employees at interest rates determined under the above mentioned agreement for each type of loan upon request by the employees.

As at 31 December 2014, loans to members of the Executive Committee and their direct family members amounted to Euros 131,000 (31 December 2013: Euros 161,000), which represented 0.00% of shareholders' equity (31 December 2013: 0.01%). These loans were granted in accordance with the applicable laws and regulations.

At the end of 2014, loans, guarantees and irrevocable credit lines that the Group made to non-executive directors, to individuals related to them and to entities controlled by them, amounts to Euros 16,974,000 (31 December 2013: Euros 15,274,000).

In 2014, for key elements of management, the credit and irrevocable credit lines granted amounts to Euros 8,630,000 (2013: Euros 10,212,000).

Remunerations to the Executive Committee, non-executive Board of Directors and management members

In 2014, the remunerations paid to the members of the Executive Committee amounted to Euros 2,080,000 (2013: Euros 2,219,000 which includes an amount related to the resignation process of a Board Member), with Euros 101,000 (2013: Euros 85,000) paid by subsidiaries or companies which governing bodies represent interests in the Group.

Considering that the remuneration of members of the Executive Committee intends to compensate the functions that are performed in the Bank and in all other functions on subsidiaries or other companies for which they have been designated by indication of the Bank or representing it, the net amount of the remunerations annually received by each member is considered for calculating the fixed annual remuneration attributed by the Bank and set by the Remunerations Commission.

During 2014, for members of the Executive Committee, the costs with Social Security amounts to Euros 468,000 (2013: Euros 401,000) and the contributions to the Pension Fund amounts to Euros 727,000 (2013: Euros 313,000).

In 2014, the remunerations paid to key management members amounts to Euros 7,757,000 (2013: Euros 8,083,000), being also supported costs with contributions with Social Security in the amount of Euros 1,918,000 (2013: Euros 1,981,000), Pension Fund in the amount of Euros 43,000 (2013: Euros -154,000) and seniority premium in the amount of Euros 181,000 (2013: Euros 72,000).

During 2014, were paid Euros 929,000 of indemnities for the termination of service of two key management members.

In 2014, for members of the non-executive Board of Directors fixed remunerations were paid in the amount of Euros 577,000 (2013: Euros 599,000) and the costs incurred with contributions to the Social Security amounted to Euros 152,000 (2013: Euros 110,000).

Transactions with the Pension Fund

During 2014, the Group purchased from the Pension Fund, Portuguese public debt securities in the amount of Euros 420,000,000 (31 December 2013: Euros 25,000,000). During 2013, the Group also sold to the Pension Fund, Portuguese public debt securities in the amount of Euros 85,000,000.

Under the scope of Fund's properties which the tenant is the Group, the amount of rents incurred in the 2014 amounts to Euros 20,132,000 (2013: Euros 25,402,000).

Other transactions

Sale of its 49% in the Non-Life Insurance Business

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 "Médias – 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 totalling 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.

BANCO COMERCIAL PORTUGUÊS
Notes to the Consolidated Financial Statements
31 December, 2014

The shareholder and bondholder position of members of the Executive Board, Top management and persons closely related to the previous categories, is as follows:

Shareholders / Bondholders	Security	Number of securities at		Changes during 2014			Unit Price Euros
				Acquisitions	Disposals	Date	
		31/12/2014	31/12/2013				
Members of Executive Board							
António Vítor Martins Monteiro	BCP Shares	18,119	6,589	11,530		24-jul-14	0.0650
Carlos José da Silva	BCP Shares	1,165,812	414,089	751,723		24-jul-14	0.0650
	Obrig BCP Ret Sem Cresc III/12EUR 3/2013	30	30				
Nuno Manuel da Silva Amado	BCP Shares	3,824,650	1,003,297	1,821,353		24-jul-14	0.0650
				1,000,000		30-Dec-14	0.0655
Álvaro Roque de Pinho de Bissaia Barreto	BCP Shares	0	0				
André Magalhães Luiz Gomes	BCP Shares	53,451	19,437	34,014		24-jul-14	0.0650
António Henriques Pinho Cardão	BCP Shares	772,843	281,034	491,809		24-jul-14	0.0650
António Luís Guerra Nunes Mexia	BCP Shares	11,330	4,120	7,210		24-jul-14	0.0650
Bernardo de Sá Braamcamp Sobral Sottomayor	BCP Shares	0	0				
César Paxi Manuel João Pedro	BCP Shares	0	0				
Jaime de Macedo Santos Bastos	BCP Shares	4,037	1,468	2,569		24-Jul-14	0.0650
João Bernardo Bastos Mendes Resende	BCP Shares	0	0				
João Manuel Matos Loureiro	BCP Shares	13,180	4,793	8,387		24-Jul-14	0.0650
José Guilherme Xavier de Basto	BCP Shares	13,615	4,951	8,664		24-Jul-14	0.0650
	Obrig BCP Mill Rend Sem Mar 10/13	5	5				
José Jacinto Iglésias Soares	BCP Shares	1,056,004	384,002	672,002		24-Jul-14	0.0650
José Rodrigues de Jesus	BCP Shares	0	0				
Luís Maria França de Castro Pereira Coutinho	BCP Shares	2,260,838	822,123	1,438,715		24-Jul-14	0.0650
Maria da Conceição Mota Soares de Oliveira Callé Lucas	BCP Shares	275,002	100,001	175,001		24-Jul-14	0.0650
Miguel de Campos Pereira de Bragança	BCP Shares	1,715,485	623,813	1,091,672		24-Jul-14	0.0650
Miguel Maya Dias Pinheiro	BCP Shares	1,092,366	601,733	490,633		24-Jul-14	0.0650
Raquel Rute da Costa David Vunge	BCP Shares	0	0				
Rui Manuel da Silva Teixeira	BCP Shares	170,389	134,687	235,702		24-Jul-14	0.0650
					200,000	30-Jul-14	0.1120
Top management							
Ana Isabel dos Santos de Pina Cabral	BCP Shares	182,953	74,550	108,403		24-Jul-14	0.0650
Dulce Maria Pereira Cardoso Mota Jorge Jacinto	BCP Shares	143,335	82,031	61,304		24-Jul-14	0.0650
Fernando Manuel Majer de Faria	BCP Shares	1,757,406	624,219	1,133,187		24-Jul-14	0.0650
Filipe Maria de Sousa Ferreira Abecasis	BCP Shares	0	0				
José Miguel Bensliman Schorcht da Silva Pessanha	BCP Shares	20,879	20,879				
Mário António Pinho Gaspar Neves	BCP Shares	88,999	31,509	57,490		24-Jul-14	0.0650
	Obrig BCP Mill Rend Trim Nov 09/14	0	5			31-Oct-14	a)
	Obrig BCP Mill Rend Sem Mar 10/13	0	610			14-Feb-14	4.2550
	Certificado BCP Stoxx Basic Resources	193	0	193		24-Nov-14	
	Certificado BCPI Eurostoxx 50	187	0	187		24-Nov-14	
Pedro Manuel Rendas Duarte Turras	BCP Shares	69,410	25,207	44,203		24-Jul-14	0.0650
Rui Pedro da Conceição Coimbra Fernandes	BCP Shares	0	0				
Persons closely related to the previous categories							
Isabel Maria V Leite P Martins Monteiro	BCP Shares	14,605	5,311	9,294		24-Jul-14	0.0650
Maria da Graça dos Santos Fernandes de Pinho Cardão	BCP Shares	28,833	10,485	18,348		24-Jul-14	0.0650
Maria Helena Espassandim Catão	BCP Shares	1,750	1,000	750		24-Jul-14	0.0650
José Manuel de Vasconcelos Mendes Ferreira	BCP Shares	12,586	4,577	8,009		24-Jul-14	0.0650

BANCO COMERCIAL PORTUGUÊS
Notes to the Consolidated Financial Statements
31 December, 2014

As at 31 December 2014 and 2013, the Group's credits over associated companies represented or not by securities, included in the captions Loans and advances to customers and Other receivables, are analysed as follows:

	2014			2013		
	Loans and advances to CI and customers	Other receivables	Total	Loans and advances to CI and to customers	Other receivables	Total
	Euros '000	Euros '000	Euros '000	Euros '000	Euros '000	Euros '000
ACT-C-Indústria de Cortiças, S.A.	772	-	772	-	-	-
Luanda Waterfront Corporation	15,702	27	15,729	-	-	-
Millenniumbcp Ageas Group	-	12,971	12,971	-	18,309	18,309
Nanium, S.A.	18,743	13,621	32,364	-	-	-
Unicre - Instituição Financeira de Crédito, S.A.	403	-	403	30,451	-	30,451
VSC - Aluguer de Veículos Sem Condutor, Lda.	-	-	-	7,894	-	7,894
	34,848	26,619	61,467	38,345	18,309	56,654

As at 31 December 2014 and 2013 the Group's liabilities with associated companies, represented or not by securities, included in the captions Deposits from customers and Debt securities issued, are analysed as follows:

	2014			2013		
	Deposits from CI and customers	Debt securities issued	Total	Deposits from CI and customers	Debt securities issued	Total
	Euros '000	Euros '000	Euros '000	Euros '000	Euros '000	Euros '000
ACT-C-Indústria de Cortiças, S.A.	1	-	1	-	-	-
Banque BCP, S.A.S.	104,031	-	104,031	102,067	-	102,067
Banque BCP (Luxembourg), S.A.	229	-	229	549	-	549
Flitptrell III	3	-	3	-	-	-
Millenniumbcp Ageas Group	625,109	2,302,392	2,927,501	732,422	3,157,129	3,889,551
Nanium, S.A.	1,714	-	1,714	-	-	-
Sicit - Sociedade de Investimentos e Consultoria em Infra-Estruturas de Transportes, S.A.	-	-	-	-	-	-
SIBS, S.G.P.S., S.A.	346	-	346	10,181	-	10,181
Unicre - Instituição Financeira de Crédito, S.A.	367	-	367	4,066	-	4,066
VSC - Aluguer de Veículos Sem Condutor, Lda.	1,319	-	1,319	-	-	-
	734,144	2,302,392	3,036,536	849,285	3,157,129	4,006,414

BANCO COMERCIAL PORTUGUÊS
Notes to the Consolidated Financial Statements
31 December, 2014

As at 31 December 2014, the income recognised by the Group on inter-company transactions with associated companies, included in the captions Interest income, Commissions and Other operating income, are analysed as follows:

	2014			
	Interest income Euros '000	Commissions income Euros '000	Other operating income Euros '000	Total Euros '000
Millenniumbcp Ageas 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
	<u>870</u>	<u>63,524</u>	<u>8,991</u>	<u>73,385</u>

As at 31 December 2013, the income recognised by the Group on inter-company transactions with associated companies, included in the captions Interest income, Commissions and Other operating income, are analysed as follows:

	2013			
	Interest income Euros '000	Commissions income Euros '000	Other operating income Euros '000	Total Euros '000
Millenniumbcp Ageas Group	-	72,493	13,783	86,276
SIBS, S.G.P.S, S.A.	16	6	-	22
Unicre - Instituição Financeira de Crédito, S.A.	921	68	-	989
VSC - Aluguer de Veículos Sem Condutor, Lda.	919	11	-	930
	<u>1,856</u>	<u>72,578</u>	<u>13,783</u>	<u>88,217</u>

As at 31 December 2014, the costs incurred by the Group on inter-company transactions with associated companies, included in the captions Interest expense, Commissions and Administrative costs, are analysed as follows:

	2014				
	Interest expense Euros '000	Commissions expense Euros '000	Staff costs Euros '000	Administrative costs Euros '000	Total Euros '000
Millenniumbcp Ageas 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
	<u>90,097</u>	<u>1</u>	<u>2,988</u>	<u>7,641</u>	<u>100,727</u>

As at 31 December 2013, the costs incurred by the Group on inter-company transactions with associated companies, included in the captions Interest expense, Commissions and Administrative costs, are analysed as follows:

	2013				
	Interest expense Euros '000	Commissions costs Euros '000	Staff costs Euros '000	Administrative costs Euros '000	Total Euros '000
Millenniumbcp Ageas Group	117,693	-	3,223	18,185	139,101
SIBS, S.G.P.S, S.A.	51	-	-	-	51
Unicre - Instituição Financeira de Crédito, S.A.	-	1	-	-	1
	<u>117,744</u>	<u>1</u>	<u>3,223</u>	<u>18,185</u>	<u>139,153</u>

BANCO COMERCIAL PORTUGUÊS
Notes to the Consolidated Financial Statements
31 December, 2014

As at 31 December 2014, the off balance sheet accounts of the Bank on inter-company transactions with subsidiaries, included in the caption Guarantees granted, are analysed as follows:

	2014
	Euros '000
Nanium, S.A.	5,342
Sicit - Sociedade de Investimentos e Consultoria em Infra-Estruturas de Transportes, S.A	22
	<u>5,364</u>

As at 31 December 2014 and 2013, the Group's debits and credits over Pension Fund, are analysed as follows:

	2014	2013
	Euros '000	Euros '000
Banks	686,767	304,987
Securities	131,020	145,528
	<u>817,787</u>	<u>450,515</u>

As at 31 December 2014 and 2013, the Group's costs and incomes over Pension Fund, are analysed as follows:

	Income		Costs	
	2014	2013	2014	2013
	Euros '000	Euros '000	Euros '000	Euros '000
Commissions	645	573	-	-
Interests	-	-	3,769	3,618
Rents	-	-	20,132	25,402
	<u>645</u>	<u>573</u>	<u>23,901</u>	<u>29,020</u>

As at 31 December 2014 and 2013, the remunerations resulting from the services of insurance intermediation or reinsurance are analysed as follows:

	2014	2013
	Euros '000	Euros '000
<i>Life insurance</i>		
Saving products	32,410	32,719
Mortgage and consumer loans	18,816	19,006
Others	34	32
	<u>51,260</u>	<u>51,757</u>
<i>Non - Life insurance</i>		
Accidents and health	13,196	12,888
Motor insurance	2,503	2,267
Multi-Risk Housing	4,736	4,626
Others	1,047	955
	<u>21,482</u>	<u>20,736</u>
	<u>72,742</u>	<u>72,493</u>

The remuneration for insurance intermediation services were received through bank transfers and resulted from insurance intermediation with the subsidiaries of Millenniumbcp Ageas Group (Ocidental Vida and Ocidental Seguros). The participation held in Ocidental - Companhia Portuguesa de Seguros, SA was sold in June 2014. This entity remains a related party, continuing to present the balances with this counterparty.

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.

BANCO COMERCIAL PORTUGUÊS
Notes to the Consolidated Financial Statements
31 December, 2014

As at 31 December 2014 and 2013, the receivable balances from insurance intermediation activity, by nature and entity, are analysed as follows:

	2014 Euros '000	2013 Euros '000
By nature		
Funds receivable for payment of life insurance commissions	12,628	12,578
Funds receivable for payment of non-life insurance commissions	5,316	5,092
	<u>17,944</u>	<u>17,670</u>
By entity		
Ocidental - Companhia Portuguesa de Seguros de Vida, SA	12,628	12,578
Ocidental - Companhia Portuguesa de Seguros, SA	5,316	5,092
	<u>17,944</u>	<u>17,670</u>

The commissions received by the Bank result from the insurance mediation contracts and investment contracts, under the terms established in the contracts. The mediation commissions are calculated given the nature of the contracts subject to mediation, as follows:

- insurance contracts – use of fixed rates on gross premiums issued;
- investment contracts – use of fixed rates on the responsibilities assumed by the insurance company under the commercialization of these products.

52. Segmental reporting

The segments presented are in accordance with IFRS 8. In accordance with the Group's management model, the segments presented correspond to the segments used for Executive Committee's management purposes. The Group offers a wide range of banking activities and financial services in Portugal and abroad, with a special focus on Commercial Banking, Corporate and Investment Banking and Asset Management and Private Banking.

Following the commitment agreed with the Directorate-General for Competition of the European Commission (DG Comp), an additional segment named non-Core Business Portfolio was considered, respecting the criteria agreed.

Segments description

The Retail Banking activity includes the Retail activity of Banco Comercial Português in Portugal, operating as a distribution channel for products and services from other companies of the Group, and the Foreign business segment, operating through several banking operations in markets with affinity to Portugal and in countries with higher growth potential.

The Retail segment in Portugal includes: (i) the Retail network in Portugal, where the strategic approach is to target “Mass Market” customers, who appreciate a value proposition based on innovation and speed, as well as Prestige and Small Business customers, whose specific characteristics, financial assets or income imply a value proposition based on innovation and personalisation, requiring a dedicated Account Manager; and (ii) ActivoBank, a bank focused on clients who are young, intensive users of new communication technologies and who prefer a banking relationship based on simplicity, offering modern products and services.

The Foreign Business segment, for the purpose of business segments, comprises the operations outside Portugal, in particular Bank Millennium in Poland, Millennium bim in Mozambique and Banco Millennium Angola. The Foreign Business segment, in terms of geographical segments, comprises the Group operations outside Portugal referred to above, and also Banque Privée BCP in Switzerland and Millennium bcp Bank & Trust in the Cayman Islands.

In Poland, the Group is represented by a universal bank offering a wide range of financial products and services to individuals and companies nationwide; in Mozambique by a universal bank targeting companies and individual customers; in Angola by a bank focused on private customers and companies as well as public and private institutions and in the Cayman Islands by Millennium bcp Bank & Trust, a bank designed for international services in the area of Private Banking to customers with high financial assets ("Affluent" segment); and in Switzerland the Group is represented by Banque Privée BCP, a Private Banking platform under Swiss law.

The Companies Banking business includes the Companies segment in Portugal, which operates as a distribution channel of products and services from other companies of the Group, and the Corporate & Investment Banking segment.

The Companies in Portugal segment includes: (i) the Companies network that covers the financial needs of companies with an annual turnover between Euros 2.5 million and Euros 50 million, and focuses on innovation, offering a wide range of traditional banking products complemented by specialised financing, (ii) Specialised Recovery Division, (iii) the activity of the Real Estate Business Division and (iv) Interfundos.

The Corporate & Investment Banking segment includes: (i) the Corporate network in Portugal, targeting corporate and institutional customers with an annual turnover in excess of Euros 50 million, providing a complete range of value-added products and services; (ii) Specialised Monitoring Division, (iii) the Investment Banking unit, and (iv) the activity of the Bank's International Division.

BANCO COMERCIAL PORTUGUÊS
Notes to the Consolidated Financial Statements
31 December, 2014

The Asset Management and Private Banking segment, for purposes of the business segments, comprises (i) the Private Banking network in Portugal, (ii) Asset Management, (iii) BII Investimentos Internacional and also includes the activities of (iv) Banque Privée BCP and (v) Millennium bcp Bank & Trust. For purposes of the geographical segments excludes Banque Privée BCP and Millennium bcp Bank & Trust that are considered Foreign Business.

Following the process for obtaining authorisation from the European Commission (EC) to the State aid, business portfolios were identified that the Bank should gradually disinvest/demobilise, ceasing grant new credit. This demobilisation is subject to a framework which dominant criteria is the capital impact optimisation, in particular through the minimisation of expected loss.

In this context, the Bank proceeded with the segregation of these portfolios, highlighting them in a separate segment defined as Non Core Business Portfolio (PNNC).

PNNC includes the business with clients for which credit has been granted for securities-backed lending, loans collateralised with other assets (for those which the debt ratio over asset value is not less than 90%), subsidised mortgage loans, construction subcontractors focused almost exclusively on the Portuguese market, football clubs and Real 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 2014, 72% of this portfolio benefited from asset backed loans, including 67% with real estate collateral and 5% with other assets guarantee.

All other businesses are allocated to the segment Others and include the centralized management of financial investments, corporate activities and operations not integrated in the remaining business segments and other values not allocated to segments.

Business segments activity

The figures reported for each business segment result from aggregating the subsidiaries and business units integrated in each segment, including the impact from capital allocation and the balancing process of each entity, both at the balance sheet and income statement levels, based on average figures. Balance sheet headings for each subsidiary and business unit are re-calculated, given the replacement of their original own funds by the outcome of the capital allocation process, according to regulatory solvency criteria.

Considering that the capital allocation process complies with regulatory solvency criteria currently in place, the weighted risk, as well as the capital allocated to segments, are based on Basel III methodology, in accordance with the CRD IV/CRR, with reference to December 2014. The capital allocation for each segment in December 2013 and December 2014, resulted from the application of 10% to the risks managed by each segment on those dates, reflecting the application of methodologies of Basel III in December 2014 and Basel II in December 2013. 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 2014.

The Group operates with special emphasis in the Portuguese market, and also in a few affinity markets and in markets of recognised growth potential. Considering this, the geographical segments include Portugal, Poland, Mozambique, Angola and Other. The segment Portugal reflects, essentially, the activities carried out by Banco Comercial Português in Portugal, ActivoBank and Banco de Investimento Imobiliário. The segment Poland includes the business carried out by Bank Millennium (Poland); while the segment Mozambique contains the activity of BIM - Banco Internacional de Moçambique and the segment Angola contains the activity of Banco Millennium Angola. The segment Other, indicated within the geographical segment reporting, comprises the Group's operations not included in the remaining segments, namely the activities developed in other countries, such as Banque Privée BCP in Switzerland and Millennium bcp Bank & Trust in the Cayman Islands.

Considering the commitment agreed with the Directorate-General for Competition of the European Commission (DG Comp) on the Bank's Restructuring Plan, in particular the implementation of a new approach to the asset management business, and according to IFRS 5, the activity of Millennium bcp Gestão de Activos was classified as discontinued operations during 2013, with the impact on results of these operations from this date onwards presented on a separate line item in the profit and loss account, defined as "Income arising from discontinued operations". At the consolidated balance sheet level, the assets and liabilities of Millennium bcp Gestão de Activos were considered with the same criteria as that of the consolidated financial statements as at 31 December 2013.

Additionally, following the sale of the total shareholding in Banca Millennium in Romania, this subsidiary was classified as discontinued operation as at 31 December 2014, 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 2013 and 2014. However, at the consolidated balance sheet level, considering that the sale transaction was completed during the preparation of the 2014 financial statements and that the conditions for its derecognition were met, the assets and liabilities of Banca Millennium in Romania are not considered as at 31 December 2014, whereas as at 31 December 2013 there was no change in the criteria considered in the consolidated financial statements. Banca Millennium 2014's results were fully appropriated by the Group.

Taking into account the sale of the entire share capital of Millennium bank in Greece, concluded on 19 June 2013, Millennium bank in Greece was classified as a discontinued operation, during 2013, and the results obtained till that date presented on a separate line item in the profit and loss account, defined as "Income arising from discontinued operations".

BANCO COMERCIAL PORTUGUÊS
Notes to the Consolidated Financial Statements
31 December, 2014

As at 31 December, 2014, the net contribution of the major operational segments is analysed as follows:

	Commercial Banking			Companies Banking			Asset Management and Private Banking	Portfolio non core business	Other (**)	Consolidated
	Retail in Portugal	Foreign Business (*)	Total	Companies in Portugal	Corporate and Investment Banking in Portugal	Total				
Income statement										
Interest income	606,419	947,174	1,553,593	202,800	355,312	558,112	66,029	287,144	187,760	2,652,638
Interest expense	(376,037)	(393,264)	(769,301)	(83,296)	(129,579)	(212,875)	(55,695)	(252,766)	(245,850)	(1,536,487)
Net interest income	230,382	553,910	784,292	119,504	225,733	345,237	10,334	34,378	(58,090)	1,116,151
Commissions and other income	331,139	297,982	629,121	66,347	110,289	176,636	57,128	19,778	26,500	909,163
Commissions and other costs	(14,349)	(76,449)	(90,798)	(3,504)	(2,345)	(5,849)	(5,505)	(1,057)	(153,203)	(256,412)
Net commissions and other income	316,790	221,533	538,323	62,843	107,944	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
Staff costs and administrative costs	547,386	404,551	951,937	63,172	34,869	98,041	37,376	26,844	(30,131)	1,084,067
Depreciations	1,873	32,830	34,703	300	94	394	286	29	30,131	65,543
Operating costs	549,259	437,381	986,640	63,472	34,963	98,435	37,662	26,873	-	1,149,610
Other financial assets impairment	(125,731)	(86,498)	(212,229)	(284,355)	(170,336)	(454,691)	1,694	(423,659)	(109,450)	(1,198,335)
Other assets impairment	(41)	(1,320)	(1,361)	87	-	87	(190)	(1,705)	(114,760)	(117,929)
Share of profit of associates under the equity method	-	(59)	(59)	-	-	-	-	-	36,019	35,960
Net gain from the sale of other assets	-	3,351	3,351	-	-	-	-	-	42,094	45,445
Net (loss) / income before income tax	(122,162)	350,466	228,304	(165,393)	128,378	(37,015)	27,376	(399,138)	7,068	(173,405)
Income tax	36,654	(71,696)	(35,042)	48,929	(37,871)	11,058	(6,260)	117,745	10,174	97,675
(Loss) / income after income tax from continuing operations	(85,508)	278,770	193,262	(116,464)	90,507	(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	(116,464)	90,507	(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	(116,464)	90,507	(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	35,462	1,511,893	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	4,697,845	6,938,423	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	14,976	47,239	62,215	19,934	239,085	5,263,003	6,392,050
Total Assets	24,999,867	18,740,279	43,740,146	4,748,283	8,497,555	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	2,583,757	1,342,697	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	1,893,657	6,388,919	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	4,906	25	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	12,278	28,588	40,866	5,516	4,503	1,074,717	1,550,365
Total Liabilities	24,420,375	17,597,159	42,017,534	4,494,598	7,760,229	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	253,685	737,326	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	4,748,283	8,497,555	13,245,838	3,086,288	11,676,024	4,612,620	76,360,916

(*) 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, hedging derivatives and assets with repurchase agreement.

Note: In 2014 the goodwill disclosed in the financial statements is reflected in Mozambique 3 million euros (3 million euros in 2013) and 211 million euros in Other Portugal (211 million euros in 2013) as described in note 31 .

BANCO COMERCIAL PORTUGUÊS
Notes to the Consolidated Financial Statements
31 December, 2014

As at 31 December, 2013, the net contribution of the major operational segments is analysed as follows:

	Commercial Banking			Companies Banking			Asset Management and Private Banking	Portfolio non core business	Other (**)	Consolidated
	Retail in Portugal	Foreign Business (*)	Total	Companies in Portugal	Corporate and Investment Banking in Portugal	Total				
Income statement										
Interest income	610,687	909,270	1,519,957	230,786	417,838	648,624	88,765	374,632	200,934	2,832,912
Interest expense	(482,802)	(458,836)	(941,638)	(101,647)	(200,451)	(302,098)	(85,989)	(311,919)	(343,181)	(1,984,825)
Net interest income	127,885	450,434	578,319	129,139	217,387	346,526	2,776	62,713	(142,247)	848,087
Commissions and other income	339,589	295,498	635,087	67,683	122,346	190,029	48,266	25,594	52,214	951,190
Commissions and other costs	(14,863)	(72,455)	(87,318)	(6,954)	(9,883)	(16,837)	(7,198)	(552)	(207,756)	(319,661)
Net commissions and other income	324,726	223,043	547,769	60,729	112,463	173,192	41,068	25,042	(155,542)	631,529
Net gains arising from trading activity	(11)	103,714	103,703	-	-	-	2,348	-	158,121	264,172
Staff costs and administrative costs	585,503	392,024	977,527	66,219	36,577	102,796	36,856	26,758	83,179	1,227,116
Depreciations	2,002	29,592	31,594	255	97	352	285	39	35,853	68,123
Operating costs	587,505	421,616	1,009,121	66,474	36,674	103,148	37,141	26,797	119,032	1,295,239
Other financial assets impairment	(73,222)	(74,469)	(147,691)	(240,937)	(270,537)	(511,474)	(2,641)	(326,181)	64,967	(923,020)
Other assets impairment	(69)	(2,831)	(2,900)	63	-	63	-	-	(360,736)	(363,573)
Share of profit of associates under the equity method	-	313	313	-	-	-	-	-	61,947	62,260
Net gain from the sale of other assets	-	8,019	8,019	-	-	-	3	-	(44,781)	(36,759)
Net (loss) / income before income tax	(208,196)	286,607	78,411	(117,480)	22,639	(94,841)	6,413	(265,223)	(537,303)	(812,543)
Income tax	65,592	(58,502)	7,090	37,178	(7,131)	30,047	(7)	83,545	90,124	210,799
(Loss) / income after income tax from continuing operations	(142,604)	228,105	85,501	(80,302)	15,508	(64,794)	6,406	(181,678)	(447,179)	(601,744)
(Loss) / income arising from discontinued operations	-	(46,987)	(46,987)	-	-	-	-	-	1,983	(45,004)
Net (loss) / income after income tax	(142,604)	181,118	38,514	(80,302)	15,508	(64,794)	6,406	(181,678)	(445,196)	(646,748)
Non-controlling interests	-	(82,579)	(82,579)	-	-	-	-	-	(11,123)	(93,702)
Net (loss) / income after income tax	(142,604)	98,539	(44,065)	(80,302)	15,508	(64,794)	6,406	(181,678)	(456,319)	(740,450)
Balance sheet										
Cash and Loans and advances to credit institutions	4,697,491	2,279,281	6,976,772	31,745	2,217,294	2,249,039	2,974,591	3,872	(6,969,953)	5,234,321
Loans and advances to customers	18,197,984	12,228,929	30,426,913	4,809,012	7,922,456	12,731,468	518,351	12,699,771	425,694	56,802,197
Financial assets (***)	184,046	3,012,029	3,196,075	-	-	-	20,312	-	10,615,645	13,832,032
Other assets	114,299	587,284	701,583	8,578	35,225	43,803	17,788	1,154	5,374,155	6,138,483
Total Assets	23,193,820	18,107,523	41,301,343	4,849,335	10,174,975	15,024,310	3,531,042	12,704,797	9,445,541	82,007,033
Deposits from other credit institutions	63	2,040,846	2,040,909	2,800,022	1,555,871	4,355,893	756,755	12,008,250	(5,669,271)	13,492,536
Deposits from customers	20,715,098	14,064,755	34,779,853	1,668,567	7,635,449	9,304,016	2,440,778	250,120	2,184,985	48,959,752
Debt securities issued	1,923,950	193,640	2,117,590	4,360	128	4,488	193,664	5,621	7,089,864	9,411,227
Other financial liabilities	-	365,641	365,641	-	-	-	19,845	-	5,088,755	5,474,241
Other liabilities	20,848	403,089	423,937	17,711	34,346	52,057	4,852	-	912,623	1,393,469
Total Liabilities	22,659,959	17,067,971	39,727,930	4,490,660	9,225,794	13,716,454	3,415,894	12,263,991	9,606,956	78,731,225
Equity and non-controlling interests	533,861	1,039,552	1,573,413	358,675	949,181	1,307,856	115,148	440,806	(161,415)	3,275,808
Total Liabilities, Equity and non-controlling interests	23,193,820	18,107,523	41,301,343	4,849,335	10,174,975	15,024,310	3,531,042	12,704,797	9,445,541	82,007,033

(*) Includes the activity of Bank Millenniumbcp Greece and Banca Millennium Romania;

(**) Includes the activity of Millennium bcp Gestão de Activos;

(***) Includes financial assets held for trading, financial assets held to maturity, financial assets available for sale, hedging derivatives and assets with repurchase agreement.

BANCO COMERCIAL PORTUGUÊS
Notes to the Consolidated Financial Statements
31 December, 2014

As at 31 December, 2014, the net contribution of the major geographic segments is analysed as follows:

	Portugal						Total	Poland	Angola	Mozam- bique	Other (**)	Consoli- dated
	Retail Banking	Companies	Corporate and Investment Banking	Asset Ma- nagement and Private Banking	Portfolio non core business	Other (*)						
Income statement												
Interest income	606,419	202,800	355,312	40,509	287,144	187,760	1,679,944	616,091	124,459	206,624	25,520	2,652,638
Interest expense	(376,037)	(83,296)	(129,579)	(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	119,504	225,733	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	66,347	110,289	27,665	19,778	26,500	581,718	171,288	42,697	83,997	29,463	909,163
Commissions and other costs	(14,349)	(3,504)	(2,345)	(188)	(1,057)	(153,203)	(174,646)	(41,698)	(9,305)	(25,446)	(5,317)	(256,412)
Net commissions and other income	316,790	62,843	107,944	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
Staff costs and administrative costs	547,386	63,172	34,869	15,621	26,844	(30,131)	657,761	250,251	66,217	88,083	21,755	1,084,067
Depreciations	1,873	300	94	5	29	30,131	32,432	13,195	8,824	10,811	281	65,543
Operating costs	549,259	63,472	34,963	15,626	26,873	-	690,193	263,446	75,041	98,894	22,036	1,149,610
Other financial assets impairment	(125,731)	(284,355)	(170,336)	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)
Share of profit of associates under the equity method	-	-	-	-	-	36,019	36,019	(59)	-	-	-	35,960
Net gain from the sale of other assets	-	-	-	-	-	42,094	42,094	2,391	251	709	-	45,445
Net (loss) / income before income tax	(122,162)	(165,393)	128,378	14,825	(399,138)	7,068	(536,422)	185,568	59,063	105,834	12,552	(173,405)
Income tax	36,654	48,929	(37,871)	(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)	(116,464)	90,507	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)	(116,464)	90,507	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)	(116,464)	90,507	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	35,462	1,511,893	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	4,697,845	6,938,423	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	14,976	47,239	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	4,748,283	8,497,555	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	2,583,757	1,342,697	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	1,893,657	6,388,919	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	4,906	25	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	12,278	28,588	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	4,494,598	7,760,229	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	253,685	737,326	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	4,748,283	8,497,555	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

(*) 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, hedging derivatives and assets with repurchase agreement.

Note: In 2014 the goodwill disclosed in the financial statements is reflected in Mozambique 3 million euros (3 million euros in 2013) and 211 million euros in Other Portugal (211 million euros in 2013) as described in note 31.

BANCO COMERCIAL PORTUGUÊS
Notes to the Consolidated Financial Statements
31 December, 2014

As at 31 December, 2013, the net contribution of the major geographic segments is analysed as follows:

	Portugal						Total	Poland	Angola	Mozam- bique	Other (**)	Consoli- dated
	Retail Banking	Companies	Corporate and Investment Banking	Asset Ma- nagement and Private Banking	Portfolio non core business	Other (*)						
Income statement												
Interest income	610,687	230,786	417,838	48,338	374,632	200,934	1,883,215	633,949	92,013	183,308	40,427	2,832,912
Interest expense	(482,802)	(101,647)	(200,451)	(58,213)	(311,919)	(343,181)	(1,498,213)	(366,728)	(28,472)	(63,635)	(27,777)	(1,984,825)
Net interest income	127,885	129,139	217,387	(9,875)	62,713	(142,247)	385,002	267,221	63,541	119,673	12,650	848,087
Commissions and other income	339,589	67,683	122,346	22,929	25,594	52,214	630,355	175,925	37,219	82,354	25,337	951,190
Commissions and other costs	(14,863)	(6,954)	(9,883)	(1,568)	(552)	(207,756)	(241,576)	(42,214)	(4,736)	(25,505)	(5,630)	(319,661)
Net commissions and other income	324,726	60,729	112,463	21,361	25,042	(155,542)	388,779	133,711	32,483	56,849	19,707	631,529
Net gains arising from trading activity	(11)	-	-	-	-	158,121	158,110	48,666	34,086	20,962	2,348	264,172
Staff costs and administrative costs	585,503	66,219	36,577	16,378	26,758	83,179	814,614	244,510	63,441	84,073	20,478	1,227,116
Depreciations	2,002	255	97	4	39	35,853	38,250	12,890	7,367	9,336	280	68,123
Operating costs	587,505	66,474	36,674	16,382	26,797	119,032	852,864	257,400	70,808	93,409	20,758	1,295,239
Other financial assets impairment	(73,222)	(240,937)	(270,537)	966	(326,181)	64,967	(844,944)	(52,500)	(10,828)	(11,140)	(3,608)	(923,020)
Other assets impairment	(69)	63	-	-	-	(360,736)	(360,742)	(3,037)	790	(584)	-	(363,573)
Share of profit of associates under the equity method	-	-	-	-	-	61,947	61,947	313	-	-	-	62,260
Net gain from the sale of other assets	-	-	-	-	-	(44,781)	(44,781)	2,259	41	5,719	3	(36,759)
Net (loss) / income before income tax	(208,196)	(117,480)	22,639	(3,930)	(265,223)	(537,303)	(1,109,493)	139,233	49,305	98,070	10,342	(812,543)
Income tax	65,592	37,178	(7,131)	1,228	83,545	90,124	270,536	(30,122)	(11,186)	(17,194)	(1,235)	210,799
(Loss) / income after income tax												
from continuing operations	(142,604)	(80,302)	15,508	(2,702)	(181,678)	(447,179)	(838,957)	109,111	38,119	80,876	9,107	(601,744)
(Loss) / income arising from discontinued operations	-	-	-	-	-	1,983	1,983	-	-	-	(46,987)	(45,004)
Net (loss) / income after income tax	(142,604)	(80,302)	15,508	(2,702)	(181,678)	(445,196)	(836,974)	109,111	38,119	80,876	(37,880)	(646,748)
Non-controlling interests	-	-	-	-	-	(11,123)	(11,123)	(37,632)	(18,015)	(26,932)	-	(93,702)
Net (loss) / income after income tax	<u>(142,604)</u>	<u>(80,302)</u>	<u>15,508</u>	<u>(2,702)</u>	<u>(181,678)</u>	<u>(456,319)</u>	<u>(848,097)</u>	<u>71,479</u>	<u>20,104</u>	<u>53,944</u>	<u>(37,880)</u>	<u>(740,450)</u>
Balance sheet												
Cash and Loans and advances to credit institutions	4,697,491	31,745	2,217,294	1,414,737	3,872	(6,969,953)	1,395,186	1,229,114	518,293	411,269	1,680,459	5,234,321
Loans and advances to customers	18,197,984	4,809,012	7,922,456	243,074	12,699,771	425,694	44,297,991	10,011,639	609,476	1,158,763	724,328	56,802,197
Financial assets (***)	184,046	-	-	50	-	10,615,645	10,799,741	2,239,523	339,294	394,364	59,110	13,832,032
Other assets	114,299	8,578	35,225	6,831	1,154	5,374,155	5,540,242	217,544	184,115	160,182	36,400	6,138,483
Total Assets	<u>23,193,820</u>	<u>4,849,335</u>	<u>10,174,975</u>	<u>1,664,692</u>	<u>12,704,797</u>	<u>9,445,541</u>	<u>62,033,160</u>	<u>13,697,820</u>	<u>1,651,178</u>	<u>2,124,578</u>	<u>2,500,297</u>	<u>82,007,033</u>
Deposits from other credit institutions	63	2,800,022	1,555,871	279	12,008,250	(5,669,271)	10,695,214	1,353,301	263,519	234,057	946,445	13,492,536
Deposits from customers	20,715,098	1,668,567	7,635,449	1,456,978	250,120	2,184,985	33,911,197	10,919,845	1,218,833	1,561,450	1,348,427	48,959,752
Debt securities issued	1,923,950	4,360	128	193,664	5,621	7,089,864	9,217,587	168,826	-	24,814	-	9,411,227
Other financial liabilities	-	-	-	-	-	5,088,755	5,088,755	362,382	-	-	23,104	5,474,241
Other liabilities	20,848	17,711	34,346	1,069	-	912,623	986,597	227,200	45,022	127,605	7,045	1,393,469
Total Liabilities	<u>22,659,959</u>	<u>4,490,660</u>	<u>9,225,794</u>	<u>1,651,990</u>	<u>12,263,991</u>	<u>9,606,956</u>	<u>59,899,350</u>	<u>13,031,554</u>	<u>1,527,374</u>	<u>1,947,926</u>	<u>2,325,021</u>	<u>78,731,225</u>
Equity and non-controlling interests	<u>533,861</u>	<u>358,675</u>	<u>949,181</u>	<u>12,702</u>	<u>440,806</u>	<u>(161,415)</u>	<u>2,133,810</u>	<u>666,266</u>	<u>123,804</u>	<u>176,652</u>	<u>175,276</u>	<u>3,275,808</u>
Total Liabilities, Equity and non-controlling interests	<u>23,193,820</u>	<u>4,849,335</u>	<u>10,174,975</u>	<u>1,664,692</u>	<u>12,704,797</u>	<u>9,445,541</u>	<u>62,033,160</u>	<u>13,697,820</u>	<u>1,651,178</u>	<u>2,124,578</u>	<u>2,500,297</u>	<u>82,007,033</u>

(*) Includes the activity of Millennium bcp Gestão de Activos;

(**) Includes the activity of Bank Millenniumbcp Greece and Banca Millennium Romania;

(***) Includes financial assets held for trading, financial assets held to maturity, financial assets available for sale, hedging derivatives and assets with repurchase agreement.

BANCO COMERCIAL PORTUGUÊS
Notes to the Consolidated Financial Statements
31 December, 2014

Reconciliation of net income of reportable segments with the net result of the Group

Description of the relevant items of reconciliation:

	2014 Euros '000	2013 Euros '000
Net contribution (excluding minority interest effect)		
Retail Banking in Portugal	(85,508)	(142,604)
Companies	(116,464)	(80,302)
Corporate and Investment Banking	90,507	15,508
Asset Management and Private Banking	10,453	(2,702)
Portfolio non core business	(281,393)	(181,678)
Foreign Business	289,433	237,213
Non-controlling interests (1)	(110,060)	(93,702)
	(203,032)	(248,267)
(Loss) / income from discontinued operations	(40,830)	(45,004)
	(243,862)	(293,271)
Amounts not allocated to segments:		
Interests of hybrid instruments	(180,027)	(269,009)
Net interest income of the bond portfolio	121,115	116,128
Interests written off	(48,137)	(66,572)
Cost of debt issue with State Guarantee	(22,689)	(60,088)
Own Credit Risk	(4,011)	(4,995)
Impact of the investment in Piraeus Bank	-	167,646
Impact of exchange rate hedging of investments	(8,914)	3,459
Equity accounted earnings	36,018	62,260
Operating expenses (2)	-	(119,032)
Impairment and other provisions (3)	(224,210)	(295,770)
Gain on sale of the non life insurance business	69,390	-
Gain on sale of public debt	319,164	69,474
Others (4)	(40,457)	(50,680)
Total not allocated to segments	17,242	(447,179)
Consolidated net (loss) / income	(226,620)	(740,450)

(1) Corresponds mainly to the income attributable to third parties related to the subsidiaries in Poland, in Mozambique and in Angola;

(2) Includes restructuring costs;

(3) Includes provisions for property in kind, administrative infractions, various contingencies and other unallocated to business segments. The value for December 2013 includes the amount of Euros 97,500,000 related to the investment in Piraeus Bank;

(4) Includes funding for non interest bearing assets and the financial strategies as well as tax effect associated with the items previously discriminated.

53. Risk Management

The Group is subject to several risks during the course of its business. The risks from different companies of the Group are managed centrally coordinating with the local departments and considering the specific risks of each business.

The Group's risk-management policy is designed to ensure adequate relationship at all times between its own funds and the business it carries on, and also to evaluate the risk/return profile by business line.

Under this scope, it has particular importance to monitor and control of the main types of financial risk – credit, market, liquidity and operational – to which the Group's business is subject to.

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 them and the respective volatility.

Liquidity – Liquidity risk reflects the Group's inability to meet its obligations at maturity without incurring in significant losses resulting from the deterioration of the funding conditions (funding risk) and/or from the sale of its assets below market value (market liquidity risk).

Operational – Operational risk is understood to be the potential loss resulting from failures or inadequacies in internal procedures, persons or systems, and also the potential losses resulting from external events.

BANCO COMERCIAL PORTUGUÊS
Notes to the Consolidated Financial Statements
31 December, 2014

Internal Organisation

The Banco Comercial Português Board of Directors is responsible for the definition of the risk policy, including the approval at the very highest level of the principles and rules to be followed in risk management, as well as the guidelines dictating the allocation of economic capital to the business lines.

The Board of Directors, through the Audit Committee, ensures the existence of adequate risk control and of risk-management systems at the level both of the Group and of each entity. At the proposal of the Banco Comercial Português Executive Committee, the Board of Directors also approves the risk-tolerance level acceptable to the Group.

The Risk Commission is responsible for monitoring the overall levels of risk incurred, ensuring that they are compatible with the objectives and strategies approved for the business.

The Group Risk Officer is responsible for the control of risks in all the Group entities, in order to ensure that the risks are monitored on an overall basis and that there is alignment of concepts, practices and objectives. It must also keep the Risk Commission informed of the Group's level of risk, proposing measures to improve control and implementing the approved limits.

The activity of every entity included within the Banco Comercial Português consolidation perimeter is governed by the principles and decisions established centrally by the Risk Commission and the main subsidiaries are provided with Risk Office structures which are established in accordance with the risks inherent in their particular business. A Risk Control Commission has been set up at each relevant subsidiary, responsible for the control of risks at local level, in which the Group Risk Officer takes part.

The Group Head of Compliance is responsible for implementing systems of monitoring the compliance with legal obligations and responsibilities to which the Bank is subject, as well, the prevention, monitoring and reporting of risks in organizational processes, which include, among others, the prevention of money laundering, combating financing of terrorism, prevention of conflict of interest, issues related to abuse of market and compliance with the disclosure requirements to customers.

Risk Evaluation and Management Model

For purposes of profitability analysis and risk quantification and control, each entity is divided into the following management areas:

- Trading and Sales: involves those positions whose objective is to obtain short-term gains through sale or revaluation. These positions are actively managed, are tradable without restriction and may be valued frequently and precisely, including the securities 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 no other purpose than short-term gains. Also includes any other hedging risk operation associated to those;
- Commercial: includes all operations (assets and liabilities) held at the normal course of business group with its customers;
- ALM: is the Assets and Liabilities management function, including operations decided by CALCO in the group's global risk management function and centralizes the transfer of risk between the remaining areas;
- Structural: deals with balance sheet elements or operations that, because of their nature, are not directly related to any of the other areas, including structural financing operations of the group, capital and balance sheet fixed items;

The definition of the management areas allows effective separation of the management of the trading and banking portfolios, as well as a proper allocation of each operation to the most appropriate management area according to their context.

Risk assessment

Credit Risk

Credit granting is based on prior classification of the customers' risk and on thorough assessment of the level of protection provided by the underlying collateral. In order to do so, a single risk-notation system has been introduced, the Rating Master Scale. It is based on the expected probability of default, allowing greater discrimination in the assessment of the customers and better establishment of the hierarchies of the associated risk. The Rating Master Scale also identifies those customers showing worsening credit capacity and, in particular, those classified as being in default in keeping with the Basel II Accord. All the rating and scoring models used by the Group have been duly calibrated for the Rating Master Scale.

The protection-level concept has been introduced as a crucial element of evaluation of the effectiveness of the collateral in credit-risk mitigation, leading to more active collateralization of loans and more adequate pricing of the risk incurred.

To quantify the credit risk at the level of the various portfolios, the Group has developed a model based on an actuarial approach, which provides the distribution of total loss probability. In addition to the Probability of Default (PD) and of the Amount of the Loss Given Default (LGD) as the central points, consideration is also given to the uncertainty associated with the development of these parameters, through the introduction of the respective volatility. The effects of diversification and/or concentration between the sectors of the loan portfolios are quantified by introducing the respective correlations.

The gross Group's exposure to credit risk (original exposure), as at 31 December 2014 and 2013 is presented in the following table:

Risk items	2014	2013
	Euros '000	Euros '000
Central Governments or Central Banks	8,707,559	11,378,621
Regional Governments or Local Authorities	719,651	776,639
Administrative and non-profit Organisations	412,878	302,772
Multilateral Development Banks	80,971	73,468
Other Credit Institutions	3,633,376	4,472,853
Retail and Corporate customers	66,470,324	73,617,722
Other items	11,820,200	9,347,502
	<u>91,844,959</u>	<u>99,969,577</u>

Note: gross exposures of impairment and amortization, in accordance with the prudential consolidation perimeter. Includes securitization positions.

BANCO COMERCIAL PORTUGUÊS
Notes to the Consolidated Financial Statements
31 December, 2014

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 2014 of the credit granted to entities whose country is one of those identified.

Counterparty type	Maturity	2014					Euros '000
		Country					
		Spain	Greece	Hungary	Ireland	Italy	Portugal
Financial Institutions	2015	392,031	12	1,264	8	5,905	127,763
	2016	-	-	-	-	-	14,494
	2017	50,101	-	-	-	-	68,735
	>2017	61,500	-	-	-	6,000	476,676
		503,632	12	1,264	8	11,905	687,668
Companies	2015	51,860	1,264	-	5,820	-	5,841,479
	2016	250	-	-	-	-	436,090
	2017	11,333	-	-	-	-	448,976
	>2017	175,392	34,179	-	176	-	5,809,465
		238,835	35,443	-	5,996	-	12,536,010
Retail	2015	7,035	103	2	2,771	106	2,321,198
	2016	65,047	9	4	66	74	420,482
	2017	11,085	23	-	41	78	431,949
	>2017	30,102	257	113	53,625	5,660	20,485,423
		113,269	392	119	56,503	5,918	23,659,052
State and other public entities	2015	10	-	-	-	-	1,736,923
	2016	29	-	-	-	-	152,601
	2017	34,500	-	-	-	-	618,404
	>2017	133	-	-	-	50,010	3,123,099
		34,672	-	-	-	50,010	5,631,027
Total country		890,408	35,847	1,383	62,507	67,833	42,513,757

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. There were considered several presuppositions for the following categories:

a) Collaterals and Guarantees

On the risk evaluation of an operation or a group of operation, there are consider the mitigation elements of the risk credit associated to them, in accordance with the rules and internal procedures that fulfil the requirements defined on the Instruction n. 5/2007 of the Bank of Portugal, also reflecting the experience of the loans recovery areas and the Legal Department opinion in respect on the entail of the several mitigation instruments.

The collaterals and the guarantees important can be aggregated in the following categories:

- financial collaterals, real estate collaterals and other collaterals;
- values to receive;
- first demand guarantees, issued by banks or other entities with Risk Degree 7 or better on the Rating Master Scale;
- personal guarantees, when the persons are classified with Risk Degree 7 or better;
- credit derivatives.

The financial collaterals accepted are those that are transactional in recognized stock exchange, in other words, on an organized secondary market, liquidity and transparent, with the purchase and sell public prices, located in countries like European Union, United States, Japan, Canada, Hong Kong or Switzerland.

BANCO COMERCIAL PORTUGUÊS
Notes to the Consolidated Financial Statements
31 December, 2014

In this context, it is important to refer that Bank's shares are not accepted as financial collaterals of new credit operations, only accepted in the guaranteed reinforce of existing credit operations, or in restructuring process associated to credit recoveries.

Regarding guarantees and credit derivatives, it is applied the replace principle of the Risk Degree of the client by the Risk Degree of the protector (only if the Risk of Degree of this last is better than the first one), when:

- exists State or Financial Institutions guarantees;
- exists personal guarantees (or the case of leasing operations, exists the contra party contracted);
- the mitigation is effective through credit derivatives.

It is attributed an internal level of protection to all credit operations in the moment of the grand decision, considering the credit amount and the amount and the type of the involved collaterals. The protection level corresponds to the valuation the loss reduction in case of not fulfils of the several collaterals type, considering the market value of the collaterals and the value of expositions associated.

In the case of financial collaterals, adjustment is proceeded of the value of protection through the allocation on a group of haircuts, in order to reflect the prices volatile of the financial instruments.

In the case real estate mortgage, the initial evaluation the real estate value is done during the analyses process and credit decision.

Both the initial evaluations and the respectively values reviewed by external entities, from the analytical and ratification process are centralized on the Evaluation Unit, independent of the clients areas.

In any case, there is a wrote report in a standardized digital format, based on a group of predefined processes aligned with the sector practices – income, cost and replace and/or market comparative -, forgiven the obtain value, both for the market value and for the mortgage guarantee, depending on the type of the real estate. The evaluations have a declaration/certification of an evaluator since 2008, as demanded by the Instruction n.5/2007 of the Bank of Portugal, and the Evaluation Unit made the ratification.

Regarding the residence real estates, after the initial evaluation and in accordance with the Instructions n. 5/2006 and n.5/2007 of the Bank of Portugal, the Bank proceed the verification of the values through indexes or a review of the real estate value by professional evaluators, depending on the credit operation amount, and in accordance with the established rules.

For the non-residence real estates, the Bank also proceed to the verifications of the value through market index and to a periodically revisions of the value in accordance with the Instruction n.5/2007 of the Bank of Portugal, in the case of offices, stores and industrial installations.

For all real estate (residence and non-residence) in which the respectively verified values results on an significant devaluation of the real estate value (more than 10%), consequently it is review the value, by an evaluator.

For the other real estate (lands, commercial spaces or country side buildings for example) there are not market indexes available which allowed verifying the values, after the initial evaluations. Therefore, for these cases and in accordance with the minimal periodicals for the amounts verifications and reviews of this type of real estate, there are made by external evaluators.

The indexes actually used are send to the Bank by an external entity specialized in more than a decade, in recover and treatment of information, in which is based the evaluation.

In the case of the financial collaterals, the market value is daily updated and automatically, through an IT connection between the collaterals management system and the relevant financial markets information.

b) Risk grading

The loan granting process is based on the classification of client risk that is performed before the loan analysis, and also a rigorous evaluation of the protection level of the collaterals. For this propose, it is used a single system of risk notation, a Rating Master Scale, based on the expected Probability of Default (PD), increasing the capacity to evaluate the clients and an improved hierarchy of the associated risk. The Rating Master Scale allows the identification of the clients which evidence signs of degradation of the credit capacity and, in particular, those that are classified, in accordance with the concept defined in IRB, within the scope of the Basel II approach, in default situation. All the rating systems and models used by the Group were calibrated to the Rating Master Scale.

With the goal to evaluate properly the credit risk, the Group defined a group of macro segments and segments which are treated through different rating systems and models and allows the relation between the internal Risk Degree and the PD of the clients, ensuring a risk evaluation that considers the clients specific characteristics, in terms of the respectively risk profile.

The assesement made by these rating systems and models results on the Risk Degree of the Master Scale, with fifteen degrees, where the last three corresponds to relevant downgrades to credit quality of the clients, and designated by Risk Degree Processual: 13, 14 and 15 which corresponds, by this order, situations of increase seriousness in terms of default and/or impairment, as the Risk of Degree 15 synonym as Default.

The Non Risk Degrees Processual are attributed by the rating systems with automatic models of decision or by the Rating Department – unit independent from the analysis and decision areas and committees – and are reviewed/actualized periodically or always when events occur that justify.

The models that integrate the rating systems are regularly subject to validation, made by Audit and Models Validation Unit, integrated in the Internal Audit Department, independent from the units responsible from the development and maintenance of the Rating models.

The conclusions of the validations by the Audit and Models Validation Unit, as well the respectively recommendations and the proposal for changes and/or improvements, are analyzed and ratified by a specific Validation Committee, which composition depends on the type of model analyzed. The proposals for models changes originated by the Validation Committee are submitted to approval to the Risk Committee.

c) Impairment and Write-offs

In order to align with the international best practices in this area, the credit impairment calculation process in place in BCP Group integrates the general principles defined by IAS 39, the guidelines issued by the Bank of Portugal, through Carta-Circular 2/2014 / DSP, and the criteria and methodologies of the Asset Quality Review carried out in 2014 under the responsibility of the European Central Bank.

BANCO COMERCIAL PORTUGUÊS
Notes to the Consolidated Financial Statements
31 December, 2014

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).

The impairment calculation is performed in three different ways 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, not included in individual analysis, and not on the quarantine period;
- Analysis of customers not in default 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:

Groups or Customers in default

- i) Groups or Customers with exposure above Euros 1 million, provided that a group entity is in insolvency or under legal proceedings;
- ii) Groups or Customers with exposure above Euros 5 million, provided that a group entity is in default;

Groups or Customers not in default but with impairment signs

- iii) Groups or Customers with exposure above Euros 5 million, provided that a group entity is rated "14";
- iv) Groups or Customers with exposure above Euros 5 million, provided that a group entity has restructured credits and is rated "13";

Groups or Customers without impairment signs

- v) Groups or Customers with exposure above Euros 10 million, provided that in a group entity some pre-defined soft signs occur;
- vi) Groups or Customers, not included in the preceding paragraphs, with exposure above Euros 25 million.

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 in 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 its relationship with banks.

In addition, information on collaterals and guarantees play an important role, mainly for real estate companies and whenever the viability of the customer's business is small.

Bank takes a conservative approach about 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 through the difference between the exposure and the sum of the expected cash-flows of all the business, actualized by the effective interest rate of each operation.

Impairment losses are calculated by comparing the present value of the expected future cash-flows, discounted at the effective interest rate of the loan, with its current carrying value.

For customers in default that are not submitted to individual analysis, impairment is based on homogeneous populations, resulting from the exposure at default (EAD), adjusted from financial collaterals, and the loss given default (LGD) estimation is mainly based on the following components:

- a priori definition of the possible recovery scenarios;
- historical information about the Bank recovery processes since 2003, mainly regarding incurred losses and the probabilities associated to of each recovery scenario;
- direct and indirect costs associated to the recovery processes;
- cash-flows discounted to the date of default;
- collaterals associated to each loan.

In these cases,
$$\text{Impairment} = \text{EAD} * \text{LGD}$$

For credits not in default as well as for the ones that, after individual analysis, are not treated as in default, impairment (IBNR - Incurred But Not Reported) is based on homogeneous populations, depending on LGD and PD, the probability that a customer without signs of impairment goes into default during a one-year emergence period:

$$\text{Impairment} = \text{EAD} * \text{PD} * \text{LGD}.$$

where PD represents the probability of one client without impairment signs to be default on the period the recognized loss period.

For the calculation of PD, the homogeneous populations result from the following factors:

BANCO COMERCIAL PORTUGUÊS
Notes to the Consolidated Financial Statements
31 December, 2014

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 when recovery expectation is about zero so, when impairment reaches 100%, credits shall be considered as uncollectible.

It is noteworthy that all the described procedures and methodologies are subject to internal regulations approved by the Board of Directors, about impairment, credit granting, monitoring and workout and non-performing credit.

The following templates is detailed the expositions and impairment by segments, as at 31 December 2014. The data presented includes the credit lines

Segment	Exposure					
	Total Exposure Euros '000	Performing loans			Non-performing loans	
		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	23,060,536	20,704,679	514,053	2,206,294	2,355,857	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	64,002,661	56,695,588	1,291,863	4,001,119	7,307,073	2,347,120

Segment	Impairment		
	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 templates includes the detail of the exposure non-performing loans and impairment respectively by segment, as at 31 December 2014:

Segment	Exposure					
	Total Exposure Euros '000	Performing loans			Non-performing loans	
		Days past due <30			Days past due	
		Without evidence	With evidence	Total	<=90	>90
		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	23,060,536	16,145,064	4,453,398	20,598,462	358,221	1,997,636
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	64,002,661	48,544,923	7,652,677	56,197,600	814,504	6,492,569
Segment	Impairment					
	Total Impairment Euros '000	Performing loans			Non-performing loans	
		Days past due	Days past due		Days past due	Days past due
		<30	between 30-90		<=90	>90
		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	

BANCO COMERCIAL PORTUGUÊS
Notes to the Consolidated Financial Statements
31 December, 2014

As at 31 December 2014, the following template 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	27,330	135,600	433,250	314	609,845
Value (Euros '000)	1,052,151	3,109,491	4,566,711	493,907	39,350	9,261,610
Impairment constituted (Euros '000)	140,103	185,753	87,216	35,964	1,146	450,182
2005						
Number of operations	2,421	4,486	49,215	64,249	22	120,393
Value (Euros '000)	368,257	621,404	2,363,673	111,854	9,596	3,474,784
Impairment constituted (Euros '000)	70,864	110,465	39,235	14,991	405	235,960
2006						
Number of operations	2,927	5,240	69,899	81,125	54	159,245
Value (Euros '000)	442,016	910,649	3,696,647	179,423	9,822	5,238,557
Impairment constituted (Euros '000)	72,219	56,118	46,971	33,746	2,276	211,330
2007						
Number of operations	3,939	7,212	82,692	108,235	58	202,136
Value (Euros '000)	871,068	1,330,928	4,782,412	238,057	17,182	7,239,647
Impairment constituted (Euros '000)	137,678	98,612	57,547	30,519	285	324,641
2008						
Number of operations	5,283	8,906	59,444	133,029	108	206,770
Value (Euros '000)	1,058,904	1,398,217	3,630,506	232,736	40,086	6,360,449
Impairment constituted (Euros '000)	136,950	210,152	34,780	35,513	1,239	418,634
2009						
Number of operations	5,312	8,330	24,945	132,832	153	171,572
Value (Euros '000)	806,190	984,307	1,394,792	239,969	60,994	3,486,252
Impairment constituted (Euros '000)	165,878	93,701	10,804	42,455	1,807	314,645
2010						
Number of operations	5,462	12,190	26,860	191,455	207	236,174
Value (Euros '000)	821,866	1,721,793	1,487,215	309,592	126,713	4,467,179
Impairment constituted (Euros '000)	89,415	335,829	8,951	42,423	5,656	482,274
2011						
Number of operations	5,518	19,219	17,389	197,039	215	239,380
Value (Euros '000)	524,788	1,280,228	888,826	312,360	64,076	3,070,278
Impairment constituted (Euros '000)	100,597	135,145	4,524	47,803	2,723	290,792
2012						
Number of operations	5,618	20,496	14,373	196,289	664	237,440
Value (Euros '000)	631,582	2,339,074	678,124	435,381	152,293	4,236,454
Impairment constituted (Euros '000)	55,505	142,127	4,616	74,656	4,664	281,568
2013						
Number of operations	6,547	24,753	15,103	281,230	614	328,247
Value (Euros '000)	982,394	2,881,657	779,643	878,096	483,732	6,005,522
Impairment constituted (Euros '000)	90,598	111,440	6,359	61,379	6,363	276,139
2014						
Number of operations	11,265	55,763	10,526	414,538	2,606	494,698
Value (Euros '000)	1,508,246	6,482,788	617,719	1,473,736	1,079,440	11,161,929
Impairment constituted (Euros '000)	76,658	281,639	5,984	68,067	14,350	446,698
Total						
Number of operations	67,643	193,925	506,046	2,233,271	5,015	3,005,900
Value (Euros '000)	9,067,462	23,060,536	24,886,268	4,905,111	2,083,284	64,002,661
Impairment constituted (Euros '000)	1,136,465	1,760,981	306,987	487,516	40,914	3,732,863

BANCO COMERCIAL PORTUGUÊS
Notes to the Consolidated Financial Statements
31 December, 2014

As at 31 December 2014, the following template includes the details of the loans portfolio and individual and the collective impairment by segment, sector and geography:

Segment	Exposure			Impairment		
	Individual	Collective	Total	Individual	Collective	Total
	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	11,904,760	23,060,536	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	46,439,827	64,002,661	2,455,958	1,276,905	3,732,863

Sector	Exposure			Impairment		
	Individual	Collective	Total	Individual	Collective	Total
	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	5,527,530	15,092,287	1,327,507	162,807	1,490,314
Other Activities	2,056,943	3,097,137	5,154,080	144,989	44,331	189,320
Total	17,562,834	46,439,827	64,002,661	2,455,958	1,276,905	3,732,863

Geography	Exposure			Impairment		
	Individual	Collective	Total	Individual	Collective	Total
	Euros '000	Euros '000	Euros '000	Euros '000	Euros '000	Euros '000
Portugal	16,640,805	31,131,046	47,771,851	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	46,439,827	64,002,661	2,455,958	1,276,905	3,732,863

As at 31 December 2014, the following template includes the entrances and the exits of the restructured loans portfolio:

	2014
	Euros '000
Balance on 1 January	5,827,753
Restructured loans in the year	2,232,866
Accrued interests of the restructured portfolio	31,120
Settlement restructured	
credits (partial or total)	(1,002,373)
Reclassified loans from restructured	
to normal	(407,569)
Others	(387,511)
Balance on 31 December	6,294,286

BANCO COMERCIAL PORTUGUÊS
Notes to the Consolidated Financial Statements
31 December, 2014

As at 31 December 2014, the following template includes the fair value of the collaterals associated to the loans portfolio by segments Construction and CRE, Companies-Other Activities and Mortgage loans:

Fair Value	Construction and Commercial Real Estate		Companies-Other Activities		Mortgage loans	
	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)	45,020,476	37,071,965	234,152,352	261,368,720	11,037,298,461	403,857
>= 0.5 M€ and < 1 M€						
Number	808	74	1,397	268	2,281	6
Value (Euros '000)	44,272,570	20,517,695	221,361,882	88,835,969	113,507,353	4,027
>= 1 M€ and < 5 M€						
Number	634	52	1,172	254	286	1
Value (Euros '000)	205,340,305	39,279,670	568,016,426	269,144,111	27,703,308	1,298
>= 5 M€ and < 10 M€						
Number	77	11	133	24	3	-
Value (Euros '000)	41,008,153	9,179,229	191,343,673	67,171,798	18,700	-
>= 10 M€ and < 20 M€						
Number	54	1	64	8	2	-
Value (Euros '000)	46,459,925	36,626	25,376,847	11,017,529	24,710	-
>= 20 M€ and < 50 M€						
Number	30	-	39	12	-	-
Value (Euros '000)	396,410,549	-	51,787,857	147,298,404	-	-
>= 50 M€						
Number	12	6	11	6	-	-
Value (Euros '000)	412,924,769	1,118,150,529	909,187	548,148	-	-
Total						
Number	14,915	6,147	14,443	41,653	429,348	467
Value (Euros '000)	1,191,436,747	1,224,235,714	1,292,948,224	845,384,679	11,178,552,532	409,182

As at 31 December 2014, the following template includes the LTV ratio by segments Construction and CRE, Companies-Other Activities and Mortgage loans:

Segment/Ratio	Number of properties	Performing	Non-performing	Impairment
		loans Euros '000	loans 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
Companies-Other Activities				
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

BANCO COMERCIAL PORTUGUÊS
Notes to the Consolidated Financial Statements
31 December, 2014

As at 31 December 2014, the following template includes 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

Asset	Past due since the lieu / execution				
	<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 2014, the following template includes the distribution of the loans portfolio by degrees of risk:

Degrees of risk	Segments					Total
	Construction and CRE	Companies Other Activities	Mortgage loans	Individuals Others	Other loans	
Higher quality						
2	1,442	7,722	3,865,505	140,608	15	4,015,291
3	2,547	37,390	2,275,775	137,724	5	2,453,441
4	36,006	958,386	5,182,012	236,463	556,664	6,969,530
5	156,322	1,990,401	3,042,335	591,410	4,518	5,784,986
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	4,003,451
8	300,415	1,632,554	1,015,070	360,528	6	3,308,573
9	691,119	2,212,136	847,678	268,226	-	4,019,159
Lower quality						
10	360,201	1,170,729	771,414	1,356	-	2,303,700
11	435,568	1,027,769	453,191	4	-	1,916,532
12	1,452,287	3,092,402	741,308	32	-	5,286,030
Procedural						
13	54,930	472,697	184,187	-	-	711,814
14	387,916	595,321	204,022	-	-	1,187,259
15	3,243,900	3,741,347	1,846,172	-	-	8,831,419
Not classified (without degree of risk)	329,875	1,654,672	867,613	426	-	2,852,586
Total	8,122,586	22,225,562	24,839,020	2,653,275	561,464	58,401,908

BANCO COMERCIAL PORTUGUÊS
Notes to the Consolidated Financial Statements
31 December, 2014

Market risk

The Group in monitoring and control of market risk existing in the different portfolios uses an integrated risk measure that includes the main types of market risk identified by the Group: generic risk, specific risk, non linear risk and commodities risk.

The measure used in evaluating the generic market risk is the VaR (Value at Risk). The VaR is calculated on the basis of the analysis approximation defined in the methodology developed by the RiskMetrics. It is calculated considering a 10-working day time horizon and an unilateral statistical confidence interval of 99%. In the calculation of the volatility associated to each risk factor in the model it is assumed 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 related to its value. With the necessary adjustments, this model follows regulatory standard methodology.

Complementary measures are also used for other types of risk, a risk measure that incorporates the non-linear risk of options not covered in the VaR model, with a confidence interval of 99% and a standard measure for commodities risks.

These measures are included in the indicator of market risk with the conservative assumption of perfect correlation between the various types of risk.

Capital at risk values are determined both on an individual basis for each one of the position portfolios of those areas having responsibilities in risk taking and management, as well as in consolidated terms taking into account the effects of diversification between the various portfolios.

To ensure that the VaR model adopted is appropriate to the evaluation of the risks involved in the positions that have been assumed, a back testing process has been instituted. This is carried out on a daily basis and it confronts the VaR indicators with the actual results.

The following table shows the main indicators for these measures to the trading portfolio:

	Euros '000				
	Dec 2014	Average	Maximum	Minimum	Dec 2013
Generic Risk (VaR)	6,380	4,601	13,705	2,220	2,202
Interest Rate Risk	5,327	4,301	14,001	2,239	1,599
FX Risk	3,717	1,735	1,432	292	1,313
Equity Risk	392	890	896	1,003	589
<i>Diversification effects</i>	<i>3,055</i>	<i>2,326</i>	<i>2,624</i>	<i>1,314</i>	<i>1,299</i>
Specific Risk	290	349	765	263	263
Non Linear Risk	52	68	263	27	25
Commodities Risk	15	19	25	12	17
Global Risk	6,737	5,036	14,136	2,628	2,507

Evaluation of the interest rate risk originated by the banking portfolio is performed by a risk sensitivity analysis process carried out every month for all operations included in the Group's consolidated balance sheet.

For this analysis are considered the financial characteristics of the contracts available in information systems. Based on these data, a projection for expected cash flows is made, according to the repricing dates and any prepayment assumptions considered.

Aggregation of the expected cash flows for each time interval for each of the currencies under analysis allows determination of the interest rate gaps per repricing period.

The interest rate sensitivity of the balance sheet in each currency is calculated through the difference between the present value of the interest rate mismatch after discounting the market interest rates and the discounted value of the same cash flows by simulating parallel shifts of the market interest rates.

BANCO COMERCIAL PORTUGUÊS
Notes to the Consolidated Financial Statements
31 December, 2014

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:

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

2013				Euros '000
Currency	- 200 bp	- 100 bp	+ 100 bp	+ 200 bp
CHF	601	286	2,242	4,498
EUR	151,969	98,083	(73,665)	(141,442)
PLN	15,434	7,538	(7,208)	(14,112)
USD	(1,865)	(2,427)	4,353	8,536
TOTAL	166,139	103,480	(74,278)	(142,520)

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	Hedging instruments	Net Investment	Hedging instruments
		Currency '000	Currency '000	Euros '000	Euros '000
Banque Privée BCP (Suisse) S.A.	CHF	104,988	104,988	87,315	87,315
Millennium bcp Bank & Trust	USD	340,000	340,000	280,043	280,043
BCP Finance Bank, Ltd.	USD	561,000	561,000	462,071	462,071
BCP Finance Company	USD	1	1	1	1
bcp holdings (usa), Inc.	USD	55,767	55,767	45,933	45,933
Bank Millennium, S.A.	PLN	1,950,125	1,950,125	456,362	456,362

The information on the gains and losses in exchange rates on the loans to cover the investments in foreign institutions, accounted for as exchange differences, is presented in the statement of changes in equity.

The ineffectiveness generated in the hedging operations is recognised in the statement of income, as referred in the accounting policy 1 e).

Liquidity risk

Evaluation of the Group's liquidity risk is carried out using indicators defined by the supervisory authorities on a regular basis and other internal metrics for which exposure limits are also defined.

The evolution of the Group's liquidity situation for short-term time horizons (up to 3 months) is reviewed daily on the basis of two indicators defined in-house, immediate liquidity and quarterly liquidity. These 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 transactions as a whole brokered by the markets areas, including the transactions with customers of the Corporate and Private networks that, for their dimension, have to be quoted by the Trading Room. The amount of assets in the Bank's securities portfolio considered highly liquid is added to the calculated value, leading to determination of the liquidity gap accumulated for each day of the period under review.

In parallel, the evolution of the Group's liquidity position is calculated on a regular basis identifying all the factors that justify the variations that occur. This analysis is submitted to the Capital and Assets and Liabilities Committee (CALCO) for appraisal, in order to enable the decision making that leads to the maintenance of financing conditions adequate to the continuation of the business.

In addition, the Risk Commission is responsible for controlling the liquidity risk.

This control is reinforced with the monthly execution of stress tests, to characterize the Bank's risk profile and to ensure that the Group and each of its subsidiaries, fulfil its obligations in the event of a liquidity crisis. These tests are also used to support the liquidity contingency plan and management decisions.

BANCO COMERCIAL PORTUGUÊS
Notes to the Consolidated Financial Statements
31 December, 2014

With reference to the wholesale funding composition, the Bank amortized Euros 5,268,922,000 of medium and long term debt in 2014 (from a forecasted sum of Euros 3,417,000,000 for the year), including the early redemption of Euros 2,250,000,000 of core tier I capital instruments (CoCos) subscribed by the Portuguese State. In compliance with the Liquidity Plan, the Bank pursued the diversification of the funding sources, through repos with international financial institutions and collateralized by securities and the balance in Portugal reached the amount of Euros 1,880,000,000 at the end of the year. The favourable evolution of the market conditions allowed the Bank to anticipate for February, the return to the wholesale markets through an issue of senior debt in the amount of Euros 500,000,000 for 3 years.

The management of the collateral portfolio eligible with the Eurosystem, involving the optimized allocation of the various categories of available assets, included the cancellation of two securitization transactions and the re-allocation to the pool of the underlying assets under the form of additional credit rights, and was followed by the implementation of a new mechanism that allowed the selection of a material amount of new credit assets that were posted to the pool and the adjustment of the terms and conditions of a retained issue of covered bonds. Regarding the additional credit rights, the Bank of Portugal accepted the IRB models applicable to the portfolios, allowing a decrease of the related haircuts.

In spite of the reimbursement of medium-long term debt, the decreases of the commercial gap and of the portfolio of Portuguese public debt, the share capital increase, the senior debt issuance and the accrued use of other funding sources combined to reduce by Euros 3.339.547.076 the net funding with the ECB.

In addition, the active management of eligible assets available for discount with the ECB, amounts to Euros 14,157.399.343 (after haircuts), allowing the maintenance of a comfortable liquidity buffer of Euros 7.522.176.946, even after the early redemption of the remaining balance of own issues guaranteed by the state in the amount of Euros 3,159,606,318 after haircuts.

The decrease of the borrowings with the ECB involved, throughout 2014, the early redemption with of additional tranches of Long Term Refinancing Operations (LTRO) totalling Euros 7,000,000,000 (from an original amount of Euro 12,000,000,000 in 2012). Thus, the balance of this operations was reduced to Euros 4,000,000,000, which amount was partially refinanced in December 2014 through a borrowing of Euros 1,482,510,000 at the Targeted Long Term Refinancing Operations (TLTRO) carried out by the ECB.

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:

	2014	2013
	Euros '000	Euros '000
European Central Bank	12,175,997	17,803,957
Other Central Banks	2,968,013	1,918,129
	<u>15,144,010</u>	<u>19,722,086</u>

As at 31 December 2014, the amount discounted in the European Central Bank amounts to Euros 6,692,510,000 (31 December 2013: Euros 11,000,000,000). As at 31 December 2014 and 2013, 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 Pool Monetary Policy of the ECB and the corresponding collaterals used is analysed as follows:

	Euros '000			
	Dec 14	Jun 14	Dec 13	Jun 13
Total eligible collateral	14,157,399	17,947,738	19,073,808	20,690,064
Collateral outside the pool	(1,981,402)	(3,342,174)	(1,269,850)	(4,882,356)
Total collateral in pool after haircuts	12,175,997	14,605,564	17,803,958	15,807,708
Collateral used	(6,692,510)	(9,000,000)	(11,000,000)	(11,900,000)
Available collateral (after haircuts)	<u>5,483,487</u>	<u>5,605,564</u>	<u>6,803,958</u>	<u>3,907,708</u>

The indicated value "Total collateral after haircuts" corresponds to the amount reported in SITEME (application of the Bank of Portugal), which does not include, with reference to 31 December 2014:

- i) - the other eligible assets and those temporarily out of the pool, which together amounted to Euros 1,981,402,000;
- ii) - deposits made with the Bank of Portugal, deducted from the minimum cash reserves and accrued interest in the amount of Euros 123,175,000;

Thus, as at 31 December 2014, the liquidity mobilized through collateral available, plus deposits with the Bank of Portugal deducted from the minimum cash reserves and accrued interest, amounted to Euros 7,588,064,000 (31 December 2013: Euros 9,930,660,000).

BANCO COMERCIAL PORTUGUÊS
Notes to the Consolidated Financial Statements
31 December, 2014

The main liquidity ratios of the Group, according to the definitions of the Instruction n.º 13/2009 of the Bank of Portugal, with reference to 31 December 2014 and 2013, is as follows:

	Reference value	2014	2013
Accumulated net cash flows up to 1 year as % of total accounting liabilities	Not less than (- 6 %)	-3.9%	8.9%
Liquidity gap as a % of illiquid assets	Not less than (- 20 %)	8.9%	1.5%
Transformation Ratio (Credit / Deposits) (2)		108.4%	117.4%
Coverage ratio of Wholesale funding by HLA (1)			
(up to 1 Month)		382.5%	1052.5%
(up to 3 Months)		208.1%	502.2%
(up to 1 Year)		189.3%	187.4%

(1) HLA- Highly Liquid Assets.

(2) Transformation ratio computed according to Banco de Portugal rules for the Funding & Capital Plans (Financial consolidation).

According to the Instruction 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, we present the following information regarding the assets and collaterals:

2014				
	Carrying amount of encumbered assets	Fair value of encumbered assets	Carrying amount of unencumbered assets	Fair value of unencumbered assets
Assets	Euros '000	Euros '000	Euros '000	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

2014		
	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	Euros '000	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	-	-

2014	
	Carrying amount of selected financial liabilities
Encumbered assets, encumbered collateral received and matching liabilities	Euros '000
Matching liabilities, contingent liabilities and securities lent	11,451,473
Assets, collateral received and own debt securities issued other than covered bonds and ABSs encumbered	15,279,091

BANCO COMERCIAL PORTUGUÊS
Notes to the Consolidated Financial Statements
31 December, 2014

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 7,470,914,000, 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 tax assets and current taxes.

The amounts presented in the these tables correspond to the position as at 31 December, 2014 and reflect the high level of collateralisation of the wholesale funding of the Group. The buffer of eligible assets with Central Banks, as at 31 December, 2014 amounts to Euros 10,432,902,000 (value of the unencumbered assets net of haircuts).

Operational Risk

The approach to operational risk management is based on the business and support end-to-end processes. Process management is the responsibility of the Process Owners, who are the first parties responsible for evaluation of the risks and for strengthening the performance within the scope of their processes. The Process Owners are responsible for keeping up to date all the relevant documentation concerning the processes, for ensuring the real adequacy of all the existing controls through direct supervision or by delegation on the departments responsible for the controls in question, for coordinating and taking part in the risk self-assessment exercises, and for detecting and implementing improvement opportunities, including mitigating measures for the more significant exposures.

In the operational risk model implemented in the Group, there is a systematic process of gathering information on operational losses that defines on a systematic form, the causes and the effects associated to an eventual detected loss. From the analysis of the historical information and its relationships, processes involving greater risk are identified and mitigation measures are launched to reduce the critical exposures.

Covenants

The contractual terms of instruments of wholesale funding encompass obligations assumed by entities belonging to the Group as debtors or issuers, concerning general duties of societal 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 Banco Comercial Português have been determined according to the Notice no. 6/2010 from Banco de Portugal and, as from 1 January 2014, 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.

According to CRD IV/CRR rules (After 1 January 2014)

Own funds are calculated according to Directive 2013/36/UE and Regulation (EU) 575/2013 approved by the European Parliament and the Council, and the Notice no. 6/2013 from Banco de Portugal, and result from adding tier 1 and tier 2. Tier 1 comprises common equity tier 1 and additional tier 1.

Common equity tier 1 includes: (i) paid-up capital, share premium, hybrid instruments eligible for this line item, fully subscribed by the Portuguese State within the scope of the Bank's capitalisation process, reserves and retained earnings and non-controlling interests in fully consolidated subsidiaries; 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, net of taxes, to the extent related to own credit risk. The minority interests are only eligible up to the amount of the capital requirements attributable to the minorities. In addition, the deferred tax assets arising from unused tax losses 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 CRR requirements and the minority interests eligible up to the amount of tier 1 capital requirements attributable to the minorities.

Tier 2 includes the subordinated debt that are compliant with CRR requirements and the minority interests eligible up to the amount of total capital requirements attributable to the minorities.

BANCO COMERCIAL PORTUGUÊS
Notes to the Consolidated Financial Statements
31 December, 2014

CRD IV/CRR stipulates a transitional period to exclude some elements previously considered (phase-out) and include/deduct new elements (phase-in), in which institutions may accommodate the new requirements. 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, that have a longer period (until the end of 2021).

The calculation of risk-weighted assets also presents some changes in relation to how it is performed in accordance with the regulatory framework of Basel II, with emphasis on the 250% risk weighting of the deferred tax assets from temporary differences and investments higher than 10% held in financial institutions and insurance companies that are within the limits established for not deducting them to common equity tier 1 (instead of 0% and 100%, respectively), on the Credit Value Adjustments (CVA) and on the calculation of capital requirements to cover credit risk of small and medium companies for which IRB approaches are used.

Within the new regulatory framework, 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. Notwithstanding, Banco de Portugal determined that the institutions are bound to ensure the maintenance of a common equity tier 1 ratio of at least 7 % along the transitional period, in order to ensure proper adequacy with capital demands ahead.

The own funds and the capital requirements determined according to the methodologies CRD IV / CRR previously referred , as of 31 December 2014, are the following:

	2014
	Euros '000
<i>Common equity tier 1 (CET1)</i>	
Ordinary share capital	3,706,690
Ordinary own shares	(1,595)
Other capital (State aid)	750,000
Reserves and retained earnings	338,365
Minority interests	777,257
Regulatory adjustments	(132,748)
Amount exceeding thresholds	(361,326)
Tier 1	5,076,643
<i>Tier 2</i>	
Subordinated debt	1,017,271
Others	(294,147)
	723,124
Total own funds	5,799,767
<i>Risk weighted assets</i>	
Credit risk	38,160,015
Market risk	919,957
Operational risk	3,071,865
	42,151,837
<i>Capital ratios</i>	
CET1	12.0%
Tier 1	12.0%
Tier 2	1.7%
	13.7%

According with Banco de Portugal rules (Until 31 December 2013)

Consolidated own funds, determined by the Regulation nº 6/2010 from Banco de Portugal, result from adding tier 1 and tier 2 and subtracting the component of deductions. For the calculation of tier 1 are considered the core tier 1 elements, comprising the steadiest components of the own funds, and other relevant elements to discharges of tier 1.

Core tier 1 includes: i) paid-up capital, share premium, hybrid instruments eligible for this line item, fully subscribed by the Portuguese State within the scope of the Bank's capitalisation process, the reserves and the retained earnings, non-controlling interests in fully consolidated subsidiaries and the pension fund corridor; ii) and deductions related to own shares, goodwill and other intangible assets and customers deposits with yields above a certain threshold. Core tier 1 is also influenced by the reversal of unrealised gains and losses which do not represent impairment on debt securities, loans and other receivables recorded in the available-for-sale portfolio, on cash-flow hedge transactions and on financial liabilities valued at fair value through profits and losses, net of taxes, to the extent related to own credit risk, as well as by the reversal of unrealised gains on equity securities classified as available-for-sale.

The additional elements that integrate the tier 1 are preference shares and other hybrid instruments and even some deductions taken by 50%: (i) of interests held in financial institutions and insurers higher than 10% and 20%, respectively; and (ii) the shortfall of value adjustments and provisions to expected losses concerning risk-weighted exposure amounts cleared under the IRB approach.

Tier 2 includes the subordinated debt eligible pursuant to authorization of Banco de Portugal which, in respect to non-perpetual subordinated loans, is subject to a prudential amortization during the last five years to maturity. The tier 2 is also subject to the deduction of the remaining 50% of interests held in financial institutions and insurers and the shortfall of value adjustments and provisions to expected losses that have not been deducted to tier 1.

There are also some deductions to total own funds that need to be performed, namely the amount of real-estate assets resulting from recovered loans that have exceeded the regulatory period of permanence in the Bank's accounts and the potential excess of exposure to risk limits within the scope of the Notice nº 7/2010 from Banco de Portugal.

BANCO COMERCIAL PORTUGUÊS
Notes to the Consolidated Financial Statements
31 December, 2014

There are still limits to the eligibility of some financial instruments to own funds, namely; (i) hybrids instruments, including those fully subscribed by the Portuguese State within the scope of the Bank's capitalisation process, may only contribute to tier 1 up to 50% of the value of the latter, and any excess must be deducted to tier 1 and added to upper tier2; (ii) lower tier 2 cannot surpass 50% of tier 1 and (iii) tier 2 cannot surpass the total amount of tier 1.

Banco de Portugal established that financial institutions should report total capital ratios of at least 8% and consolidated core tier 1 ratios no lower than 10% as at the year-end 2012 and onwards.

On the other hand, EBA established a core tier 1 ratio including, namely, a capital buffer related to the exposure to sovereign risks, which totalled Euros 848 million in the case of BCP, and should be of at least 9%. On 22 July 2013, EBA released a recommendation that replaced that ratio, establishing the preservation of a nominal floor of core tier 1 capital corresponding to the amount of capital needed to meet the core tier 1 ratio of 9% as at June 30, 2012, including the same capital buffer for exposures to sovereign risk, in order to ensure an appropriate transition to the stricter requirements of the CRD IV/CRR. However, making use of the exceptions provided by this recommendation, particularly for institutions involved in the process of restructuring and orderly gradual deleveraging, for which the minimum nominal capital can be fixed with reference to the capital requirements determined in a later reference date, the Group in due time submitted to Banco de Portugal the request to waive the fulfilment of the nominal core tier 1 capital amount foreseen by that recommendation, having the authorization granted in May 2014.

The own funds and the capital requirements determined according to the methodologies of the Notice n. 23/2007 from the Bank of Portugal previously referred as of 31 December 2013, are the following:

	2013
	Euros '000
<i>Core own funds</i>	
Paid-up capital and share premium	3,500,000
Other capital instruments	3,000,000
Reserves and retained earnings	(892,093)
Non-controlling interests	699,062
Intangible assets	(250,418)
Net impact of accruals and deferrals	16,992
Other regulatory adjustments	(33,205)
<i>Core tier 1</i>	6,040,338
Preference shares and other securities	40,340
Other regulatory adjustments	(434,440)
<i>Total</i>	<u>5,646,238</u>
<i>Complementary own funds</i>	
Upper Tier 2	163,357
Lower Tier 2	716,637
	879,994
Deductions to total own funds	(105,602)
<i>Total own funds</i>	<u>6,420,630</u>
<i>Own funds requirements</i>	
Requirements from Regulation no.5/2007	3,225,845
Trading portfolio	38,843
Operational risk	249,410
	<u>3,514,098</u>
<i>Capital ratios</i>	
Core tier 1	13.8%
Tier 1	12.9%
Tier 2 (*)	1.8%
Solvency ratio	14.6%
By memory:	
Core Tier 1 EBA	10.8%

(*) Includes deductions to total own funds

55. Accounting standards recently issued

Recently issued pronouncements

The recently issued pronouncements already adopted by the Group in the preparation of the financial statements are the following:

IAS 27 (Revised) – Separate Financial Statements

The IASB issued, on 12th May 2011, amendments to “IAS 27 – Separate Financial Statements”, effective (with prospective application) for annual periods beginning on or after 1st January 2014. These amendments were endorsed by EU Commission Regulation 1254/2012, 11th December.

Taking into consideration that IFRS 10 addresses the principles of control and the requirements relating to the preparation of consolidated financial statements, IAS 27 was amended to cover exclusively separate financial statements.

The amendments aimed, on one hand, to clarify the disclosures required by an entity preparing separate financial statements so that the entity would be required to disclose the principal place of business (and country of incorporation, if different) of significant investments in subsidiaries, joint ventures and associates and, if applicable, of the parent. The previous version required the disclosure of the country of incorporation or residence of such entities.

On the other hand, the effective dates for all consolidated standards were aligned (IFRS10, IFRS11, IFRS12, IFRS13 and amendments to IAS 28).

The Group had no impact from the adoption of this amendment on its financial statements.

IFRS 10 - Consolidated Financial Statements

The IASB issued, on 12th May 2011, “IFRS 10 - Consolidated Financial Statements”, effective (with retrospective application) for annual periods beginning on or after 1st January 2013. These amendments were endorsed by EU Commission Regulation 1254/2012, 11th December, which allowed a delayed on mandatory application for 1st January 2014.

IFRS 10 withdraw one part of IAS 27 and SIC 12, and introduced a single control model to determine whether an investee should be consolidated.

The new concept of control involves the assessment of power, exposure to variability in returns and a linkage between the two. An investor controls an investee when it is exposed, (or has rights), to variability of returns from its involvement with the investee and is able to affect those returns through its power over the investee (“facto control”).

The investor considers whether it controls the relevant activities of the investee, taking into consideration the new concept. The assessment should be done at each reporting period as the relation between power and exposure to the variability of returns may change over time.

Control is usually assessed over a legal entity, but also can be assessed over only specific assets and liabilities of an investee (referred to as “silo”).

The new standard also introduced other changes such as: i) accounting requirements for subsidiaries in consolidation financial statements that are carried forward from IAS 27 to this new standard; and, ii) enhanced disclosures requirements, including specific disclosures for consolidated and unconsolidated structured entities.

The Group had no impact from the adoption of this amendment on its financial statements.

IFRS 11 – Joint Arrangements

The IASB issued, on 12th May 2011, “IFRS 11 Joint arrangements”, effective (with retrospective application) for annual periods beginning on or after 1st January 2013. These amendments were endorsed by EU Commission Regulation 1254/2012, 11th December, which allowed a delayed on mandatory application for 1st January 2014.

IFRS 11 withdraw IAS 31 and SIC 13, defines “joint control” by incorporating the same control model as defined in IFRS 10 and requires an entity that is part of a “join arrangement” to determine the nature of the joint arrangement (“joint operations” or “joint ventures”) by assessing its rights and obligations.

IFRS 11 removes the option to account for joint ventures using the proportionate consolidation. Instead, joint arrangements that meet the definition of “joint venture” must be account for using the equity method (IAS 28).

The Group had no impact from the adoption of this amendment on its financial statements.

IAS 28 (Revised) – Investments in Associates and Joint Ventures

The IASB issued, on 12th May 2011, “IAS 28 Investments in Associates and Joint Ventures”, effective (with retrospective application) for annual periods beginning on or after 1st January 2013. These amendments were endorsed by EU Commission Regulation 1254/2012, 11th December, which allowed a delayed on mandatory application for 1st January 2014.

As a consequence of the new IFRS 11 and IFRS 12, IAS 28 has been renamed as IAS 28 - Investments in Associates and Joint Ventures, and describes the application of the equity method to investments in joint ventures and associates.

The Group had no impact from the adoption of this amendment on its financial statements.

BANCO COMERCIAL PORTUGUÊS
Notes to the Consolidated Financial Statements
31 December, 2014

IFRS 12 – Disclosures of Interest in Other Entities

The IASB issued, on 12th May 2011, “IFRS 12 Disclosures of Interests in Other Entities”, effective (with retrospective application) for annual periods beginning on or after 1st January 2013. These amendments were endorsed by EU Commission Regulation 1254/2012, 11th December, which allowed a delayed on mandatory application for 1st January 2014.

The objective of this new standard is to require an entity to disclose information that enables users of its financial statements to evaluate: (a) the nature of, and risks associated with, its interests in other entities; and, (b) the effects of those interests on its financial position, financial performance and cash flows.

IFRS 12 includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special vehicles and other off balance sheet vehicles.

The Group analysed the impact of full implementation of IFRS 12 in line with the adoption of IFRS 10 and IFRS 11, with no impact from the adoption of this amendment on its financial statements.

Investment Entities – Amendments to IFRS 10, IFRS 12 and IAS 27 (issued by IASB on 31st October 2012)

The amendments apply to a particular class of business that qualifies as investment entities. The IASB uses the term ‘investment entity’ to refer to an entity whose business purpose is to invest funds solely for returns from capital appreciation, investment income or both. An investment entity must also evaluate the performance of its investments on a fair value basis. Such entities could include private equity organizations, venture capital organizations, pension funds, sovereign wealth funds and other investment funds.

The amendments provide an exception to the consolidation requirements in IFRS 10 and require investment entities to measure particular subsidiaries at fair value through profit or loss, rather than consolidate them. The amendments also set out disclosure requirements for investment entities.

The amendments were effective from 1 January 2014 with voluntary early adoption. This option allows the investment authorities to implement the new changes when IFRS 10 enter into force. These amendments were endorsed by EU Commission Regulation 1174/2013, 20th November.

The Group had no impact from the adoption of this amendment on its financial statements.

IAS 36 (Revised) – Recoverable Amount Disclosures for Non-Financial Assets

The IASB issued this amendment on 29th May 2013, effective for annual periods beginning on or after 1st January 2014. These amendments were endorsed by EU Commission Regulation 1374/2013, 19th December.

The objective of the amendment is to clarify that the scope of the disclosures of information about the recoverable amount of assets, where that amount is based on fair value less costs of disposal, is limited to impaired assets.

IAS 39 (Revised) – Novation of Derivatives and Continuation of Hedge Accounting

The IASB issued this amendment on 27th June 2013, effective (with retrospective application) for annual periods beginning on or after 1st January 2014. These amendments were endorsed by EU Commission Regulation 1375/2013, 19th December.

The objective of the amendment is to provide relief in situations where a derivative, which has been designated as a hedging instrument, is novated from one counterparty to a central counterparty as a consequence of laws or regulations. Such a relief means that hedge accounting can continue irrespective of the novation that, without the amendment, would not be permitted.

The Group had no impact from the adoption of this amendment on its financial statements.

IAS 32 (Amended) – Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities

The IASB issued, on 16th December 2011, amendments to “IAS 32 – Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities”, effective (with retrospective application) for annual periods beginning on or after 1st January 2014. Those amendments were endorsed by EU Commission Regulation 1256/2012, 11th December.

The IASB amended IAS 32 adding application guidance to address the inconsistent application of the standard in practice. The application guidance clarifies that the phrase ‘currently has a legal enforceable right of set-off’ means that the right of set-off must not be contingent on a future event and must be legally enforceable in the normal course of business, in the event of default and in the event of insolvency or bankruptcy, of the entity and all of the counterparties.

The application guidance also specifies the characteristics of gross settlement systems in order to be considered equivalent to net settlement.

The Group had no impact from the adoption of the amendment to IAS 32, taking into consideration the accounting policy already adopted.

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 Group is still evaluating the impact from the adoption of this standard.

BANCO COMERCIAL PORTUGUÊS
Notes to the Consolidated Financial Statements
31 December, 2014

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 21st 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.

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, in applying IFRS 3, IASB did not intend to change the measurement requirements for short-term receivables and payables with no interest, that should be discount if such discount is material, noting that IAS 8.8 already permits entities not apply accounting policies 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.

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 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.

BANCO COMERCIAL PORTUGUÊS
Notes to the Consolidated Financial Statements
31 December, 2014

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.

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.

BANCO COMERCIAL PORTUGUÊS
Notes to the Consolidated Financial Statements
31 December, 2014

Improvements to IFRS (2012-2014)

The annual improvements of the 2012-2014 cycle, issued by the IASB on 25th September 2014, made changes with an effective date of application for periods beginning on or after 1 July 2016 to IFRS 5, IFRS 7, IAS 19, IAS 34.

The Group expects no material impact from the adoption of this amendment on its financial statements.

IAS 27: Equity Method in Separate Financial Statements

IASB issued amendments to IAS 27 on 12th August 2014, with an effective date of application for periods beginning on or after 1 January 2016, introducing an option for the measurement of subsidiaries, associates or joint ventures the equity method in the separate financial statements.

The Group has not yet taken any decision on a possible adoption on this option in their separate accounts.

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 General Framework of Credit Institutions and Financial Companies (approved by Decree-Law no. 298/92, 31 December), in particular with respect to breach of accounting rules, provision of false or incomplete information to the Bank of Portugal, in particular in what respects to the amount of own funds and breach of prudential obligations”.

A press release issued by the Bank of Portugal on 28 December 2007 mentioned that such administrative proceedings were initiated “based on facts related to 17 off-shore entities, whose nature and activities were always hidden from the Bank of Portugal, in particular in previous inspections carried out”.

On 12 December 2008, the Bank was notified of an accusation under administrative proceedings no. 24/07/CO instructed by the Bank of Portugal, in which this Authority charges the Bank and the other defendants, with the practice of six administrative offences regulated by paragraph g) and three administrative offences regulated by paragraph r) of article 211 of the Legal Framework for Credit Institutions and Financial Companies.

In March 2009, the Bank did not accept the charges or accusations made and provided defence under these administrative proceedings within due term.

On 12 May 2010, the Bank was notified of the decision that, within the scope of the proceedings, was issued by the Board of Directors of the Bank of Portugal, applying to it, as primary sanction, a single fine of Euros 5,000,000.

Different fines were applied to the remaining defendants as primary sanctions, globally amounting to Euros 4,470,000. The Board of Directors of the Bank of Portugal decided to withdraw the charges relating to a former Director and a Manager.

The Bank objected to this decision on July 15, 2010 and was informed of the decision to accept the legal objections presented by all the defendants.

The court hearing began in April 2011. On 7 October 2011, a court order was issued declaring the evidence presented null and that, consequently, the entire proceeding was declared null.

The Public Prosecutor and the Bank of Portugal appealed this decision. The Bank and other defendants presented their counter-claim. On 5 July 2012, the Bank was notified of the decision of the Tribunal da Relação de Lisboa (Lisbon court of appeals) which approved the appeals presented by the Bank of Portugal and by the Public Prosecutor, and revoked the decision appealed, determining that, the court hearing should proceed.

Pursuant to a decision made on 27 February 2014, the "Tribunal de Pequena Instância Criminal de Lisboa" (court of Lisbon for minor criminal offences) scheduled a date (31 March 2014) to resume the court hearing for debate and judgement and decided to bar all offences imputed to one former Director of BCP, due to the statute of limitations. In what specifically concerns BCP, the "Tribunal de Pequena Instância Criminal de Lisboa" (court of Lisbon for minor criminal offences) decided to bar two administrative offences imputed to it, (alleged forging of accounting records) due to the statute of limitations.

The court hearing for debate and judgement was resumed in the Tribunal de Pequena Instância Criminal de Lisboa (court of Lisbon for minor criminal offences) that decided to bar all offences imputed to one former Director of BCP due to the statute of limitations. By a sentence issued on 29 August 2014, all the defendants were sentenced for the infractions they were charged with. The fine initially applied to BCP by Banco de Portugal was reduced in 1.000.000 Euros.

On 13 October, 2014 BCP appealed from the sentence and also did the remaining defendants. They are currently waiting for a decision from Tribunal da Relação.

2. On July 2009, the Bank was notified of the accusation brought about by the Public Prosecutor in a criminal process against five former members of the Board of Directors of the Bank, related mainly to the above mentioned facts, and to present in this process a request for an indemnity.

Considering this notification, and although considering as reproduced the contents of the defence presented in the above mentioned administrative proceedings, the Bank decided, in order to avoid any risk of a future allegation of loss of the right to an indemnity that may occur if no recourse is presented in this process, to present legal documentation claiming: (i) the recognition of its right, in a later period namely following the final identification of the facts, to present a separate process in civil courts requesting an indemnity and (ii) additionally and cautiously, if the right to the request of a separate indemnity process in civil courts is not recognized, a civil indemnity according to the facts and terms mentioned in the accusation, if they are proven.

On 19 July 2011 the Bank was notified of the decision of the 8ª Vara Criminal de Lisboa (8th Lisbon criminal court section) that recognized that the Bank could present an eventual request for civil indemnity separately. One of the Defendants appealed this decision to the Court of Appeals, which was admitted by the first instance court but has a merely devolutive effect, being passed to the higher court only with the eventual appeal of the first instance Court's sentence.

Through a sentence issued on 2 May 2014, three of the four defendants were sentenced to suspended prison sentences (to 2 years) and to the payment of fines amounting to Euros 300,000 and 600,000 for the market manipulation crime, with the disqualification for the exercise of banking functions and publication of the sentence in a widely-read newspaper. The defendants appealed to the Lisbon Court of Appeal.

BANCO COMERCIAL PORTUGUÊS
Notes to the Consolidated Financial Statements
31 December, 2014

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, has filed an action for Euros 75,735,026.50 against the Bank in order to obtain (i) the acknowledgement that a 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) 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 related 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 82,253,962.77 Euros. Thus, the proceeding mentioned above is suspended

4. In 2012, the Portuguese Competition Authority initiated an administrative proceeding relating to competition restrictive practices. During the investigations, in 6 March 2013, several searches were conducted of Bank's premises, as well as to at least 8 other credit institutions, where documentation was seized in order to verify signs of privileged commercial information in the Portuguese banking market.

The Portuguese Competition Authority has declared the administrative proceeding 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. Until today, the Bank was not charged and did not receive a notice of an illicit act. If the Competition Authority would make a final decision considering that the Bank developed anti-competition activities, the Bank could be sentenced to pay a fine (within the limits set forth by law that foresees a maximum amount equivalent to 10% of the consolidated annual business volume registered in the year prior to the making of the decision). Notwithstanding, such a decision may be contested in court.

5. On October 20, 2014, Bank Millennium Poland was notified of a class action against the Bank that aims to assess the "illicit" enrichment of the Bank taking into account certain clauses in mortgage loans agreements in CHF. Customers question a set of clauses notably on the bid-offer spread between PLN and CHF for conversion of credits. At this point the process is still on a very early stage but there is the expectation that it will be a long process and may result in additional processes.

Resolution Fund

On 3 August 2014, the Bank of Portugal has adopted a set of measures within the scope of the resolution process of Banco Espírito Santo, SA, which included the capitalization of Euro 4.9 billion of a new entity called Novo Banco using the Resolution Fund ("FR"). Depending on the selling price of the Novo Banco, which must occur within a period of two years, the FR may suffer losses or gains over the amount placed in this entity. As a participant in the Resolution Fund, together with other banks domiciled in Portugal, if the FR suffers losses, the Bank may be asked to perform extraordinary contributions to the future FR, which will be reflected as a charge in the income statement.

57. Sovereign debt of European Union countries subject to bailout

As at 31 December 2014, the Group's exposure to sovereign debt of European Union countries subject to bailout, is as follows:

Issuer / Portfolio	2014					
	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

In May 2014, ended the period of the adjustment program agreed in 2011 between the Portuguese Government and Troika (European Central Bank, International Monetary Fund and European Commission), so Portugal is no longer subject to bailout from this date.

As at 31 December 2013, the Group's exposure to sovereign debt of European Union countries subject to bailout, is as follows:

Issuer / Portfolio	2013					
	Book value Euros '000	Fair value Euros '000	Fair value reserves Euros '000	Average interest rate %	Average maturity Years	Fair value measurement levels
Portugal						
Financial assets held for trading	180,612	180,612	-	4.58%	5.0	1
Financial assets available for sale	3,860,807	3,860,807	89,412	2.83%	1.8	1
Financial assets held to maturity	1,837,108	1,859,094	-	4.44%	4.5	n.a.
	5,878,527	5,900,513	89,412			
Greece						
Financial assets held for trading	1,768	1,768	-	-	-	1
	1,768	1,768	-			
	5,880,295	5,902,281	89,412			

BANCO COMERCIAL PORTUGUÊS
Notes to the Consolidated Financial Statements
31 December, 2014

The Group's exposure registered in the balance Loans and advances to customers and Guarantees and future commitments, as at 31 December 2013, related to sovereign risk of the European Union countries subject to bailout is presented as follows:

	2013	
	Loans and advances to customers Euros '000	Guarantees and future commitments Euros '000
Portugal	963,268	13,085

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 its 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

BANCO COMERCIAL PORTUGUÊS
Notes to the Consolidated Financial Statements
31 December, 2014

Considering that it does not hold control and doesn't 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					
	2014			2013		
	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	266,079	292,644	26,565	266,079	292,644	26,565
Fundo Reestruturação Empresarial FCR	82,566	83,212	646	78,800	79,446	646
FLIT	399,900	383,821	(16,079)	300,042	277,518	(22,524)
Vallis Construction Sector Fund	200,105	235,656	35,551	196,658	232,209	35,551
Fundo Recuperação FCR	242,972	232,173	(10,799)	218,320	202,173	(16,147)
Fundo Aquarius FCR	98,840	106,736	7,896	-	-	-
Discovery Real Estate Fund	152,155	138,187	(13,968)	144,768	130,527	(14,241)
	<u>1,442,617</u>	<u>1,472,429</u>	<u>29,812</u>	<u>1,204,667</u>	<u>1,214,517</u>	<u>9,850</u>

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
	<u>1,351,814</u>	<u>148,298</u>	<u>1,500,112</u>	<u>(84,743)</u>	<u>(148,298)</u>	<u>1,267,071</u>

As at 31 December 2013, the amount of this account is comprised of:

	2013					
	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	275,046	-	275,046	-	-	275,046
Fundo Reestruturação Empresarial FCR	82,696	-	82,696	-	-	82,696
FLIT	181,417	65,645	247,062	(4,154)	(65,645)	177,263
Vallis Construction Sector Fund	207,632	34,610	242,242	-	(34,610)	207,632
Fundo Recuperação FCR	183,169	70,637	253,806	(17,018)	(70,637)	166,151
Discovery Real Estate Fund	131,390	-	131,390	-	-	131,390
	<u>1,061,350</u>	<u>170,892</u>	<u>1,232,242</u>	<u>(21,172)</u>	<u>(170,892)</u>	<u>1,040,178</u>

The junior securities correspond to supplementary capital contributions in the amount of Euros 112,857,000 (31 December 2013: Euros 136,282,000), as referred in note 33 and Participation units in the amount of Euros 35,441,000 (31 December 2013: 34,610,000) 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:

	Received value Euros '000	Impairment Euros '000	Net value Euros '000
Fundo Recuperação Turismo FCR	27,450	27,450	-
Fundo Recuperação FCR	14,555	14,555	-
Fundo Aquarius FCR	19,094	18,513	581
	<u>61,099</u>	<u>60,518</u>	<u>581</u>

BANCO COMERCIAL PORTUGUÊS
Notes to the Consolidated Financial Statements
31 December, 2014

59. Discontinued operations

Following the completion of the sale of the entire share capital of Banca Millennium in Romania, and in accordance with IFRS 5, Banca Millennium was classified as a discontinued operation, with the impact on results presented on a separate line named as Loss / income arising from discontinued operations. In terms of the consolidated balance sheet, the assets and liabilities of Banca Millennium in Romania are no longer disclosed for the subsequent periods starting on 31 December 2014. As at 31 December, 2013, the Millennium bank's balance sheet is analysed as follows:

	2013
	Euros '000
Cash and deposits at credit institutions	101,631
Loans and advances to credit institutions	18,973
Loans and advances to customers	449,051
Securities and trading derivatives	39,938
Other assets	24,352
Total assets	633,945
Deposits from other credit institutions	189,971
Deposits from customers	364,627
Financial liabilities held for trading	3,259
Provisions	1,146
Other liabilities	2,113
Total Liabilities	561,116
Share capital	67,814
Share premium	17,453
Reserves and retained earnings	(12,438)
Total Equity	72,829
Total Equity and liabilities	633,945

Under the restructuring plan, the Group provides for the sale in the short / medium term of Millennium bcp Gestão de Activos, SA. The total assets and liabilities of these subsidiaries are recognized in the consolidated balance while in the respective lines and the costs and profits for the year are now presented in a single line called profit from discontinued operations. The main items of the balance sheet, related to this discontinued operations, are analysed as follows:

	2014	2013
	Euros '000	Euros '000
Cash and deposits at credit institutions	961	614
Loans and advances to credit institutions	3,000	13,504
Other assets	1,867	2,231
Total assets	5,828	16,349
Other liabilities	1,917	2,214
Total Liabilities	1,917	2,214
Share capital	1,000	6,721
Reserves and retained earnings	2,911	7,414
Total Equity	3,911	14,135
Total Equity and liabilities	5,828	16,349

The main items of the income statement, related to this discontinued operations, are analysed as follows:

	2014	2013
	Euros '000	Euros '000
Net interest income	36	333
Net fees and commissions income	7,064	6,153
Net gains on trading	-	257
Other operating income	533	37
Total operating income	7,633	6,780
Staff costs	2,273	1,951
Other administrative costs	1,730	2,120
Depreciation	8	1
Other results	4,011	4,072
Operating loss	3,622	2,708
Net gain from the sale of subsidiaries and other assets	20	-
Income tax	(991)	(739)
Profit for the year	2,651	1,969

BANCO COMERCIAL PORTUGUÊS
Notes to the Consolidated Financial Statements
31 December, 2014

60. List of subsidiary and associated companies of Banco Comercial Português Group

As at 31 December 2014 the Banco Comercial Português 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		Bank
					% control	% held	% 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	65.5	65.5	65.5
Banque Privée BCP (Suisse) S.A.	Geneve	70,000,000	CHF	Banking	100.0	100.0	—
BIM - Banco Internacional de Moçambique, S.A.	Maputo	4,500,000,000	MZN	Banking	66.7	66.7	—
Millennium bcp Bank & Trust	George Town	340,000,000	USD	Banking	100.0	100.0	—
BCP Finance Bank, Ltd.	George Town	246,000,000	USD	Banking	100.0	100.0	—
BCP Finance Company	George Town	202,176,224	EUR	Investment	100.0	15.3	—
Caracas Financial Services, Limited	George Town	25,000	USD	Financial Services	100.0	100.0	100.0
MB Finance AB	Stockholm	500,000	SEK	Investment	100.0	65.5	—
Millennium BCP - Escritório de Representações e Serviços, Ltda.	Sao Paulo	47,756,956	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
Bitapart, B.V.	Rotterdam	19,370	EUR	Holding company	100.0	100.0	100.0
Millennium bcp Participações, S.G.P.S., Sociedade Unipessoal, Lda.	Funchal	25,000	EUR	Holding company	100.0	100.0	100.0
BCP Capital - Sociedade de Capital de Risco, S.A.	Oeiras	2,000,000	EUR	Venture capital	100.0	100.0	100.0
BG Leasing, S.A.	Gdansk	1,000,000	PLN	Leasing	74.0	48.5	—
BII Investimentos International, S.A.	Luxembourg	150,000	EUR	Investment fund management	100.0	100.0	—
Enerparcela - Empreendimentos Imobiliários, S.A.	Alverca	8,850,000	EUR	Real-estate management	100.0	100.0	—
Imábida - Imobiliária da Arrábida, S.A. (*)	Oeiras	1,750,000	EUR	Real-estate management	100.0	100.0	100.0
Interfundos - Gestão de Fundos de Investimento Imobiliários, S.A.	Oeiras	1,500,000	EUR	Investment fund management	100.0	100.0	100.0
Adelphi Gere, Investimentos Imobiliários, S.A.	Oeiras	2,550,000	EUR	Real-estate management	100.0	100.0	—
Sadamora - Investimentos Imobiliários, S.A.	Oeiras	1,000,000	EUR	Real-estate management	100.0	100.0	—
Millennium bcp - Prestação de Serviços, A. C. E.	Lisbon	331,000	EUR	Services	91.5	91.6	78.0
Millennium Dom Maklerski, S.A.	Warsaw	16,500,000	PLN	Services	100.0	65.5	—

BANCO COMERCIAL PORTUGUÊS
Notes to the Consolidated Financial Statements
31 December, 2014

Subsidiary companies	Head office	Share capital	Currency	Activity	Group		Bank
					% control	% held	% held
Millennium Leasing, Sp.z o.o.	Warsaw	48,195,000	PLN	Leasing	100.0	65.5	–
Millennium Service, Sp.z o.o.	Warsaw	1,000,000	PLN	Services	100.0	65.5	–
Millennium Telecommunication, Sp.z o.o.	Warsaw	100,000	PLN	Brokerage services	100.0	65.5	–
Millennium TFI - Towarzystwo Funduszy Inwestycyjnych, S.A.	Warsaw	10,300,000	PLN	Investment fund management	100.0	65.5	–
Millennium bcp Gestão de Activos - Sociedade Gestora de Fundos de Investimento, S.A.	Oeiras	1,000,000	EUR	Investment fund management	100.0	100.0	100.0
Millennium bcp Teleserviços - Serviços de Comércio Electrónico, S.A.	Lisbon	50,004	EUR	Videotext services	100.0	100.0	100.0
MBCP REO I, LLC	Delaware	1,389,835	USD	Real-estate management	100.0	100.0	–
MBCP REO II, LLC	Delaware	3,410,939	USD	Real-estate management	100.0	100.0	–
Millennium bcp Imobiliária, S.A.	Oeiras	50,000	EUR	Real-estate management	99.9	99.9	99.9
Propaço- Sociedade Imobiliária De Paço D'Arcos, Lda	Oeiras	5,000	EUR	Real-estate company	52.7	52.7	52.7
QPR Investimentos, S.A. (*)	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	65.5	–
Irgossai - Urbanização e construção, S.A. (*)	Lisbon	50,000	EUR	Construction and sale of real estate projects	100.0	100.0	100.0

(*) - Companies classified as non-current assets held for sale

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" and "Grand Urban Investment Fund - Fundo Especial de Investimento Imobiliário Fechado". During the second semester of 2014, there were included in the consolidated perimeter the funds Fundial – Fundo Especial de Investimento Imobiliário Fechado and DP Invest – Fundo Especial de Investimento Imobiliário Fechado.

As at 31 December 2014 the Banco Comercial Português Group's associated companies, were as follows:

Associated companies	Head office	Share capital	Currency	Activity	Group		Bank
					% control	% held	% held
Banque BCP, S.A.S.	Paris	103,689,744	EUR	Banking	19.9	19.9	19.9
Banque BCP, S.A. (**)	Luxembourg	18,500,000	EUR	Banking	8.8	8.8	–
Academia Millennium Atlântico	Luanda	47,500,000	AOA	Education	33.0	16.5	–
ACT-C-Indústria de Cortiças, S.A.	Sta.Maria Feira	17,923,610	EUR	Extractive industry	20.0	20.0	20.0
Baía de Luanda - Promoção, Montagem e Gestão de Negócios, S.A. (**)	Luanda	19,200,000	USD	Services	10.0	10.0	–
Beira Nave	Beira	2,849,640	MZN	Naval shipyards	22.8	13.7	–
Constellation, S.A.	Maputo	1,053,500,000	MZN	Property management	20.0	12.0	–
Luanda Waterfront Corporation (**)	George Town	10,810,000	USD	Services	10.0	10.0	–

(**) - Given the nature of the Group's involvement, the Board of Directors believes that the Group maintains a significant influence on these companies.

BANCO COMERCIAL PORTUGUÊS
Notes to the Consolidated Financial Statements
31 December, 2014

Associated companies	Head office	Share capital	Currency	Activity	Group		Bank
					% control	% held	% held
Flitptrell III SA	Lisbon	50,000	EUR	Turism	50.0	50.0	50.0
Lubuskie Fabryki Mebli, S.A.	Swiebodzin	13,400,050	PLN	Furniture manufacturer	50.0	32.8	–
Nanium, S.A.	Vila do Conde	15,000,000	EUR	Electronic equipments	41.1	41.1	41.1
Quinta do Furão - Sociedade de Animação Turística e Agrícola de Santana, Lda	Funchal	1,870,492	EUR	Tourism	31.3	31.3	31.3
SIBS, S.G.P.S., S.A.	Lisbon	24,642,300	EUR	Banking services	21.9	21.9	21.5
Sicit - Sociedade de Investimentos e Consultoria em Infra-Estruturas de Transportes, S.A	Oeiras	50,000	EUR	Advisory and services	25.0	25.0	25.0
UNICRE - Instituição Financeira de Crédito, S.A.	Lisbon	10,000,000	EUR	Credit cards	32.0	32.0	31.7
VSC - Aluguer de Veículos Sem Condutor, Lda.	Lisbon	5,000	EUR	Long term rental	50.0	50.0	–

As at 31 December 2014 the Banco Comercial Português Group's subsidiary and associated insurance companies included in the consolidated accounts under the full consolidation method and equity method were as follows:

Subsidiary companies	Head office	Share capital	Currency	Activity	Group		Bank
					% control	% held	% held
S&P Reinsurance Limited	Dublin	1,500,000	EUR	Life reinsurance	100.0	100.0	100.0
SIM - Seguradora Internacional de Moçambique, S.A.R.L.	Maputo	147,500,000	MZN	Insurance	89.9	60.0	–

Associated companies	Head office	Share capital	Currency	Activity	Group		Bank
					% control	% held	% held
Millenniumbcp Ageas Grupo Segurador, S.G.P.S., S.A.	Oeiras	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	–
Pensõesgere, Sociedade Gestora Fundos de Pensões, S.A.	Oeiras	1,200,000	EUR	Pension fund management	49.0	49.0	–

During 2014, it was included in the consolidated perimeter the company Irgossai - Urbanização e construção, S.A.. Additionally, the Group sold, in June 2014, the investments held in Ocidental – Companhia Portuguesa de Seguros, S.A. and in Médis – Companhia Portuguesa de Seguros de Saúde, S.A. At the end of the year, the Group concluded the sale of the entire share capital of Banca Millennium (Romania).

As at 31 December, 2014, the associated company Millenniumbcp Ageas Grupo Segurador, SGPS, SA holds 652,087,518 shares of the Group in the amount of Euros 42,842,000.

The Group held a set of securitization transactions regarding mortgage loans, consumer loans and corporate loans which were set through specifically created SPE. As referred in accounting policy 1 b), when the substance of the relationships with the SPEs indicates that the Group holds control of its activities, the SPE are fully consolidated, following the application of IFRS 10.

61. Subsequent events

As part of the Group's strategy to strengthen the capital ratios, following the Board of Directors strategy to address the new challenges imposed by the current prudential rules of ECB, throughout 2015, the Group decided to sell part of its portfolio of Portuguese public debt securities previously accounted for in the Held to maturity portfolio (at this date, the Group has already sold part of the portfolio). This decision to sell the referred securities led to the reclassification, on the date of the change of intention, of the total public debt securities portfolio accounted for in the portfolio of securities held to maturity to the available for sale portfolio, in accordance with IAS 39 which based on its characteristics and definition of the standard (IAS 39 AG 22), did not imply the tainting of the remaining portfolio.

Similarly, and in line with this strategy, the Group at the end of March 2015 sold 15.41% of the share capital of the company Bank Millennium S.A. (Poland) through the accelerated placement of 186,979,631 common shares at the unit value of PLN 6.65. After this sale the Group continues to hold a majority stake of 50.1% in the capital of the Bank Millennium S.A. (Poland).

On 24 February 2015, Banco Comercial Português, SA informed about the process of evaluation of various strategic scenarios that promote the appreciation of ActivoBank, the online reference bank in Portugal.

Accounts and Notes to the Individual Accounts for 2014

BANCO COMERCIAL PORTUGUÊS, S.A.

Income Statement for the years ended 31 December, 2014 and 2013

	Notes	2014	2013
		(Thousands of Euros)	
Interest and similar income	3	1,966,827	2,616,769
Interest expense and similar charges	3	(1,541,787)	(2,376,115)
Net interest income		425,040	240,654
Dividends from equity instruments	4	374,425	334,656
Net fees and commissions income	5	441,117	480,401
Net gains / (losses) arising from trading and hedging activities	6	(61,698)	(93,527)
Net gains / (losses) arising from available for sale financial assets	7	357,096	56,122
Net gains / (losses) arising from financial assets held to maturity	8	(14,492)	(277)
Other operating income / (costs)	9	(12,856)	(9,883)
Total operating income		1,508,632	1,008,146
Staff costs	10	401,033	538,777
Other administrative costs	11	268,303	291,119
Depreciation	12	25,031	27,970
Operating expenses		694,367	857,866
Operating net income before provisions and impairments		814,265	150,280
Loans impairment	13	(1,158,366)	(1,337,061)
Other financial assets impairment	14	(134,986)	(96,624)
Other assets impairment	25, 26 and 30	(499,088)	(1,129,763)
Other provisions	15	(203,178)	7,636
Operating net (loss) / income		(1,181,353)	(2,405,532)
Gains / (losses) from the sale of subsidiaries and other assets	16	226,047	(22,741)
Net (loss) / income before income tax		(955,306)	(2,428,273)
Income tax			
Current	29	(5,641)	(39,643)
Deferred	29	276,523	509,186
Net loss for the year		(684,424)	(1,958,730)
Earnings per share (in Euros)	17		
Basic		(0.016)	(0.099)
Diluted		(0.016)	(0.099)

CHIEF ACCOUNTANT

THE EXECUTIVE COMMITTEE

BANCO COMERCIAL PORTUGUÊS, S.A.

Balance Sheet as at 31 December, 2014 and 2013

	Notes	2014	2013
		(Thousands of Euros)	
Assets			
Cash and deposits at Central Banks	18	532,837	1,523,700
Loans and advances to credit institutions			
Repayable on demand	19	223,937	759,242
Other loans and advances	20	1,268,991	7,829,385
Loans and advances to customers	21	36,760,931	40,298,300
Financial assets held for trading	22	1,336,286	1,115,415
Financial assets available for sale	22	5,515,871	11,255,868
Hedging derivatives	23	53,157	50,643
Financial assets held to maturity	24	2,311,181	3,110,330
Investments in subsidiaries and associated companies	25	4,048,111	4,349,066
Non current assets held for sale	26	1,109,939	986,088
Property and equipment	27	212,873	233,134
Intangible assets	28	9,888	12,045
Current income tax assets		7,454	9,453
Deferred income tax assets	29	2,817,914	2,508,358
Other assets	30	1,197,226	2,751,262
Total Assets		57,406,596	76,792,289
Liabilities			
Deposits from credit institutions	31	10,721,087	16,600,279
Deposits from customers	32	35,055,898	34,851,314
Debt securities issued	33	4,588,188	12,643,311
Financial liabilities held for trading	34	806,480	725,486
Hedging derivatives	23	28,547	53,393
Provisions	35	544,756	371,407
Subordinated debt	36	2,019,364	5,984,763
Current income tax liabilities		2,917	2,572
Other liabilities	37	762,971	3,785,478
Total Liabilities		54,530,208	75,018,003
Equity			
Share capital	38	3,706,690	3,500,000
Treasury stock	41	(1,239)	(1,209)
Other capital instruments	38	9,853	9,853
Fair value reserves	40	113,246	71,683
Reserves and retained earnings	40	(267,738)	152,689
Net loss for the year		(684,424)	(1,958,730)
Total Equity		2,876,388	1,774,286
		57,406,596	76,792,289

CHIEF ACCOUNTANT

THE EXECUTIVE COMMITTEE

BANCO COMERCIAL PORTUGUÊS, S.A.

Cash Flows Statement for the years ended 31 December, 2014 and 2013

	2014	2013
	(Thousands of Euros)	
<i>Cash flows arising from operating activities</i>		
Interest income received	1,634,972	2,158,923
Commissions received	575,631	623,304
Fees received from services rendered	60,813	86,672
Interest expense paid	(1,675,416)	(2,090,236)
Commissions paid	(259,783)	(357,616)
Recoveries on loans previously written off	12,449	12,951
Payments to suppliers and employees	(845,836)	(837,037)
	<u>(497,170)</u>	<u>(403,039)</u>
<i>Decrease / (increase) in operating assets:</i>		
Loans and advances to credit institutions	6,496,511	4,978,791
Deposits with Central Banks under monetary regulations	969,869	832,806
Loans and advances to customers	3,627,070	3,028,713
Short term trading account securities	(53,119)	(38,703)
<i>Increase / (decrease) in operating liabilities:</i>		
Deposits from credit institutions repayable on demand	(135,276)	276,402
Deposits from credit institutions with agreed maturity date	(5,646,911)	(1,845,691)
Deposits from clients repayable on demand	237,656	1,445,315
Deposits from clients with agreed maturity date	(1,222,120)	47,705
	<u>3,776,510</u>	<u>8,322,299</u>
Income taxes (paid) / received	(1,502)	(36,395)
	<u>3,775,008</u>	<u>8,285,904</u>
<i>Cash flows arising from investing activities</i>		
Proceeds from sale of shares in subsidiaries and associated companies	953,962	-
Acquisition of shares in subsidiaries and associated companies	(829)	(1,823,059)
Dividends received	374,425	334,656
Interest income from available for sale financial assets and held to maturity financial assets	363,028	461,466
Proceeds from sale of available for sale financial assets	16,349,924	9,981,007
Available for sale financial assets purchased	(12,886,971)	(12,538,143)
Proceeds from available for sale financial assets on maturity	2,457,981	3,209,367
Acquisition of fixed assets	(16,703)	(14,436)
Proceeds from sale of fixed assets	7,475	30,731
Decrease / (increase) in other sundry assets	1,032,887	(854,817)
	<u>8,635,179</u>	<u>(1,213,228)</u>
<i>Cash flows arising from financing activities</i>		
Issuance of subordinated debt	2,088	2,015
Reimbursement of subordinated debt	(3,893,915)	-
Issuance of debt securities	3,487,528	5,810,299
Reimbursement of debt securities	(11,621,839)	(12,616,857)
Issuance of commercial paper	99,563	215,620
Reimbursement of commercial paper	(19,060)	(10,085)
Share capital increase	2,241,690	-
Increase / (decrease) in other sundry liabilities	(3,262,541)	(471,458)
	<u>(12,966,486)</u>	<u>(7,070,466)</u>
Net changes in cash and equivalents	(556,299)	2,210
Cash and equivalents at the beginning of the year	<u>1,096,043</u>	<u>1,093,833</u>
Cash (note 18)	315,807	336,801
Other short term investments (note 19)	<u>223,937</u>	<u>759,242</u>
Cash and equivalents at the end of the year	<u>539,744</u>	<u>1,096,043</u>

BANCO COMERCIAL PORTUGUÊS, S.A.

Individual Statement of Changes in Equity for the years ended 31 December, 2014 and 2013

(Amounts expressed in thousands of Euros)

	Total equity	Share capital	Other capital instruments	Share premium	Legal and statutory reserves	Fair value reserves	Other reserves and retained earnings	Treasury stock
Balance on 1 January, 2013	3,765,167	3,500,000	9,853	71,722	630,000	63,223	(508,452)	(1,179)
Transfers to reserves:								
Share premium	-	-	-	(71,722)	-	-	71,722	-
Legal reserve	-	-	-	-	(406,730)	-	406,730	-
Costs related to the share capital increase	1,572	-	-	-	-	-	1,572	-
Tax related to costs arising from the share capital increase	(362)	-	-	-	-	-	(362)	-
Net loss for the year	(1,958,730)	-	-	-	-	-	(1,958,730)	-
Actuarial losses for the year (note 46):								
Gross value	(210,209)	-	-	-	-	-	(210,209)	-
Taxes	181,455	-	-	-	-	-	181,455	-
Treasury stock	(30)	-	-	-	-	-	-	(30)
Fair value reserves (note 40)	8,460	-	-	-	-	8,460	-	-
Amortization of the transition adjustment related to pensions (Regulation no.12/01)	(13,037)	-	-	-	-	-	(13,037)	-
Balance on 31 December, 2013	1,774,286	3,500,000	9,853	-	223,270	71,683	(2,029,311)	(1,209)
Share capital decrease	-	(2,035,000)	-	-	-	-	2,035,000	-
Share capital increase	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	-
Net loss for the year	(684,424)	-	-	-	-	-	(684,424)	-
Actuarial losses for the year (note 46):	-	-	-	-	-	-	-	-
Gross value	(471,177)	-	-	-	-	-	(471,177)	-
Taxes	33,452	-	-	-	-	-	33,452	-
Treasury stock	(30)	-	-	-	-	-	-	(30)
Fair value reserves (note 40)	41,563	-	-	-	-	41,563	-	-
Amortization of the transition adjustment related to pensions (Regulation no.12/01)	(13,375)	-	-	-	-	-	(13,375)	-
Balance on 31 December, 2014	2,876,388	3,706,690	9,853	-	223,270	113,246	(1,175,432)	(1,239)

BANCO COMERCIAL PORTUGUÊS, S.A.

Individual Statement of Comprehensive income for the years ended 31 December, 2014 and 2013

	Notes	2014	2013
		(Thousands of Euros)	
<i>Items that may be reclassified to the income statement</i>			
Fair value reserves		57,658	15,206
Taxes		(16,095)	(6,746)
		<u>41,563</u>	<u>8,460</u>
<i>Items that will not be reclassified to the income statement</i>			
Actuarial losses for the year			
Gross amount	46	(471,177)	(210,209)
Taxes		33,452	181,455
		<u>(437,725)</u>	<u>(28,754)</u>
Amortization of the transition adjustment to pensions (Regulation no.12/01)			
Gross amount		(16,930)	(16,932)
Taxes		3,555	3,895
		<u>(13,375)</u>	<u>(13,037)</u>
Comprehensive income recognised directly in Equity after taxes		(409,537)	(33,331)
Net loss for the year		<u>(684,424)</u>	<u>(1,958,730)</u>
Total Comprehensive income for the year		<u>(1,093,961)</u>	<u>(1,992,061)</u>

BANCO COMERCIAL PORTUGUÊS, S.A.
Notes to the Individual Financial Statements
31 December, 2014

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, 2014 and 2013.

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 17 April 2015 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, 2014 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, 2014, 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: IFRS 10 – Consolidated Financial Statements, IFRS 11 – Joint Arrangements, IFRS 12 – Disclosure of Interest in Other Entities, mandatory for accounting periods beginning on or after 1 January, 2014.

IFRS 10 - Consolidated Financial Statements

IFRS 10 revoked part of IAS 27- Separate Financial Statements and SIC 12 and introduced a new single model of control which determines when an investment should be consolidated. This new model is focus on whether the entity has power over an investee, exposure or rights to variable returns from its involvement with the investee and ability to use its power to affect those returns (de facto control).

In accordance with the transitional provisions of IFRS 10, the Bank reassessed the control over its investments at 1 January, 2013, and no impact was determined as a result of this reassessment.

IFRS 11 – Joint Arrangements

IFRS 11 withdraw IAS 31 and SIC 13, defines "joint control" by incorporating the same control model as defined in IFRS 10 and requires an entity that is part of a "joint arrangement" to determine the nature of the joint arrangement ("joint operations" or "joint ventures") by assessing its rights and obligations. IFRS 11 removes the option to account for joint ventures using the proportionate consolidation. Instead, joint arrangements that meet the definition of "joint venture" must be account for using the equity method (IAS 28).

The changes introduced by IFRS 11 did not have any impact in the measurement of assets and liabilities of the Bank.

IFRS 12 – Disclosures of Interest in Other Entities

IFRS 12 includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special vehicles and other off balance sheet vehicles.

The 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.

BANCO COMERCIAL PORTUGUÊS, S.A.
Notes to the Individual Financial Statements
31 December, 2014

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.

BANCO COMERCIAL PORTUGUÊS, S.A.
Notes to the Individual Financial Statements
31 December, 2014

(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) Investments 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.

BANCO COMERCIAL PORTUGUÊS, S.A.
Notes to the Individual Financial Statements
31 December, 2014

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:

	<u>Number of years</u>
Premises	50
Expenditure on freehold and leasehold buildings	10
Equipment	4 to 12
Other fixed assets	3

BANCO COMERCIAL PORTUGUÊS, S.A.
Notes to the Individual Financial Statements
31 December, 2014

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.

BANCO COMERCIAL PORTUGUÊS, S.A.
Notes to the Individual Financial Statements
31 December, 2014

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:

<u>Balances</u>	<u>Deferral period</u>
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 2014, 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 2014 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.

BANCO COMERCIAL PORTUGUÊS, S.A.
Notes to the Individual Financial Statements
31 December, 2014

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.

BANCO COMERCIAL PORTUGUÊS, S.A.
Notes to the Individual Financial Statements
31 December, 2014

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 judgements in applying accounting policies

IFRS set forth a range of accounting treatments that require the Executive Committee and management to apply judgment and make estimates in deciding which treatment is most appropriate. The most significant of these accounting policies are discussed in this section in order to improve understanding of how their application affects the 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.

BANCO COMERCIAL PORTUGUÊS, S.A.
Notes to the Individual Financial Statements
31 December, 2014

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.

BANCO COMERCIAL PORTUGUÊS, S.A.
Notes to the Individual Financial Statements
31 December, 2014

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:

	2014	2013
	Euros '000	Euros '000
Net interest income	425,040	240,654
Net gains / (losses) from trading and hedging activities	(61,698)	(93,527)
Net gains / (losses) from available for sale activities	357,096	56,122
Net gains / (losses) from financial assets held to maturity	(14,492)	(277)
	<u>705,946</u>	<u>202,972</u>

3. Net interest income

The amount of this account is comprised of:

	2014	2013
	Euros '000	Euros '000
<i>Interest and similar income</i>		
Interest on loans and advances	1,229,727	1,420,350
Interest on trading securities	15,637	16,462
Interest on available for sale financial assets	237,978	356,381
Interest on held to maturity financial assets	115,990	121,166
Interest on hedging derivatives	34,726	37,716
Interest on derivatives associated to financial instruments through profit and loss account	29,846	3,023
Interest on deposits and other investments	302,923	661,671
	<u>1,966,827</u>	<u>2,616,769</u>
<i>Interest expense and similar charges</i>		
Interest on deposits and inter-bank funding	674,088	923,497
Interest on securities issued	582,941	1,067,012
Interest on subordinated debt		
Hybrid instruments eligible as core tier 1 (CoCos)		
underwritten by the Portuguese State	180,027	269,009
Others	82,944	100,010
Interest on hedging derivatives	7,713	8,735
Interest on derivatives associated to financial instruments through profit and loss account	14,074	7,852
	<u>1,541,787</u>	<u>2,376,115</u>
Net interest income	<u>425,040</u>	<u>240,654</u>

The balance Interest on loans and advances includes the amount of Euros 52,881,000 (2013: Euros 62,548,000) related to commissions and other gains / losses which are accounted for under the effective interest method, as referred in the accounting policy described in note 1c).

The balance Net interest income includes the amount of Euros 199,786,000 (2013: Euros 267,080,000) related with interest income arising from customers with signs of impairment.

The balance Interest on securities issued includes the amount of Euros 154,175,000 (2013: Euros 249,178,000) related to commissions and other losses which are accounted for under the effective interest method, as referred in the accounting policy described in note 1m).

BANCO COMERCIAL PORTUGUÊS, S.A.
Notes to the Individual Financial Statements
31 December, 2014

4. Dividends from equity instruments

The amount of this account is comprised of:

	2014	2013
	Euros '000	Euros '000
Dividends from financial assets available for sale	2,313	6,136
Dividends from subsidiaries and associated companies	372,112	328,520
	<u>374,425</u>	<u>334,656</u>

The balance Dividends from financial assets available for sale includes dividends and income from investment fund units received during the year.

The balance Dividends from subsidiaries and associated companies includes the amount of Euros 322,417,000 (2013: Euros 321,000,000) 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:

	2014	2013
	Euros '000	Euros '000
<i>Fees and commissions received</i>		
From guarantees	60,894	76,437
From credit and commitments	1,909	1,112
From banking services	285,342	275,892
From securities operations	64,232	60,127
From management and maintenance of accounts	76,470	72,655
From other services	33,838	85,971
	<u>522,685</u>	<u>572,194</u>
<i>Fees and commissions paid</i>		
From guarantees	4,422	4,935
From banking services	59,096	65,901
From securities operations	8,131	8,063
From other services	9,919	12,894
	<u>81,568</u>	<u>91,793</u>
Net fees and commissions income	<u>441,117</u>	<u>480,401</u>

The balance Fees and commissions received - From banking services includes the amount of Euros 72,474,000 (31 December 2013: Euros 72,390,000) related to insurance mediation commissions.

BANCO COMERCIAL PORTUGUÊS, S.A.
Notes to the Individual Financial Statements
31 December, 2014

6. Net gains / (losses) arising from trading and hedging activities

The amount of this account is comprised of:

	2014	2013
	Euros '000	Euros '000
<i>Gains arising on trading and hedging activities</i>		
Foreign exchange activity	269,804	294,016
Transactions with financial instruments recognised at fair value through profit and loss account		
Held for trading		
Securities portfolio		
Fixed income	34,742	10,562
Variable income	3	744
Certificates and structured securities issued	71,834	49,495
Derivatives associated to financial instruments through profit and loss account	56,581	34,031
Other financial instruments derivatives	548,240	1,208,429
Other financial instruments through profit and loss account	14,142	1,966
Repurchase of own issues	39,157	3,422
Hedging accounting		
Hedging derivatives	74,446	78,978
Hedged item	25,091	34,945
Other activity	34,660	47,961
	<u>1,168,700</u>	<u>1,764,549</u>
<i>Losses arising on trading and hedging activities</i>		
Foreign exchange activity	256,095	280,365
Transactions with financial instruments recognised at fair value through profit and loss account		
Held for trading		
Securities portfolio		
Fixed income	50	2,709
Variable income	959	1,804
Certificates and structured securities issued	69,039	86,769
Derivatives associated to financial instruments through profit and loss account	66,489	23,426
Other financial instruments derivatives	606,561	1,179,952
Other financial instruments through profit and loss account	14,515	20,616
Repurchase of own issues	1,726	3,656
Hedging accounting		
Hedging derivatives	44,513	116,361
Hedged item	47,229	6,443
Other activity	123,222	135,975
	<u>1,230,398</u>	<u>1,858,076</u>
Net gains / (losses) arising from trading and hedging activities	<u>(61,698)</u>	<u>(93,527)</u>

The caption Net gains arising from trading and hedging activities includes, in 2014, for Deposits from customers - Deposits at fair value through profit and loss, a loss of Euros 4,642,000 (2013: gain of Euros 1,451,000) related with the fair value changes arising from changes in own credit risk (spread), as referred in note 32.

This caption also includes in 2014, for Debt securities at fair value through profit or loss, a gain of Euros 644,000 (2013: loss of Euros 6,388,000) and for derivatives associated to financial instruments a loss of Euros 11,376,000 (2013: Euros 0), related with the fair value changes arising from changes in own credit risk (spread), as referred in note 33.

The result of repurchases of own issues is determined in accordance with the accounting policy described in note 1 c).

BANCO COMERCIAL PORTUGUÊS, S.A.
Notes to the Individual Financial Statements
31 December, 2014

7. Net gains / (losses) arising from financial assets available for sale

The amount of this account is comprised of:

	2014	2013
	Euros '000	Euros '000
Gains arising from financial assets available for sale		
Fixed income	354,568	77,225
Variable income	2,767	2,572
Losses arising from financial assets available for sale		
Fixed income	(234)	(7,322)
Variable income	(5)	(16,353)
Net gains / (losses) arising from financial assets available for sale	<u>357,096</u>	<u>56,122</u>

The caption Gains arising from financial assets available for sale - Fixed income - includes, in 2014, the amount of Euros 234,084,000 (2013: Euros 67,061,000) related to gains resulting from the sale of Portuguese public debt.

8. Net gains / (losses) arising from financial assets held to maturity

The amount of this account is comprised of:

	2014	2013
	Euros '000	Euros '000
Losses arising from financial assets held to maturity	<u>(14,492)</u>	<u>(277)</u>

9. Other operating income / (costs)

The amount of this account is comprised of:

	2014	2013
	Euros '000	Euros '000
<i>Operating income</i>		
Income from services	30,819	32,660
Cheques and others	11,316	11,336
Other operating income	<u>19,932</u>	<u>18,490</u>
	<u>62,067</u>	<u>62,486</u>
<i>Operating costs</i>		
Indirect taxes	9,462	8,700
Donations and quotizations	2,972	3,272
Specific contribution for the banking sector	31,622	26,219
Specific contribution for the resolution fund	6,911	11,315
Other operating expenses	<u>23,956</u>	<u>22,863</u>
	<u>74,923</u>	<u>72,369</u>
	<u>(12,856)</u>	<u>(9,883)</u>

The caption Specific contribution for the banking sector is estimated according to the terms of the Decree-Law no. 55-A/2010. The determination of the amount payable is based on: (i) the annual average liabilities deducted by core capital (Tier 1) and Supplementary (Tier 2) and deposits covered by the Deposit Guarantee Fund; and (ii) the off-balance notional amount of derivatives.

The caption Specific contribution for the resolution fund corresponds to mandatory contributions to the Fund in accordance with Decree-Law no. 24/2013. These contributions are calculated according to a specific rate set annually and applied to the liabilities of the institutions, with the exception of provisions, revaluation of derivative financial instruments, deferred income and liabilities by assets not derecognised in securitization transactions.

BANCO COMERCIAL PORTUGUÊS, S.A.
Notes to the Individual Financial Statements
31 December, 2014

10. Staff costs

The amount of this account is comprised of:

	2014	2013
	Euros '000	Euros '000
Salaries and remunerations	288,568	307,385
Mandatory social security charges		
BCP Pension Fund		
Service cost	(4,353)	(8,404)
Interest cost / (income)	3,116	(636)
Impact of the decrease of the changing of the calculation formula of the Death Subsidy (Decree-Law no. 13/2013 and no. 133/2012)	-	(7,446)
Others	-	8,124
	(1,237)	(8,362)
Other mandatory social security charges	81,645	86,522
	80,408	78,160
Voluntary social security charges	28,086	36,886
Seniority premium	3,731	4,276
Other staff costs	240	112,070
	401,033	538,777

Considering that the remuneration of the members of the Executive Committee intends to compensate the functions that are performed directly in the Bank and all other functions on subsidiaries or other companies for which they have been designated by indication or representing the Bank, in the last case, the net amount of the remunerations annually received by each member is deducted to the fixed annual remuneration attributed by the Bank.

The remunerations paid to the members of the Executive Committee in 2014 amounts to Euros 2,080,000 (2013: Euros 2,219,000), of which Euros 101,000 (2013: Euros 85,000) were paid by subsidiaries or companies whose governing bodies represent interests in the Group. During 2014 and 2013, no variable remuneration was attributed to the members of the Executive Committee.

During 2014, the costs with Social Security for members of the Executive Committee amounts to Euros 468,000 (2013: Euros 401,000) and the contributions to the Pension Fund amounts to Euros 727,000 (2013: Euros 313,000).

The remunerations paid to key management personnel in 2014, amount to Euros 7,757,000 (2013: Euros 8,033,000), being also supported costs with contributions with Social Security in the amount of Euros 1,918,000 (2013: Euros 1,981,000), Pension Fund in the amount of Euros 43,000 (2013: Euros - 154,000) and seniority premium in the amount of Euros 181,000 (2013: Euro 72,000).

For members of the non-executive Board of Directors were paid in the 2014, fixed remunerations of Euros 577,000 (2013: Euros 599,000) and the costs incurred with contributions to the Social Security amounted to Euros 152,000 (2013: Euros 110,000).

The balance Mandatory social security charges includes, as referred in notes 37 and 46, a gain of Euros 1,023,000 (2013: gain of Euros 237,000) resulting from the write-off of the provisions made for future updates of pension plans of former Bank's Board Members in accordance with the established agreements between the Bank and former Bank's Board Members.

The balance Mandatory social security charges also included in 2013, a gain of Euros 7,466,000 arising from the change in the calculation method of the death subsidy in accordance with the publication, on 25 January 2013, of the Decree-Law no. 13/2013, which introduces changes in the calculation of the referred subsidy.

The average number of employees by professional category, at service in the Bank, is analysed as follows by category:

	2014	2013
Top Management	1,117	1,187
Intermediary Management	1,768	1,761
Specific/Technical functions	3,103	3,208
Other functions	2,121	2,428
	8,109	8,584

BANCO COMERCIAL PORTUGUÊS, S.A.
Notes to the Individual Financial Statements
31 December, 2014

11. Other administrative costs

The amount of this account is comprised of:

	2014	2013
	Euros '000	Euros '000
Water, electricity and fuel	12,510	12,674
Consumables	3,136	3,087
Rents	39,245	41,326
Communications	15,885	17,740
Travel, hotel and representation costs	4,457	4,437
Advertising	10,302	9,244
Maintenance and related services	16,205	17,427
Credit cards and mortgage	1,651	1,644
Advisory services	10,433	18,340
Information technology services	13,414	12,893
Outsourcing	99,267	112,029
Other specialised services	15,154	15,530
Training costs	814	561
Insurance	3,633	3,285
Legal expenses	6,228	5,881
Transportation	6,642	6,987
Other supplies and services	9,327	8,034
	268,303	291,119

The caption Rents includes the amount of Euros 35,847,000 (2013: Euros 37,275,000) related to rents paid regarding buildings used by the Bank as lessee.

The caption Other specialised services includes the fees billed (VAT excluded) by the Bank's Statutory Auditor within its statutory and other functions, as follows:

	2014	2013
	Euros '000	Euros '000
Legal certification	1,689	1,647
Other assurance services	874	628
Other services	527	423
	3,090	2,698

The Bank has various operating lease properties and vehicles. The payments under these leases are recognised in the statement of income during the life of the contract. The minimum future payments relating to operating leases not revocable, by maturity, are as follows:

	2014			2013		
	Properties	Vehicles	Total	Properties	Vehicles	Total
	Euros '000	Euros '000	Euros '000	Euros '000	Euros '000	Euros '000
Until 1 year	22,140	1,835	23,975	24,481	2,730	27,211
1 to 5 years	5,837	1,557	7,394	9,362	2,836	12,198
Over 5 years	6,376	7	6,383	6,213	-	6,213
	34,353	3,399	37,752	40,056	5,566	45,622

BANCO COMERCIAL PORTUGUÊS, S.A.
Notes to the Individual Financial Statements
31 December, 2014

12. Depreciation

The amount of this account is comprised of:

	2014	2013
	Euros '000	Euros '000
<i>Intangible assets:</i>		
Software	6,031	6,371
Other intangible assets	28	20
	<u>6,059</u>	<u>6,391</u>
<i>Property, plant and equipment:</i>		
Land and buildings	12,307	13,763
Equipment		
Furniture	877	935
Machinery	134	125
Computer equipment	3,081	4,548
Interior installations	743	765
Motor vehicles	721	330
Security equipment	1,087	1,089
Other equipments	22	24
	<u>18,972</u>	<u>21,579</u>
	<u>25,031</u>	<u>27,970</u>

13. Loans impairment

The amount of this account is comprised of:

	2014	2013
	Euros '000	Euros '000
<i>Loans and advances to credit institutions:</i>		
For overdue loans and credit risks		
Impairment charge for the year	-	17
Write-back for the year	-	(54,693)
For country risk		
Impairment charge for the year	5,667	-
Write-back for the year	-	(3,765)
	<u>5,667</u>	<u>(58,441)</u>
<i>Loans and advances to customers:</i>		
For overdue loans and credit risks		
Impairment charge for the year	1,164,886	1,421,788
Write-back for the year	-	(6,018)
For country risk		
Impairment charge for the year	262	-
Write-back for the year	-	(7,317)
Recovery of loans and interest charged-off	<u>(12,449)</u>	<u>(12,951)</u>
	<u>1,152,699</u>	<u>1,395,502</u>
	<u>1,158,366</u>	<u>1,337,061</u>

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:

	2014	2013
	Euros '000	Euros '000
Impairment for financial assets available for sale		
Charge for the year	137,014	100,034
Write-back for the year	<u>(2,028)</u>	<u>(3,410)</u>
	<u>134,986</u>	<u>96,624</u>

The caption Impairment for 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 123,919,000 (2013: Euros 62,775,000), namely related to the investments held in restructuring funds, as described in note 53.

BANCO COMERCIAL PORTUGUÊS, S.A.
Notes to the Individual Financial Statements
31 December, 2014

15. Other provisions

The amount of this account is comprised of:

	2014	2013
	Euros '000	Euros '000
Provision for credit risks		
Charge for the year	161,779	-
Write-back for the year	(3,272)	(28,457)
Provision for country risk		
Charge for the year	1,753	-
Write-back for the year	-	(954)
Other provisions for liabilities and charges		
Charge for the year	42,935	21,775
Write-back for the year	(17)	-
	<u>203,178</u>	<u>(7,636)</u>

16. Gains / (losses) from the sale of subsidiaries and other assets

The amount of this account is comprised of:

	2014	2013
	Euros '000	Euros '000
Sale of subsidiaries	242,147	-
Sale of other assets	(16,100)	(22,741)
	<u>226,047</u>	<u>(22,741)</u>

The balance Sale of subsidiaries corresponds 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 losses arising from the sale of buildings.

17. Earnings per share

The earnings per share are calculated as follows:

	2014	2013
	Euros '000	Euros '000
Net income / (loss) for the year	(684,424)	(1,958,730)
Adjusted net income / (loss)	(684,424)	(1,958,730)
Average number of shares	42,829,744,183	19,707,167,060
Basic earnings per share (Euros)	(0.016)	(0.099)
Diluted earnings per share (Euros)	(0.016)	(0.099)

The Bank's share capital amounts to Euros 3,706,690,253.08 and is represented by 54,194,709,415 ordinary, book-entry and nominate shares, without nominal value, which is fully paid.

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 2014 and 2013, 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, by presenting an antidilutive effect on the financial years 2014 and 2013.

BANCO COMERCIAL PORTUGUÊS, S.A.
Notes to the Individual Financial Statements
31 December, 2014

18. Cash and deposits at Central Banks

This balance is analysed as follows:

	2014	2013
	Euros '000	Euros '000
Cash	315,807	336,801
Central Banks	217,030	1,186,899
	<u>532,837</u>	<u>1,523,700</u>

The balance Central Banks includes deposits with the Central Bank to satisfy the legal requirements to maintain a cash reserve for which the value is based on the value of deposits and other liabilities. According to the European Central Bank System for Euro Zone, the cash reserve requirements establish 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:

	2014	2013
	Euros '000	Euros '000
Credit institutions in Portugal	376	156
Credit institutions abroad	31,135	568,080
Amounts due for collection	192,426	191,006
	<u>223,937</u>	<u>759,242</u>

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:

	2014	2013
	Euros '000	Euros '000
Credit institutions in Portugal	143,364	5,982,761
Credit institutions abroad	1,142,094	1,857,424
	1,285,458	7,840,185
Impairment for other loans and advances to credit institutions	(16,467)	(10,800)
	<u>1,268,991</u>	<u>7,829,385</u>

This balance is analysed by the period to maturity, as follows:

	2014	2013
	Euros '000	Euros '000
Up to 3 months	973,780	6,937,470
3 to 6 months	-	17,000
6 to 12 months	40,000	115,000
1 to 5 years	236,678	757,300
Over 5 years	35,000	13,415
	<u>1,285,458</u>	<u>7,840,185</u>

Following the signed agreements of derivative financial transactions with institutional counterparties, the Bank has the amount of Euros 351,075,000 (31 December 2013: Euros 329,135,000) of Loans and advances to credit institutions granted as collateral on the mentioned transactions.

BANCO COMERCIAL PORTUGUÊS, S.A.
Notes to the Individual Financial Statements
31 December, 2014

The changes occurred in impairment for other loans and advances to credit institutions are analysed as follows:

	2014	2013
	Euros '000	Euros '000
<i>Impairment for credit risk for loans and advances to credit institutions:</i>		
Balance on 1 January	-	56,487
Impairment charge for the year	-	17
Write-back for the year	-	(54,693)
Loans charged-off	-	(1,811)
	<u>-</u>	<u>(1,811)</u>
Balance on 31 December	<u>-</u>	<u>-</u>
<i>Provision for country risk for loans and advances to credit institutions:</i>		
Balance on 1 January	10,800	14,565
Impairment charge for the year	5,667	-
Write-back for the year	-	(3,765)
	<u>-</u>	<u>(3,765)</u>
Balance on 31 December	<u>16,467</u>	<u>10,800</u>

The balance Provision for country risk for loans and advances to credit institutions, includes as of 31 December 2014, the amount of Euros 15,888,000 (31 December 2013: Euros 8,450,000) regarding provisions to loans granted to resident entities in Angola.

21. Loans and advances to customers

This balance is analysed as follows:

	2014	2013
	Euros '000	Euros '000
Public sector	1,177,440	963,268
Asset-backed loans	20,315,611	23,939,357
Personal guaranteed loans	8,718,681	8,346,491
Unsecured loans	1,448,117	1,279,438
Foreign loans	2,507,121	2,601,281
Factoring	1,069,188	1,085,704
Finance leases	2,215,806	2,460,433
	<u>37,451,964</u>	<u>40,675,972</u>
Overdue loans - less than 90 days	78,164	140,778
Overdue loans - Over 90 days	3,817,540	3,696,667
	<u>41,347,668</u>	<u>44,513,417</u>
Impairment for credit risk	<u>(4,586,737)</u>	<u>(4,215,117)</u>
	<u>36,760,931</u>	<u>40,298,300</u>

As at 31 December 2014, the balance Loans and advances to customers includes the amount of Euros 11,903,237,000 (31 December 2013: Euros 12,056,225,000) 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.

The Bank, as part of the liquidity risk management, holds a pool of eligible assets that can serve as collateral in funding operations with the European Central Bank, which includes loans and advances to customers.

As referred in note 53, the Bank performed a set of sales of loans and advances to customers for Specialized Loan Funds. The total amount of loans sold amounted to Euros 1,443,739,000 (31 December 2013: Euros 1,107,609,000).

As at 31 December 2014, shareholders holding individually or together with their affiliates, 2% or more of the share capital, described in the Executive Board of Directors report, and to which the Group provides loans and/or guarantees represents, in aggregate, 32.2% of the share capital (31 December 2013: 31.8%).

At the end of 2014, loans, guarantees and irrevocable credit lines (excluding interbank and money market transactions) that the Bank has made to qualifying shareholders and entities controlled by them, amounts to Euros 351,380,000 (31 December 2013: Euros 673,642,000). 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 2014 (31 December 2013: Euros 618,000).

BANCO COMERCIAL PORTUGUÊS, S.A.
Notes to the Individual Financial Statements
31 December, 2014

The analysis of loans and advances to customers, by type of credit, is as follows:

	2014	2013
	Euros '000	Euros '000
<i>Loans not represented by securities</i>		
Discounted bills	298,508	340,464
Current account credits	2,152,942	2,423,626
Overdrafts	870,093	1,131,332
Loans	11,430,258	12,679,009
Mortgage loans	17,355,967	18,248,230
Factoring	1,069,188	1,085,704
Finance leases	2,215,806	2,460,433
	<u>35,392,762</u>	<u>38,368,798</u>
<i>Loans represented by securities</i>		
Commercial paper	1,729,210	1,829,560
Bonds	329,992	477,614
	<u>2,059,202</u>	<u>2,307,174</u>
	37,451,964	40,675,972
Overdue loans - less than 90 days	78,164	140,778
Overdue loans - Over 90 days	3,817,540	3,696,667
	41,347,668	44,513,417
Impairment for credit risk	<u>(4,586,737)</u>	<u>(4,215,117)</u>
	<u><u>36,760,931</u></u>	<u><u>40,298,300</u></u>

The analysis of loans and advances to customers by sector of activity is as follows:

	2014	2013
	Euros '000	Euros '000
Agriculture	326,079	307,585
Mining	53,032	47,018
Food, beverage and tobacco	340,033	336,683
Textiles	472,372	439,748
Wood and cork	143,715	144,663
Paper, printing and publishing	168,303	187,867
Chemicals	492,891	522,053
Machinery, equipment and basic metallurgical	601,199	598,819
Electricity, water and gas	938,691	1,065,620
Construction	3,235,060	3,618,048
Retail business	894,893	966,261
Wholesale business	1,204,966	1,270,604
Restaurants and hotels	1,151,819	1,217,042
Transports and communications	1,337,261	1,864,163
Services	9,803,778	11,450,048
Consumer credit	2,473,252	2,114,257
Mortgage credit	16,867,617	17,484,738
Other domestic activities	7,864	6,773
Other international activities	834,843	871,427
	<u>41,347,668</u>	<u>44,513,417</u>
Impairment for credit risk	<u>(4,586,737)</u>	<u>(4,215,117)</u>
	<u><u>36,760,931</u></u>	<u><u>40,298,300</u></u>

BANCO COMERCIAL PORTUGUÊS, S.A.
Notes to the Individual Financial Statements
31 December, 2014

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
	<u>8,231,381</u>	<u>5,677,059</u>	<u>23,543,524</u>	<u>3,895,704</u>	<u>41,347,668</u>

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
	<u>8,231,381</u>	<u>5,677,059</u>	<u>23,543,524</u>	<u>3,895,704</u>	<u>41,347,668</u>

BANCO COMERCIAL PORTUGUÊS, S.A.
Notes to the Individual Financial Statements
31 December, 2014

The analysis of loans and advances to customers, by maturity and by sector of activity as at 31 December, 2013 is as follows:

	2013				
	Due within	1 year to	Over	Undetermined	Total
	1 year	5 years	5 years	maturity	
	Euros '000	Euros '000	Euros '000	Euros '000	Euros '000
Agriculture	103,022	91,636	91,145	21,782	307,585
Mining	23,478	10,881	3,587	9,072	47,018
Food, beverage and tobacco	191,500	64,873	57,038	23,272	336,683
Textiles	226,200	73,025	93,256	47,267	439,748
Wood and cork	48,757	23,992	31,410	40,504	144,663
Paper, printing and publishing	39,217	67,186	59,625	21,839	187,867
Chemicals	206,501	80,132	140,201	95,219	522,053
Machinery, equipment and basic metallurgical	226,662	143,849	166,451	61,857	598,819
Electricity, water and gas	140,522	276,477	636,262	12,359	1,065,620
Construction	1,373,514	687,765	566,324	990,445	3,618,048
Retail business	338,216	217,030	212,815	198,200	966,261
Wholesale business	545,138	288,115	230,589	206,762	1,270,604
Restaurants and hotels	178,150	234,080	579,165	225,647	1,217,042
Transports and communications	785,074	385,840	619,324	73,925	1,864,163
Services	5,156,881	1,770,776	3,470,753	1,051,638	11,450,048
Consumer credit	555,857	552,214	470,680	535,506	2,114,257
Mortgage credit	12,996	144,442	17,177,768	149,532	17,484,738
Other domestic activities	23	23	3	6,724	6,773
Other international activities	184,067	232,052	389,413	65,895	871,427
	<u>10,335,775</u>	<u>5,344,388</u>	<u>24,995,809</u>	<u>3,837,445</u>	<u>44,513,417</u>

The analysis of loans and advances to customers, by type of credit and by maturity as at 31 December, 2013, is as follows:

	2013				
	Due within	1 year to	Over	Undetermined	Total
	1 year	5 years	5 years	maturity	
	Euros '000	Euros '000	Euros '000	Euros '000	Euros '000
Public sector	963,268	-	-	-	963,268
Asset-backed loans	3,233,918	3,313,503	17,391,936	1,777,916	25,717,273
Personal guaranteed loans	2,652,336	1,273,547	4,420,608	740,947	9,087,438
Unsecured loans	1,270,034	-	9,404	914,596	2,194,034
Foreign loans	1,126,137	283,954	1,191,190	129,114	2,730,395
Factoring	1,085,704	-	-	34,012	1,119,716
Finance leases	4,378	473,384	1,982,671	240,860	2,701,293
	<u>10,335,775</u>	<u>5,344,388</u>	<u>24,995,809</u>	<u>3,837,445</u>	<u>44,513,417</u>

Loans and advances to customers includes the effect of traditional securitization transactions realized by the Bank, regarding mortgage loans, consumer loans, leases, commercial paper and corporate loans. The referred securitizations are performed through Special Purpose Entities (SPE).

The balance Loans and advances to customers includes the following amounts related to securitization transactions, presented by type of transaction:

	Traditional	
	2014	2013
	Euros '000	Euros '000
Consumer loans	-	108,932
Leases	-	509,735
Corporate loans	-	2,122,436
	<u>-</u>	<u>2,741,103</u>

BANCO COMERCIAL PORTUGUÊS, S.A.
Notes to the Individual Financial Statements
31 December, 2014

During 2014, securitization transactions Nova Finance No. 4, Tagus Leasing No.1 and Caravela SME No. 2 were settled. As at 31 December 2014, the securitization operations are detailed as follows:

Caravela SME No. 3

The synthetic securitization "Caravela SME No.3" amounts to Euros 2,388,747,000.

Caravela SME No. 4

The synthetic securitization "Caravela SME No.4" amounts to Euros 1,010,209,000.

The balance Loans and advances to customers includes the following amounts related to finance leases contracts:

	2014	2013
	Euros '000	Euros '000
Gross amount	2,613,060	2,906,513
Interest not yet due	(397,254)	(446,080)
Net book value	<u>2,215,806</u>	<u>2,460,433</u>

The analysis of the financial leasing contracts by type of client, is presented as follows:

	2014	2013
	Euros '000	Euros '000
Individuals		
Home	65,144	68,679
Consumer	20,996	29,808
Others	<u>143,737</u>	<u>162,545</u>
	229,877	261,032
Companies		
Equipment	247,231	370,576
Mortgage	<u>1,738,698</u>	<u>1,828,825</u>
	<u>1,985,929</u>	<u>2,199,401</u>
	<u>2,215,806</u>	<u>2,460,433</u>

Regarding operational leasing, the Bank does not present relevant contracts as lessor.

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:

	2014	2013
	Euros '000	Euros '000
Agriculture	1,674	1,747
Mining	35	-
Food, beverage and tobacco	164	200
Textiles	194	363
Wood and cork	304	245
Paper, printing and publishing	10	475
Chemicals	101	34
Machinery, equipment and basic metallurgical	304	2,005
Construction	5,204	6,733
Retail business	1,014	1,069
Wholesale business	19,577	20,171
Restaurants and hotels	678	691
Transports and communications	354	206
Services	2,917	175,617
Consumer credit	24,577	47,184
Other domestic activities	9	79
Other international activities	<u>135</u>	<u>-</u>
	<u>57,251</u>	<u>256,819</u>

BANCO COMERCIAL PORTUGUÊS, S.A.
Notes to the Individual Financial Statements
31 December, 2014

The restructured loans are subject to an impairment analysis resulting from the revaluation of expectation to meet new cash flows inherent to the new contract terms, discounted at the original effective interest rate and considering new collaterals.

Regarding the restructured loans, the impairment amounts to Euros 22,523,000 (31 December 2013: Euros 198,481,000).

The analysis of overdue loans by sector of activity is as follows:

	2014	2013
	Euros '000	Euros '000
Agriculture	20,804	21,782
Mining	8,747	9,072
Food, beverage and tobacco	16,799	23,272
Textiles	38,302	47,267
Wood and cork	34,491	40,504
Paper, printing and publishing	14,215	21,839
Chemicals	58,988	95,219
Machinery, equipment and basic metallurgical	57,568	61,857
Electricity, water and gas	15,194	12,359
Construction	932,163	990,445
Retail business	167,397	198,200
Wholesale business	180,351	206,762
Restaurants and hotels	265,770	225,647
Transports and communications	113,471	73,925
Services	1,210,039	1,051,638
Consumer credit	573,253	535,506
Mortgage credit	161,597	149,532
Other domestic activities	7,243	6,724
Other international activities	19,312	65,895
	<u>3,895,704</u>	<u>3,837,445</u>

The analysis of overdue loans, by type of credit, is as follows:

	2014	2013
	Euros '000	Euros '000
Asset-backed loans	1,922,798	1,777,916
Personal guaranteed loans	698,353	740,947
Unsecured loans	981,459	914,596
Foreign loans	91,433	129,114
Factoring	23,044	34,012
Finance leases	178,617	240,860
	<u>3,895,704</u>	<u>3,837,445</u>

The changes occurred in impairment for credit risk are analysed as follows:

	2014	2013
	Euros '000	Euros '000
<i>Impairment for overdue loans and for other credit risks:</i>		
Balance on 1 January	4,211,907	3,635,995
Transfers	(157,170)	16,480
Impairment charge for the year	1,164,886	1,421,788
Write-back for the year	-	(6,018)
Loans charged-off	(636,358)	(856,338)
Balance on 31 December	<u>4,583,265</u>	<u>4,211,907</u>
<i>Impairment for country risk:</i>		
Balance on 1 January	3,210	10,527
Impairment charge for the year	262	-
Write-back for the year	-	(7,317)
Balance on 31 December	<u>3,472</u>	<u>3,210</u>
	<u>4,586,737</u>	<u>4,215,117</u>

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.

BANCO COMERCIAL PORTUGUÊS, S.A.
Notes to the Individual Financial Statements
31 December, 2014

The balance Impairment for overdue loans and for other credit risks includes, as at 31 December 2014, the amount of Euros 3,472,000 (31 December 2013: Euros 3,210,000) regarding impairments to loans granted to resident entities in countries which are subject to country risk according with Instruction of the Bank of Portugal.

The analysis of the impairment by sector of activity is as follows:

	2014	2013
	Euros '000	Euros '000
Agriculture	23,706	23,265
Mining	9,562	6,665
Food, beverage and tobacco	19,175	25,717
Textiles	41,443	43,696
Wood and cork	40,047	47,880
Paper, printing and publishing	13,753	35,443
Chemicals	69,365	83,299
Machinery, equipment and basic metallurgical	57,733	62,083
Electricity, water and gas	37,433	27,963
Construction	900,812	932,004
Retail business	174,747	180,122
Wholesale business	196,144	196,948
Restaurants and hotels	300,753	226,112
Transports and communications	76,013	39,764
Services	1,127,334	949,951
Consumer credit	716,999	599,974
Mortgage credit	716,984	652,785
Other domestic activities	47,631	9,651
Other international activities	17,103	71,795
	<u>4,586,737</u>	<u>4,215,117</u>

The impairment for credit risk, by type of credit, is analysed as follows:

	2014	2013
	Euros '000	Euros '000
Asset-backed loans	2,319,285	1,948,196
Personal guaranteed loans	747,371	756,203
Unsecured loans	1,134,208	1,043,333
Foreign loans	154,063	166,274
Factoring	21,314	28,130
Finance leases	210,496	272,981
	<u>4,586,737</u>	<u>4,215,117</u>

The analysis of loans charged-off, by sector of activity, is as follows:

	2014	2013
	Euros '000	Euros '000
Agriculture	475	33,599
Mining	239	719
Food, beverage and tobacco	6,837	4,079
Textiles	12,299	7,517
Wood and cork	10,020	15,687
Paper, printing and publishing	23,426	2,741
Chemicals	46,738	4,558
Machinery, equipment and basic metallurgical	10,058	31,697
Electricity, water and gas	157	111
Construction	187,181	133,353
Retail business	46,579	11,012
Wholesale business	47,209	39,748
Restaurants and hotels	13,468	4,339
Transports and communications	8,251	8,923
Services	145,178	304,454
Consumer credit	77,320	58,414
Mortgage credit	6	-
Other domestic activities	755	524
Other international activities	162	194,863
	<u>636,358</u>	<u>856,338</u>

BANCO COMERCIAL PORTUGUÊS, S.A.
Notes to the Individual Financial Statements
31 December, 2014

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:

	2014	2013
	Euros '000	Euros '000
Asset-backed loans	41,373	77,689
Personal guaranteed loans	31,764	24,816
Unsecured loans	500,062	577,668
Foreign loans	61,548	175,641
Finance leases	1,611	524
	<u>636,358</u>	<u>856,338</u>

The analysis of recovered loans and interest, during 2014 and 2013, by sector of activity, is as follows:

	2014	2013
	Euros '000	Euros '000
Agriculture	76	-
Mining	80	3
Food, beverage and tobacco	141	97
Textiles	248	177
Wood and cork	203	165
Paper, printing and publishing	197	393
Chemicals	243	153
Machinery, equipment and basic metallurgical	1,102	98
Electricity, water and gas	-	2
Construction	1,504	2,485
Retail business	689	410
Wholesale business	1,053	1,288
Restaurants and hotels	241	256
Transports and communications	238	953
Services	2,597	1,114
Consumer credit	3,648	5,089
Mortgage credit	-	5
Other domestic activities	189	263
	<u>12,449</u>	<u>12,951</u>

The analysis of recovered loans and interest during 2014 and 2013, by type of credit, is as follows:

	2014	2013
	Euros '000	Euros '000
Unsecured loans	12,277	12,900
Foreign loans	119	-
Finance leases	53	51
	<u>12,449</u>	<u>12,951</u>

BANCO COMERCIAL PORTUGUÊS, S.A.
Notes to the Individual Financial Statements
31 December, 2014

22. Financial assets held for trading and available for sale

The balance Financial assets held for trading and available for sale is analysed as follows:

	2014	2013
	Euros '000	Euros '000
Bonds and other fixed income securities		
Issued by public entities	2,405,462	3,936,783
Issued by other entities	1,297,071	5,757,467
	3,702,533	9,694,250
Overdue securities	4,077	4,925
Impairment for overdue securities	(4,077)	(4,925)
	3,702,533	9,694,250
Shares and other variable income securities	2,181,064	1,909,809
	5,883,597	11,604,059
Trading derivatives	968,560	767,224
	<u>6,852,157</u>	<u>12,371,283</u>

The portfolio of financial instruments held for trading and available for sale securities, net of impairment, is analysed as follows:

	2014			2013		
	Securities			Securities		
	Trading	Available	Total	Trading	Available	Total
	Euros '000	for sale	Euros '000	Euros '000	for sale	Euros '000
<i>Fixed income:</i>						
Bonds issued by public entities						
Portuguese issuers	193,972	1,316,544	1,510,516	180,612	1,500,121	1,680,733
Foreign issuers	73,379	6,621	80,000	73,343	5,097	78,440
Bonds issued by other entities						
Portuguese issuers	1,072	884,739	885,811	58	3,796,902	3,796,960
Foreign issuers	97,919	317,418	415,337	92,163	1,222,918	1,315,081
Treasury bills and other						
Government bonds	-	814,946	814,946	-	2,177,610	2,177,610
Commercial paper	-	-	-	-	650,351	650,351
	366,342	3,340,268	3,706,610	346,176	9,352,999	9,699,175
Impairment for overdue securities	-	(4,077)	(4,077)	-	(4,925)	(4,925)
	366,342	3,336,191	3,702,533	346,176	9,348,074	9,694,250
<i>Variable income:</i>						
Shares in Portuguese companies	332	83,634	83,966	217	61,257	61,474
Shares in foreign companies	9	462	471	6	465	471
Investment fund units	20	2,095,584	2,095,604	24	1,846,072	1,846,096
Other securities	1,023	-	1,023	1,768	-	1,768
	1,384	2,179,680	2,181,064	2,015	1,907,794	1,909,809
<i>Trading derivatives</i>	968,560	-	968,560	767,224	-	767,224
	<u>1,336,286</u>	<u>5,515,871</u>	<u>6,852,157</u>	<u>1,115,415</u>	<u>11,255,868</u>	<u>12,371,283</u>
of which:						
Level 1	439,791	3,100,089	3,539,880	426,707	4,348,041	4,774,748
Level 2	896,495	208,710	1,105,205	656,517	1,875,580	2,532,097
Level 3	-	2,127,157	2,127,157	32,014	1,893,041	1,925,055
Financial assets at cost	-	79,915	79,915	177	3,139,206	3,139,383

BANCO COMERCIAL PORTUGUÊS, S.A.
Notes to the Individual Financial Statements
31 December, 2014

The trading and available for sale portfolios, are recorded at fair value in accordance with the accounting policy described in note 1 c).

As referred in the accounting policy presented in note 1 c), the available for sale securities are presented at market value with the respective fair value accounted for against fair value reserves, as referred in note 40. The amount of fair value reserves of Euros 160,078,000 (31 December 2013: Euros 98,567,000) is presented net of impairment losses in the amount of Euros 379,443,000 (31 December 2013: Euros 323,671,000).

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, in 2014 were recorded in Gains arising from financial assets available for sale the amount of Euros 935,000 (2013: Euros: 68,000) and Losses arising from financial assets available for sale the amount of Euros 1,000 (2013: Euros: 16,348,000).

The portfolio of financial assets available for sale, as at 31 December 2014, is analysed as follows:

	2014					
			Amortised cost			
	Amortised cost	Impairment	net of	Fair value	Fair value hedge	Total
	Euros '000	Euros '000	impairment	reserves	adjustments	
			Euros '000	Euros '000	Euros '000	Euros '000
<i>Fixed income:</i>						
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
<i>Variable income:</i>						
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 available for sale, as at 31 December 2013, is analysed as follows:

	2013					
	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
<i>Fixed income:</i>						
Bonds issued by public entities						
Portuguese issuers	1,421,893	-	1,421,893	79,384	(1,156)	1,500,121
Foreign issuers	4,769	-	4,769	328	-	5,097
Bonds issued by other entities						
Portuguese issuers	3,915,359	(123,768)	3,791,591	57	329	3,791,977
Foreign issuers	1,240,838	(26,241)	1,214,597	8,084	237	1,222,918
Treasury bills and other						
Government bonds	2,175,609	-	2,175,609	2,001	-	2,177,610
Commercial paper	650,351	-	650,351	-	-	650,351
	9,408,819	(150,009)	9,258,810	89,854	(590)	9,348,074
<i>Variable income:</i>						
Shares in Portuguese companies	96,972	(47,192)	49,780	11,477	-	61,257
Shares in foreign companies	379	(147)	232	233	-	465
Investment fund units	1,975,392	(126,323)	1,849,069	(2,997)	-	1,846,072
	2,072,743	(173,662)	1,899,081	8,713	-	1,907,794
	11,481,562	(323,671)	11,157,891	98,567	(590)	11,255,868

BANCO COMERCIAL PORTUGUÊS, S.A.
Notes to the Individual Financial Statements
31 December, 2014

The portfolio of financial instruments held for trading and available for sale securities, net of impairment, as at 31 December 2014, by valuation levels, is analysed as follows:

	2014				
	Level 1	Level 2	Level 3	Financial	Total
	Euros '000	Euros '000	Euros '000	instruments at cost	Euros '000
<i>Fixed income:</i>					
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
<i>Variable income:</i>					
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
<i>Trading derivatives</i>	81,552	887,008	-	-	968,560
	3,539,880	1,105,205	2,127,157	79,915	6,852,157

BANCO COMERCIAL PORTUGUÊS, S.A.
Notes to the Individual Financial Statements
31 December, 2014

The portfolio of financial instruments held for trading and available for sale securities, net of impairment, as at 31 December 2013, by valuation levels, is analysed as follows:

	2013				
	Level 1	Level 2	Level 3	Financial	Total
	Euros '000	Euros '000	Euros '000	instruments at cost	Euros '000
<i>Fixed income:</i>					
Bonds issued by public entities					
Portuguese issuers	1,680,733	-	-	-	1,680,733
Foreign issuers	78,440	-	-	-	78,440
Bonds issued by other entities					
Portuguese issuers	277,951	1,007,654	-	2,511,355	3,796,960
Foreign issuers	469,319	214,475	37,282	594,005	1,315,081
Treasury bills and other					
Government bonds	2,177,610	-	-	-	2,177,610
Commercial paper	-	650,351	-	-	650,351
	4,684,053	1,872,480	37,282	3,105,360	9,699,175
Impairment for overdue securities	-	-	-	(4,925)	(4,925)
	4,684,053	1,872,480	37,282	3,100,435	9,694,250
<i>Variable income:</i>					
Shares in Portuguese companies	6,023	6,912	10,773	37,766	61,474
Shares in foreign companies	6	300	-	165	471
Investment fund units	93	-	1,844,986	1,017	1,846,096
Other securities	1,768	-	-	-	1,768
	7,890	7,212	1,855,759	38,948	1,909,809
<i>Trading derivatives</i>	82,805	652,405	32,014	-	767,224
	4,774,748	2,532,097	1,925,055	3,139,383	12,371,283

As referred in IFRS 13, financial instruments are measured according to the levels of valuation described in note 45.

As mentioned in note 53, the balance Variable income - investment fund units includes the amount of Euros 1,267,071,000 (31 December 2013: Euros 1,040,178,000) 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 2013: Euros 34,610,000) 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.

No reclassifications of financial assets were made during 2014 and 2013.

During 2014 reclassifications were made from level 2 to level 1 in the amount of 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 gains and unrealized losses in the positive amount of Euros 38,280,000 (31 December 2013: negative amount of Euros 14,096,000) recorded in fair value reserves.

The amount of impairment associated to these securities amounts to Euros 238,781,000 as at 31 December 2014 (31 December 2013: Euros 130,576,000) 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 2,079,485,000 (31 December 2013: Euros 1,844,986,000) 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 207,949,000 (31 December 2013: Euros 184,499,000) in Equity (Fair value reserves).

BANCO COMERCIAL PORTUGUÊS, S.A.
Notes to the Individual Financial Statements
31 December, 2014

The reclassifications performed in prior years until 31 December 2014, are analysed as follows:

	At the reclassification date		2014		
	Book value	Fair value	Book value	Fair value	Difference
	Euros '000	Euros '000	Euros '000	Euros '000	Euros '000
<i>From Financial assets held for trading to:</i>					
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
<i>From Financial assets available for sale to:</i>					
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
			<u>794,160</u>	<u>848,658</u>	<u>54,498</u>

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	
		Fair value reserves	Equity
	Interests Euros '000	Euros '000	Euros '000
<i>From Financial assets held for trading to:</i>			
Financial assets available for sale	826	4,411	5,237
Financial assets held to maturity	30,443	-	30,443
<i>From Financial assets available for sale to:</i>			
Loans represented by securities	436	-	436
Financial assets held to maturity	10,418	(6,709)	3,709
	<u>42,123</u>	<u>(2,298)</u>	<u>39,825</u>

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 reserves	Equity
	Fair value changes	Retained earnings		
	Euros '000	Euros '000	Euros '000	Euros '000
<i>From Financial assets held for trading to:</i>				
Financial assets available for sale	4,411	(2,798)	(1,613)	-
Financial assets held to maturity	81,930	(34,575)	-	47,355
<i>From Financial assets available for sale to:</i>				
Financial assets held to maturity	-	-	7,143	7,143
	<u>86,341</u>	<u>(37,373)</u>	<u>5,530</u>	<u>54,498</u>

BANCO COMERCIAL PORTUGUÊS, S.A.
Notes to the Individual Financial Statements
31 December, 2014

As at 31 December 2013, this reclassification is analysed as follows:

	At the reclassification date		2013		
	Book value Euros '000	Fair value Euros '000	Book value Euros '000	Fair value Euros '000	Difference Euros '000
<i>From Financial assets held for trading to:</i>					
Financial assets available for sale	196,800	196,800	13,772	13,772	-
Financial assets held to maturity	2,144,892	2,144,892	982,456	947,881	(34,575)
<i>From Financial assets available for sale to:</i>					
Loans represented by securities	2,592,280	2,592,280	109,610	102,078	(7,532)
Financial assets held to maturity	627,492	627,492	514,668	565,245	50,577
			<u>1,620,506</u>	<u>1,628,976</u>	<u>8,470</u>

The amounts accounted in the income statement and in fair value reserves, as at 31 December 2013 related to reclassified financial assets are analysed as follows:

	Income statement	Changes	
	Interests Euros '000	Fair value reserves Euros '000	Equity Euros '000
<i>From Financial assets held for trading to:</i>			
Financial assets available for sale	824	1,483	2,307
Financial assets held to maturity	35,035	-	35,035
<i>From Financial assets available for sale to:</i>			
Loans represented by securities	2,469	(1)	2,468
Financial assets held to maturity	12,330	(360)	11,970
	<u>50,658</u>	<u>1,122</u>	<u>51,780</u>

If the reclassifications described previously had not occurred, the additional amounts recognised in equity as at 31 December 2013, would be as follows:

	Income statement	Retained earnings Euros '000	Fair value reserves Euros '000	Equity Euros '000
	Fair value changes Euros '000			
<i>From Financial assets held for trading to:</i>				
Financial assets available for sale	1,483	(4,281)	2,798	-
Financial assets held to maturity	47,344	(81,919)	-	(34,575)
<i>From Financial assets available for sale to:</i>				
Loans represented by securities	-	-	(7,532)	(7,532)
Financial assets held to maturity	-	-	50,577	50,577
	<u>48,827</u>	<u>(86,200)</u>	<u>45,843</u>	<u>8,470</u>

The movements of the impairment of the financial assets available for sale are analysed as follows:

	2014 Euros '000	2013 Euros '000
Balance on 1 January	323,670	224,651
Transfers	52,201	-
Charges / Reversals through Fair value reserves	(8,158)	6,103
Charge for the year	137,013	100,894
Write-back for the year	(2,027)	(4,270)
Loans charged-off	(123,255)	(3,708)
Balance on 31 December	<u>379,444</u>	<u>323,670</u>

BANCO COMERCIAL PORTUGUÊS, S.A.
Notes to the Individual Financial Statements
31 December, 2014

The analysis of financial assets held for trading and 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
<i>Fixed income:</i>						
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
<i>Variable income:</i>						
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 and available for sale by maturity as at 31 December 2013 is as follows:

	2013					
	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
<i>Fixed income:</i>						
Bonds issued by public entities						
Portuguese issuers	-	9,767	1,360,693	310,273	-	1,680,733
Foreign issuers	-	-	78,439	1	-	78,440
Bonds issued by other entities						
Portuguese issuers	937,633	52	125,865	2,728,485	4,925	3,796,960
Foreign issuers	2,221	305,180	99,559	908,121	-	1,315,081
Treasury bills and other						
Government bonds	695,561	1,482,049	-	-	-	2,177,610
Commercial paper	650,351	-	-	-	-	650,351
	2,285,766	1,797,048	1,664,556	3,946,880	4,925	9,699,175
Impairment for overdue securities	-	-	-	-	(4,925)	(4,925)
	2,285,766	1,797,048	1,664,556	3,946,880	-	9,694,250
<i>Variable income:</i>						
Companies' shares						
Portuguese companies					61,474	61,474
Foreign companies					471	471
Investment fund units					1,846,096	1,846,096
Other securities					1,768	1,768
					1,909,809	1,909,809
	2,285,766	1,797,048	1,664,556	3,946,880	1,909,809	11,604,059

BANCO COMERCIAL PORTUGUÊS, S.A.
Notes to the Individual Financial Statements
31 December, 2014

The analysis of financial assets held for trading and available for sale by sector of activity, as at 31 December 2014 is as follows:

	2014				
	Bonds	Shares	Other Financial Assets	Overdue Securities	Gross Total
	Euros '000	Euros '000	Euros '000	Euros '000	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 analysis of financial assets held for trading and available for sale by sector of activity, as at 31 December 2013 is as follows:

	2013				
	Bonds	Shares	Other Financial Assets	Overdue Securities	Gross Total
	Euros '000	Euros '000	Euros '000	Euros '000	Euros '000
Textiles	-	-	-	361	361
Wood and cork	-	501	-	998	1,499
Paper, printing and publishing	12,822	11	-	-	12,833
Machinery, equipment and basic metallurgical	-	4	-	-	4
Electricity, water and gas	-	6	-	-	6
Construction	-	1,656	-	2,560	4,216
Wholesale business	-	1,356	-	475	1,831
Restaurants and hotels	-	94	-	-	94
Transport and communications	169,466	7,209	-	529	177,204
Services	5,574,804	51,108	1,846,096	2	7,472,010
Other domestic activities	375	-	1,768	-	2,143
	5,757,467	61,945	1,847,864	4,925	7,672,201
Government and Public securities	1,759,173	-	2,177,610	-	3,936,783
Impairment for overdue securities	-	-	-	(4,925)	(4,925)
	7,516,640	61,945	4,025,474	-	11,604,059

The 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 where the Bank operates, which includes fixed income securities.

BANCO COMERCIAL PORTUGUÊS, S.A.
Notes to the Individual Financial Statements
31 December, 2014

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 options (purchase)	-	-	-	-	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

BANCO COMERCIAL PORTUGUÊS, S.A.
Notes to the Individual Financial Statements
31 December, 2014

The analysis of trading derivatives by maturity as at 31 December 2013, is as follows:

	2013					
	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	404,708	2,060,052	12,252,123	14,716,883	583,956	566,698
Interest rate options (purchase)	116,041	15,348	346,516	477,905	2,950	-
Interest rate options (sale)	116,041	15,348	345,650	477,039	-	4,553
Other interest rate contracts	30,500	61,475	157,666	249,641	21,438	21,387
	667,290	2,152,223	13,101,955	15,921,468	608,344	592,638
Currency derivatives:						
OTC Market:						
Forward exchange contract	59,263	24,318	239	83,820	2,567	322
Currency swaps	1,399,451	72,511	-	1,471,962	812	19,640
Currency options (purchase)	8,474	17,753	-	26,227	501	-
Currency options (sale)	8,474	18,031	-	26,505	-	535
	1,475,662	132,613	239	1,608,514	3,880	20,497
Shares/debt instruments derivatives:						
OTC Market:						
Shares/indexes swaps	156,290	595,403	47,350	799,043	12,281	4,875
Debt instruments forwards	30,000	-	-	30,000	-	-
	186,290	595,403	47,350	829,043	12,281	4,875
Stock exchange transactions:						
Shares futures	238,553	-	-	238,553	-	-
Shares/indexes options (purchase)	-	-	-	-	82,805	-
Shares/indexes options (sale)	-	-	-	-	-	82,843
	238,553	-	-	238,553	82,805	82,843
Commodity derivatives:						
Stock exchange transactions:						
Commodities futures	22,714	-	-	22,714	-	-
Credit derivatives:						
OTC Market:						
Credit Default Swaps	21,950	574,100	2,751,474	3,347,524	59,914	23,852
Other credit derivatives (sale)	-	-	23,546	23,546	-	-
	21,950	574,100	2,775,020	3,371,070	59,914	23,852
Total financial instruments traded in:						
OTC Market	2,351,192	3,454,339	15,924,564	21,730,095	684,419	641,862
Stock exchange	261,267	-	-	261,267	82,805	82,843
Embedded derivatives					-	781
	2,612,459	3,454,339	15,924,564	21,991,362	767,224	725,486

BANCO COMERCIAL PORTUGUÊS, S.A.
Notes to the Individual Financial Statements
31 December, 2014

23. Hedging derivatives

This balance is analysed as follows:

	2014		2013	
	Assets	Liabilities	Assets	Liabilities
	Euros '000	Euros '000	Euros '000	Euros '000
<i>Hedging instruments</i>				
Swaps	53,157	28,547	50,643	53,393

Hedging derivatives are measured in accordance with internal valuation techniques considering mainly observable market inputs. In accordance with the hierarchy of the valuation sources, as referred in IFRS 13 these derivatives are classified in level 2. The Bank uses derivatives to hedge interest and exchange rate exposure risks and securities portfolio credit risks. The accounting method depends on the nature of the hedged risk, namely if the Bank is exposed to fair value changes, variability in cash-flows or highly probable 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 positive amount of Euros 7,795,000 (31 December 2013: negative amount of Euros 8,881,000) and the hedging relationships that follow the cash flows model recorded no ineffectiveness.

In 2014 and 2013 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:

	2014	2013
	Euros '000	Euros '000
Hedged item		
Loans	1,729	3,014
Deposits	(34,277)	(21,444)
Debt issued	(95,854)	(141,319)
Financial assets held to maturity	-	1,045
	(128,402)	(158,704)

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	3 months to 1 year	Over 1 year	Total	Assets	Liabilities
	Euros '000	Euros '000	Euros '000	Euros '000	Euros '000	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 hedging derivatives related to interest rate risk changes:						
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

The analysis of hedging derivatives portfolio by maturity as at 31 December 2013 is as follows:

	2013					
	Notional (remaining term)				Fair value	
	Up to 3 months	3 months to 1 year	Over 1 year	Total	Assets	Liabilities
	Euros '000	Euros '000	Euros '000	Euros '000	Euros '000	Euros '000
Fair value hedging derivatives related to interest rate risk changes:						
OTC Market:						
Interest rate swaps	133,447	681,250	4,191,659	5,006,356	50,643	53,393

BANCO COMERCIAL PORTUGUÊS, S.A.
Notes to the Individual Financial Statements
31 December, 2014

24. Financial assets held to maturity

The balance Financial assets held to maturity is analysed as follows:

	2014	2013
	Euros '000	Euros '000
Bonds and other fixed income securities		
Issued by Government and public entities	1,917,366	2,095,199
Issued by other entities	393,815	1,015,131
	<u>2,311,181</u>	<u>3,110,330</u>

As at 31 December 2014, the balance Financial assets held to maturity includes the amount of Euros 698,421,000 (31 December 2013: Euros 982,456,000) 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.

The balance Financial assets held to maturity also includes, as at 31 December 2014, the amount of Euros 73,151,000 (31 December 2013: Euros 514,668,000) 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.

Following the regulatory changes related to the specific weight of certain assets, for the purposes of risk weighted, the Bank sold the securities Mbs Tagus Edp EnergyOn Mbs and Tagus Edp Energyon 2, under the scope of paragraph f) of AG 22 IAS 39, considering the applicable framework and to the relevant standards, this situation did not imply the tainting of the remaining portfolio.

The balance Bonds and other fixed income securities - Issued by Government and public entities, included as at 31 December 2013, the amount of Euros 1,837,108,000 related to securities of European Union countries in bailout situation, as detailed in note 52.

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
<i>Issued by Government and public entities:</i>						
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
					<u>1,917,366</u>	<u>2,172,301</u>
<i>Issued by other entities:</i>						
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
Step 00/05.06.2022- 100Mios Call Sem After 10Cpn-Min.10Mios	Portugal	June, 2022	0.183%	100,000	98,250	87,365
Ayt Cédulas 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
					<u>393,815</u>	<u>375,451</u>
					<u>2,311,181</u>	<u>2,547,752</u>

BANCO COMERCIAL PORTUGUÊS, S.A.
Notes to the Individual Financial Statements
31 December, 2014

As at 31 December 2013, 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
<i>Issued by Government and public entities:</i>						
OT 3.5 Pct 10/25.03.2015	Portugal	March, 2015	3.500%	72,511	73,095	73,028
OT 4.20% 06/15.10.2016	Portugal	October, 2016	4.200%	135,000	135,111	137,343
OT 4.45 Pct 08/15.06.2018	Portugal	June, 2018	4.450%	1,436,762	1,415,515	1,446,191
OT 4.75 Pct 09/14.06.2019	Portugal	June, 2019	4.750%	10,000	10,012	9,935
OT 4.8 Pct 10/15.06.2020	Portugal	June, 2020	4.800%	150,000	150,229	146,445
OT 4.95 Pct 08/25.10.2023	Portugal	October, 2023	4.950%	50,000	53,146	46,151
Btps 4.5 Pct 08/01.08.2018 Eur	Italy	August, 2018	4.500%	50,000	50,337	55,172
Irish Govt 4 Pct 09/15.01.2014	Ireland	January, 2014	4.000%	200,000	207,754	207,801
					<u>2,095,199</u>	<u>2,122,066</u>
<i>Issued by other entities:</i>						
Banco Esp Santo 09/05.06.2014	Portugal	June, 2014	5.625%	119,250	124,854	124,630
Caixa Geral 3.625 Pct 09/21.07.2014	Portugal	July, 2014	3.625%	35,000	35,654	35,869
Cp Comboios Pt 09/16.10.2019	Portugal	October, 2019	4.170%	75,000	73,430	67,257
Edia Sa 07/30.01.2027	Portugal	January, 2027	0.348%	40,000	38,834	24,254
Mbs Tagus Edp Energyon 2 Class A	Portugal	May, 2025	1.807%	86,410	89,127	99,348
Mbs Tagus Edp Energyon Class A1	Portugal	May, 2025	2.157%	348,543	353,276	399,804
Step 00/05.06.2022-100Mios Call Sem. After 10Cpn-Min.10Mios	Portugal	June, 2022	0.339%	100,000	98,026	68,456
Ayt Cédulas 07/21.03.2017	Spain	March, 2017	4.000%	50,000	50,972	53,647
Mbs Magellan M Series 1 Class A	Ireland	December, 2036	0.817%	106,779	106,818	101,200
Mbs Magellan M Series 1 Class B	Ireland	December, 2036	1.437%	26,300	26,317	15,797
Mbs Magellan M Series 1 Class C	Ireland	December, 2036	2.877%	17,800	17,823	7,347
					<u>1,015,131</u>	<u>997,609</u>
					<u>3,110,330</u>	<u>3,119,675</u>

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				Total Euros '000
	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	
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
	<u>83,115</u>	<u>-</u>	<u>1,613,444</u>	<u>614,622</u>	<u>2,311,181</u>

BANCO COMERCIAL PORTUGUÊS, S.A.
Notes to the Individual Financial Statements
31 December, 2014

The analysis of Bonds and other fixed income securities portfolio, net of impairment, included in Financial assets held to maturity, by maturity, as at 31 December 2013 is as follows:

	2013				
	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	-	-	1,623,721	213,387	1,837,108
Foreign issuers	207,754	-	50,337	-	258,091
Bonds issued by other entities					
Portuguese issuers	-	160,508	-	652,693	813,201
Foreign issuers	-	-	50,972	150,958	201,930
	<u>207,754</u>	<u>160,508</u>	<u>1,725,030</u>	<u>1,017,038</u>	<u>3,110,330</u>

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:

	2014 Euros '000	2013 Euros '000
Transports and communications	172,060	171,456
Services	<u>221,755</u>	<u>843,675</u>
	393,815	1,015,131
Government and Public securities	<u>1,917,366</u>	<u>2,095,199</u>
	<u>2,311,181</u>	<u>3,110,330</u>

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 where the Bank operates, in which are included fixed income securities.

25. Investments in subsidiaries and associated companies

This balance is analysed as follows:

	2014 Euros '000	2013 Euros '000
Portuguese credit institutions	277,348	277,348
Foreign credit institutions	878,877	922,963
Other Portuguese companies	1,312,451	641,469
Other foreign companies	<u>5,384,495</u>	<u>5,961,328</u>
	<u>7,853,171</u>	<u>7,803,108</u>
<i>Impairment for investments in:</i>		
Subsidiary companies	(3,801,475)	(3,450,457)
Associated and other companies	<u>(3,585)</u>	<u>(3,585)</u>
	<u>(3,805,060)</u>	<u>(3,454,042)</u>
	<u>4,048,111</u>	<u>4,349,066</u>

BANCO COMERCIAL PORTUGUÊS, S.A.
Notes to the Individual Financial Statements
31 December, 2014

The balance Investments in subsidiaries and associated companies is analysed as follows:

	2014 Euros '000	2013 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.	857,310	870,313
Banque BCP, S.A.S.	21,567	19,321
Banco Millennium Angola, S.A.	-	33,329
BCP Capital - Sociedade de Capital de Risco, S.A.	30,773	30,773
BCP Investment, B.V.	2,432,146	2,888,645
Millennium bcp Participações, S.G.P.S., Sociedade Unipessoal, Lda.	221,535	221,535
BitalPart, B.V.	1,817,671	2,027,671
Interfundos Gestão de Fundos de Investimento Imobiliários, S.A.	1,500	1,500
Millennium bcp - Escritório de representações e Serviços, S/C Lda.	17,347	16,518
Millennium bcp Gestão de Activos - Sociedade Gestora de Fundos de Investimento, S.A.	16,023	28,009
S&P Reinsurance Limited	14,536	14,536
Caracas Financial Services, Limited	27	27
Millennium bcp Imobiliária, S.A.	341,088	341,088
Millennium bcp Teleserviços - Serviços de Comércio Electrónico, S.A.	885	885
Nanium, S.A.	6,159	6,159
Propaço - Sociedade Imobiliária De Paço D'Arcos, Lda.	3	3
Servitrust - Trust Management Services S.A.	100	100
SIBS, S.G.P.S., S.A.	6,700	6,700
Sicit - Sociedade de Investimentos e Consultoria em Infra-Estruturas de Transportes, S.A.	13	13
UNICRE - Instituição Financeira de Crédito, S.A.	17,113	17,113
Quinta do Furão - Sociedade de Animação Turística e Agrícola de Santana, Lda.	1,030	1,030
FLITPREL III, S.A.	25	-
BCP International B.V.	1,102,768	1,013,929
BCP África, S.G.P.S., Lda.	683,032	91
	<u>7,853,171</u>	<u>7,803,108</u>
<i>Impairment for investments in subsidiary and associated companies</i>		
ACT - C - Indústria de Cortiças, S.A.	(3,585)	(3,585)
S&P Reinsurance Limited	(11,999)	(12,450)
Millennium bcp Participações, S.G.P.S., Sociedade Unipessoal, Lda.	(221,535)	-
Millennium bcp - Escritório de representações e Serviços, S/C Lda.	(17,347)	(16,518)
BCP Capital - Sociedade de Capital de Risco, S.A.	(20,318)	(19,810)
Millennium bcp Imobiliária, S.A.	(341,088)	(341,088)
BCP Investment, B.V.	(1,363,676)	(1,249,822)
BitalPart, B.V.	(1,809,638)	(1,810,769)
BCP África, S.G.P.S., Lda.	(13,953)	-
Caracas Financial Services, Limited	(18)	-
Millennium bcp Gestão de Activos - Sociedade Gestora de Fundos de Investimento, S.A.	(273)	-
Millennium bcp Teleserviços - Serviços de Comércio Electrónico, S.A.	(725)	-
Nanium, S.A.	(905)	-
	<u>(3,805,060)</u>	<u>(3,454,042)</u>
	<u>4,048,111</u>	<u>4,349,066</u>

During 2013, the Bank acquired to Banco de Investimento Imobiliário, S.A. the society BII Internacional, S.G.P.S., Lda., and subsequently changed the corporate name of the society to BCP África, S.G.P.S., Lda. Additionally, acquired BCP International B.V., formerly known as ALO Investments B.V., to Bitalpart, B.V.

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.

BANCO COMERCIAL PORTUGUÊS, S.A.
Notes to the Individual Financial Statements
31 December, 2014

The movements for Impairment for investments in associated companies are analysed as follows:

	2014	2013
	Euros '000	Euros '000
<i>Impairment for investments in associated companies:</i>		
Balance on 1 January	3,454,042	2,483,702
Impairment for the year	444,823	970,340
Write-back for the year	(93,805)	-
Balance on 31 December	<u>3,805,060</u>	<u>3,454,042</u>

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 analysis was based on the determination of the recoverable amount. The recoverable amounts, as described in note 1 j), was determined based on the higher between the fair value amount less costs to sell and the value in use.

The value in use was determined based on: (i) the business plan approved by each company board for the period from 2014 to 2018 and (ii) the following assumptions depending on the nature of the companies activities and correspondent geography:

	2014			2013		
	Discount rate	Discount rate	Growth rate	Discount rate	Discount rate	Growth rate
	Explicit period	Perpetuity	Perpetuity	Explicit period	Perpetuity	Perpetuity
Portugal	9.000% to 11.000%	10.850%	-3.100% to 2.600% (*)	12.125%	11.225%	-0.940% to 3.600% (*)
Poland	8.875%	9.850%	0.000%	10.625%	10.625%	0.000%
Angola	17.000%	17.000%	0.000%	17.000%	17.000%	0.000%
Mozambique	17.000%	17.000%	0.000%	17.000%	17.000%	0.000%
Romania				12.375%	12.375%	6.087%
Suisse	9.625%	11.475%	0.000%	9.000%	9.000%	0.000%

(*) - Includes Banco ActivoBank, S.A.

Based on the analysis made, the Bank recognised in 2014, impairment for a group of companies, as follows:

	Balance on	Impairment	Write-back	Balance on
	01.01.2014	Euros '000	Euros '000	31.12.2014
	Euros '000			Euros '000
ACT - C - Indústria de Cortiças, S.A.	3,585	-	-	3,585
S&P Reinsurance Limited	12,450	-	(451)	11,999
Millennium bcp Participações, S.G.P.S., Sociedade Unipessoal, Lda.	-	221,535	-	221,535
Millennium bcp - Escritório de representações e Serviços, S/C Lda.	16,518	829	-	17,347
BCP Capital - Sociedade de Capital de Risco, S.A.	19,810	508	-	20,318
Millennium bcp Imobiliária, S.A.	341,088	-	-	341,088
BCP Investment B.V.	1,249,822	206,077	(92,223)	1,363,676
BitalPart, B.V.	1,810,769	-	(1,131)	1,809,638
BCP África, S.G.P.S., Lda.	-	13,953	-	13,953
Caracas Financial Services, Limited	-	18	-	18
Millennium bcp Gestão de Activos - Sociedade Gestora de Fundos de Investimento, S.A.	-	273	-	273
Millennium bcp Teleserviços - Serviços de Comércio Electrónico, S.A.	-	725	-	725
Nanium, S.A.	-	905	-	905
	<u>3,454,042</u>	<u>444,823</u>	<u>(93,805)</u>	<u>3,805,060</u>

BANCO COMERCIAL PORTUGUÊS, S.A.
Notes to the Individual Financial Statements
31 December, 2014

26. Non current assets held for sale

This balance is analysed as follows:

	2014	2013
	Euros '000	Euros '000
Subsidiaries acquired exclusively with the purpose of short-term sale	26,883	46,092
Investments, properties and other assets arising from recovered loans	1,400,152	1,288,546
	1,427,035	1,334,638
Impairment	(317,096)	(348,550)
	<u>1,109,939</u>	<u>986,088</u>

The assets included in this balance are accounted for in accordance with the accounting policy note 1 k).

The balance Investments, properties and other assets arising from recovered loans includes assets resulting from (i) foreclosure, with an option to repurchase or leaseback, which are accounted following the establishment of the contract or the promise of contract and the respective irrevocable power of attorney issued by the client on behalf of the Bank, or (ii) resolution of leasing contracts.

These assets are available for sale in a period less than one year and the Bank has a strategy for its sale. However, taking into account the actual market conditions, it was not possible in all instances to conclude the sales in the expected time.

The strategy of alienation results in an active search of buyers, with the Bank having a website that advertises these properties, contracts with intermediaries for sales promotion and sales initiatives in real estate auctions. Prices are periodically reviewed and adjusted for continuous adaptation to the market.

The referred balance includes buildings and other assets for which the Bank has already established contracts for the sale in the amount of Euros 12,392,000 (31 December 2013: Euros 24,606,000).

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:

	2014	2013
	Euros '000	Euros '000
Balance on 1 January	348,550	305,649
Transfers	24,348	-
Impairment for the year	36,616	145,860
Loans charged-off	(92,418)	(102,959)
Balance on 31 December	<u>317,096</u>	<u>348,550</u>

27. Property and equipment

This balance is analysed as follows:

	2014	2013
	Euros '000	Euros '000
Land and buildings	567,192	598,330
Equipment		
Furniture	68,968	69,269
Machinery	15,467	15,448
Computer equipment	159,575	156,899
Interior installations	96,033	95,931
Motor vehicles	4,726	2,839
Security equipment	66,367	66,948
Other equipments	3,060	3,124
Work in progress	3,136	874
Other tangible assets	33	35
	<u>984,557</u>	<u>1,009,697</u>
<i>Accumulated depreciation</i>		
Charge for the year	(18,972)	(21,579)
Accumulated charge for the previous years	(752,712)	(754,984)
	<u>(771,684)</u>	<u>(776,563)</u>
	<u>212,873</u>	<u>233,134</u>

BANCO COMERCIAL PORTUGUÊS, S.A.
Notes to the Individual Financial Statements
31 December, 2014

The changes occurred in Property and equipment balance, during 2014, 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
<i>Cost:</i>						
Land and buildings	598,330	1,080	(22,863)	(9,414)	59	567,192
Equipment:						
Furniture	69,269	960	(1,316)	44	11	68,968
Machinery	15,448	54	(53)	13	5	15,467
Computer equipment	156,899	3,778	(1,111)	-	9	159,575
Interior installations	95,931	367	(727)	461	1	96,033
Motor vehicles	2,839	2,005	(127)	-	9	4,726
Security equipment	66,948	225	(845)	36	3	66,367
Other equipments	3,124	-	(64)	-	-	3,060
Work in progress	874	4,349	(80)	(2,007)	-	3,136
Other tangible assets	35	-	-	-	(2)	33
	1,009,697	12,818	(27,186)	(10,867)	95	984,557
<i>Accumulated depreciation:</i>						
Land and buildings	383,856	12,307	(17,409)	(2,409)	5	376,350
Equipment:						
Furniture	66,780	877	(1,284)	-	2	66,375
Machinery	14,952	134	(53)	-	1	15,034
Computer equipment	152,793	3,081	(1,104)	-	5	154,775
Interior installations	92,003	743	(658)	-	-	92,088
Motor vehicles	1,704	721	(55)	-	8	2,378
Security equipment	61,379	1,087	(839)	-	-	61,627
Other equipments	3,062	22	(60)	-	-	3,024
Other tangible assets	34	-	-	-	(1)	33
	776,563	18,972	(21,462)	(2,409)	20	771,684

28. Intangible assets

This balance is analysed as follows:

	2014 Euros '000	2013 Euros '000
Software	23,412	24,662
Other intangible assets	180	170
	23,592	24,832
<i>Accumulated depreciation</i>		
Charge for the year	(6,059)	(6,391)
Accumulated charge for the previous years	(7,645)	(6,396)
	(13,704)	(12,787)
	9,888	12,045

The changes occurred in Intangible assets balance, during 2014, 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
<i>Cost:</i>						
Software	24,662	3,885	(5,155)	2	18	23,412
Other intangible assets	170	-	-	-	10	180
	24,832	3,885	(5,155)	2	28	23,592
<i>Accumulated depreciation:</i>						
Software	12,767	6,031	(5,149)	-	4	13,653
Other intangible assets	20	28	-	-	3	51
	12,787	6,059	(5,149)	-	7	13,704

BANCO COMERCIAL PORTUGUÊS, S.A.
Notes to the Individual Financial Statements
31 December, 2014

29. Income tax

Deferred income tax assets and liabilities generated by tax losses and by temporary differences are analysed as follows:

	2014			2013		
	Assets Euros '000	Liabilities Euros '000	Net Euros '000	Assets Euros '000	Liabilities Euros '000	Net Euros '000
Other tangible assets	-	3,270	(3,270)	-	3,574	(3,574)
Provision losses	1,651,175	-	1,651,175	1,466,197	-	1,466,197
Employee benefits	683,461	-	683,461	783,376	-	783,376
Financial assets available for sale	-	44,743	(44,743)	-	28,397	(28,397)
Tax losses carried forward	423,557	-	423,557	216,701	-	216,701
Others	150,943	43,209	107,734	100,014	25,959	74,055
Total deferred taxes	2,909,136	91,222	2,817,914	2,566,288	57,930	2,508,358
Offset between deferred tax assets and deferred tax liabilities	(91,222)	(91,222)	-	(57,930)	(57,930)	-
Net deferred taxes	2,817,914	-	2,817,914	2,508,358	-	2,508,358

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.

The deferred tax rate is analysed as follows:

Description	2014 %	2013 %
Income tax (a)	21.0%	23.0%
Municipal surtax rate	1.5%	1.5%
State tax rate	7.0%	7.0%
Total (b)	29.5%	31.5%

(a) - Applicable to deferred taxes related to tax losses;

(b) - Applicable to deferred taxes related to temporary differences.

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 400,808,000 (31 December 2013: Euros 489,121,000) 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 40,506,000 (31 December 2013: Euros 46,135,000) 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	2014 Euros '000	2013 Euros '000
2017	137,206	99,691
2018	110,693	117,010
2019 and following years	175,658	-
	423,557	216,701

In accordance with the accounting policy described in note 1 w) 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 2015-2019.

The estimated financial statements of the Bank prepared under the budget procedure for 2015 and that supports the future taxable income relating to each Group entity, took into account the macroeconomic and competitive environment while consolidate the Banks's strategic priorities.

The Bank's business plan considers particularly the sustained growth of profitability and the reimbursement of all hybrid financial instruments subscribed by the Portuguese State (CoCos), and embodies the objectives set in the third stage of the Strategic Plan related to the profitability of recovery, with the optimization of capital allocation.

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.

BANCO COMERCIAL PORTUGUÊS, S.A.
Notes to the Individual Financial Statements
31 December, 2014

Additionally, it should be noted that the Bank adopted the special regime applicable to deferred tax assets, as mentioned in note 44. The amount of unrecognised deferred taxes is as follows:

	2014 Euros '000	2013 Euros '000
Provisions	-	108,760
Tax losses carried forward	397,385	356,565
	<u>397,385</u>	<u>465,325</u>

The impact of income taxes in Net (loss) / income and other captions of Bank's equity is analysed as follows:

	2014		2013	
	Net (loss) / income Euros '000	Reserves and retained earnings Euros '000	Net (loss) / income Euros '000	Reserves and retained earnings Euros '000
<i>Deferred taxes</i>				
Other tangible assets	304	-	(204)	-
Provisions	184,978	-	539,098	-
Employee benefits	(55,002)	(44,913)	25,183	210,038
Financial assets available for sale	-	(16,346)	-	(7,464)
Allocation of profits	-	-	8,464	-
Tax losses carried forward	112,564	94,292	(122,419)	(24,332)
Others	33,679	-	59,064	-
	<u>276,523</u>	<u>33,033</u>	<u>509,186</u>	<u>178,242</u>
<i>Current taxes</i>				
Actual year	(5,153)	-	(4,068)	-
Previous years corrections	(488)	-	(35,575)	-
	<u>(5,641)</u>	<u>-</u>	<u>(39,643)</u>	<u>-</u>
Income tax	<u>270,882</u>	<u>33,033</u>	<u>469,543</u>	<u>178,242</u>

The reconciliation of the effective tax rate is analysed as follows:

	2014 Euros '000	2013 Euros '000
Net loss before income taxes	(955,306)	(2,428,273)
Current tax rate	<u>31.5%</u>	<u>29.5%</u>
Expected tax	300,921	716,340
Accruals for the purpose of calculating the taxable income (i)	(157,684)	(322,930)
Deductions for the purpose of calculating the taxable income (ii)	195,232	22,997
Fiscal incentives not recognised in profit/loss accounts	748	614
Effect of tax rate differences and deferred tax not recognised previously (iii)	(65,156)	61,588
Previous years corrections	(495)	(7,368)
(Autonomous tax) / Tax credits	<u>(2,684)</u>	<u>(1,698)</u>
	<u>270,882</u>	<u>469,543</u>
Effective rate	28.4%	19.3%

References:

(i) - Refers, essentially, to tax associated with provisions not allowed for tax purposes;

(ii) - 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;

(iii) - Corresponds, essentially, to the recognition of deferred tax assets associated to the impairment of investments intended to be settled, and tax losses which are not estimated that will be used within the reporting date, net of the effect of reducing the income tax rate in deferred taxes and to the difference of deferred tax rate associated to tax losses.

BANCO COMERCIAL PORTUGUÊS, S.A.
Notes to the Individual Financial Statements
31 December, 2014

30. Other assets

This balance is analysed as follows:

	2014	2013
	Euros '000	Euros '000
Debtors	99,243	142,447
Supplementary capital contributions	128,638	144,097
Other financial investments	23,278	10,622
Amounts due for collection	26,037	22,279
Recoverable tax	18,833	17,246
Recoverable government subsidies on interest on mortgage loans	6,412	8,958
Associated companies	189,949	1,345,000
Interest and other amounts receivable	31,302	29,967
Prepayments and deferred costs	32,000	28,704
Amounts receivable on trading activity	33,897	3,280
Amounts due from customers	240,283	144,454
Supplementary capital contributions	512,684	935,126
Sundry assets	120,515	100,148
	1,463,071	2,932,328
Impairment for other assets	(265,845)	(181,066)
	<u>1,197,226</u>	<u>2,751,262</u>

As referred in note 53, the balance Supplementary capital contributions includes the amount of Euros 102,052,000 (31 December 2013: Euros 125,477,000) and the balance Sundry assets includes the amount of Euros 10,805,000 (31 December 2013: Euros 10,805,000), related to the junior securities arising from the sale of loans and advances to costumers to specialized recovery funds which are fully provided.

As at 31 December 2014, the balance Associated companies includes the amount of Euros 182,000,000 (31 December 2013: Euros 830,908,000) related to receivable dividends from subsidiary companies.

The Sundry assets caption included in 31 December, 2013, the amount of Euros 12,463,000 regarding assets associated with post-employment benefits, as described in note 46.

The caption Supplementary capital contributions is analysed as follows:

	2014	2013
	Euros '000	Euros '000
BCP África, S.G.P.S., Lda.	-	407,465
Millennium bcp Imobiliária, S.A.	51,295	51,295
Millennium bcp Participações, S.G.P.S., Sociedade Unipessoal, Lda.	438,761	425,872
Millennium bcp - Prestação de Serviços, A.C.E.	18,000	38,000
Others	4,628	12,494
	<u>512,684</u>	<u>935,126</u>

In December 2013, the Bank provided supplementary capital contributions to BCP África, S.G.P.S., Lda., in the amount of Euros 407,465,000, for the purpose of that society acquire BIM - Banco Internacional de Moçambique, S.A. to Millennium bcp Participações, S.G.P.S., Sociedade Unipessoal, Lda. In April 2014, the Bank provided supplementary capital contributions to BCP África, S.G.P.S., Lda., in the amount of Euros 275,476,000, for the purpose of that society acquire Banco Millennium Angola S.A to Banco Comercial Português, S.A. In October 2014, BCP África, S.G.P.S., Lda. registered a share capital increase, through the incorporation of the total amount of supplementary capital provided by the Bank, in the amount of Euros 682,941,000.

In July 2014, Millennium bcp - Prestação de Serviços, A.C.E. partially reimbursed supplementary capital provided by the Bank, in the amount of Euros 20,000,000.

The changes occurred in impairment for other assets are analysed as follows:

	2014	2013
	Euros '000	Euros '000
Balance on 1 January	181,066	167,525
Transfers	(24,446)	316
Impairment for the year	111,454	14,317
Write back for the year	-	(754)
Amounts charged-off	(2,229)	(338)
Balance on 31 December	<u>265,845</u>	<u>181,066</u>

BANCO COMERCIAL PORTUGUÊS, S.A.
Notes to the Individual Financial Statements
31 December, 2014

31. Deposits from credit institutions

This balance is analysed as follows:

	2014			2013		
	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	-	6,056,724	6,056,724	-	11,190,557	11,190,557
Deposits from credit institutions in Portugal	421,824	197,009	618,833	682,996	282,772	965,768
Deposits from credit institutions abroad	210,990	3,834,540	4,045,530	150,226	4,293,728	4,443,954
	<u>632,814</u>	<u>10,088,273</u>	<u>10,721,087</u>	<u>833,222</u>	<u>15,767,057</u>	<u>16,600,279</u>

This balance is analysed by remaining period, as follows:

	2014 Euros '000	2013 Euros '000
Up to 3 months	8,131,549	3,666,765
3 to 6 months	429,332	733,364
6 to 12 months	106,028	266,882
1 to 5 years	1,608,661	11,681,418
Over 5 years	445,517	251,850
	<u>10,721,087</u>	<u>16,600,279</u>

Following the signed agreements of derivative financial transactions with institutional counterparties and according to the signed agreements, the Bank has, as at 31 December 2014, the amount of Euros 108,190,000 (31 December 2013: 62,480,000) regarding deposits from other credit institutions received as collateral of the mentioned transactions.

32. Deposits from customers

This balance is analysed as follows:

	2014			2013		
	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	9,148,696	922,495	10,071,191	8,930,178	903,335	9,833,513
Term deposits	-	21,542,646	21,542,646	-	22,619,828	22,619,828
Saving accounts	-	1,247,036	1,247,036	-	1,413,386	1,413,386
Deposits at fair value through profit and loss	-	1,918,419	1,918,419	-	675,007	675,007
Other	184,525	92,081	276,606	192,452	117,128	309,580
	<u>9,333,221</u>	<u>25,722,677</u>	<u>35,055,898</u>	<u>9,122,630</u>	<u>25,728,684</u>	<u>34,851,314</u>

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 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 2014, a loss in the amount of Euros 4,642,000 was recognised (31 December 2013: gain of Euros 1,451,000) related to the fair value changes resulting from variations in the credit risk of the Bank, as referred in note 6.

The nominal amount of the caption Deposits from customers - Deposits at fair value through profit and loss amounts to Euros 1,924,445,000 (31 December 2013: Euros 672,377,000).

BANCO COMERCIAL PORTUGUÊS, S.A.
Notes to the Individual Financial Statements
31 December, 2014

This balance is analysed by remaining period, as follows:

	2014	2013
	Euros '000	Euros '000
<i>Deposits from customers repayable on demand</i>	10,071,191	9,833,513
<i>Term deposits and saving accounts from customers:</i>		
Up to 3 months	10,870,042	12,030,913
3 to 6 months	4,707,689	4,638,965
6 to 12 months	5,132,284	3,670,147
1 to 5 years	1,862,342	3,518,670
Over 5 years	217,325	174,519
	<u>22,789,682</u>	<u>24,033,214</u>
<i>Deposits at fair value through profit and loss:</i>		
Up to 3 months	166,473	159,012
3 to 6 months	142,850	210,564
6 to 12 months	624,166	277,317
1 to 5 years	984,930	6,114
Over 5 years	-	22,000
	<u>1,918,419</u>	<u>675,007</u>
<i>Other:</i>		
Up to 3 months	186,606	194,580
6 to 12 months	-	25,000
Over 5 years	90,000	90,000
	<u>276,606</u>	<u>309,580</u>
	<u><u>35,055,898</u></u>	<u><u>34,851,314</u></u>

33. Debt securities issued

This balance is analysed as follows:

	2014	2013
	Euros '000	Euros '000
Debt securities at amortised cost		
Bonds	1,484,626	2,416,029
Covered bonds	1,344,712	2,184,819
MTNs	1,114,275	7,305,664
	<u>3,943,613</u>	<u>11,906,512</u>
Accruals	52,132	142,135
	<u>3,995,745</u>	<u>12,048,647</u>
Debt securities at fair value through profit and loss		
Bonds	36,560	109,414
MTNs	159,960	169,747
	<u>196,520</u>	<u>279,161</u>
Accruals	3,395	3,478
	<u>199,915</u>	<u>282,639</u>
Certificates	392,528	312,025
	<u><u>4,588,188</u></u>	<u><u>12,643,311</u></u>

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 2014, a gain in the amount of Euros 644,000 was recognised (31 December 2013: loss of Euros 6,388,000) related to the fair value changes resulting from variations in the credit risk of the Bank, as referred in note 6.

BANCO COMERCIAL PORTUGUÊS, S.A.
Notes to the Individual Financial Statements
31 December, 2014

The characteristics of the Bonds issued by the Bank, as at 31 December, 2014 are analysed as follows:

Issue	Issue date	Maturity date	Interest rate	Nominal value Euros '000	Book value Euros '000
<i>Debt securities at amortised cost</i>					
BCP Ob Cx E. Gr. S. Dec 05/15	December, 2005	December, 2015	Indexed to DJ EuroStoxx 50 index	365	336
BCP Ob Cx E. I. S. Mar 06/16	March, 2006	March, 2016	Indexed to DJ EuroStoxx 50 index	1,100	1,066
BCP Cov Bonds Jun 07/17	June, 2007	June, 2017	Fixed rate of 4.750%	930,900	963,103
BCP Frn Mar 2017 - Emtm 388	December, 2007	March, 2017	Euribor 3M + 0.180%	100,000	99,979
BCP Cov Bonds Oct 09/16	October, 2009	October, 2016	Fixed rate of 3.750%	371,538	381,609
BCP Fixed Rate Note Inv Top Mais	January, 2010	January, 2015	1st year=2.500%; 2nd year=2.750%; 3rd year=3.250%; 4th year=4.125%; 5th year=5.000%	40,293	40,374
BCP Fixed Rate Note Rd Ext-Emtm 685	April, 2010	April, 2015	1st sem.=2.000%; 2nd sem.=2.125%; 3rd sem.=2.250%; 4th sem.=2.375%; 5th sem.=2.500%; 6th sem.=2.750%; 7th sem.=2.875%; 8th sem.=3.125%; 9th sem.=3.500%; 10th sem.=4.000%	86,188	87,277
BCP Fixed Rate Note Rend Top April	April, 2010	April, 2015	1st sem.=2.250%; 2nd sem.=2.500%; 3rd sem.=2.600%; 4th sem.=2.800%; 5th sem.=3.000%; 6th sem.=3.150%; 7th sem.=3.200%; 8th sem.=3.500%; 9th sem.=3.800%; 10th sem.=4.500%	111,401	112,887
BCP Rend Ext 1 Ser 2010-2015	August, 2010	August, 2015	1st sem.=1.875%; 2nd sem.=2.000%; 3rd sem.=2.125%; 4th sem.=2.250%; 5th sem.=2.375%; 6th sem.=2.500%; 7th sem.=2.750%; 8th sem.=2.875%; 9th sem.=3.000%; 10th sem.=3.500%	33,916	34,631
BCP Rend Ext 2 Ser 2010-15	August, 2010	August, 2015	1st sem.=2.125%; 2nd sem.=2.300%; 3rd sem.=2.425%; 4th sem.=2.550%; 5th sem.=2.800%; 6th sem.=3.050%; 7th sem.=3.300%; 8th sem.=3.550%; 9th sem.=3.800%; 10th sem.=4.300%	59,715	61,179
BCP Rend Ext 1 Ser-Emtm 749	September, 2010	September, 2015	1st sem.=1.875%; 2nd sem.=2.000%; 3rd sem.=2.125%; 4th sem.=2.250%; 5th sem.=2.375%; 6th sem.=2.500%; 7th sem.=2.750%; 8th sem.=2.875%; 9th sem.=3.000%; 10th sem.=3.500%	41,066	42,047
BCP Rend Ext 2 Ser Sep 2010-2015	September, 2010	September, 2015	1st sem.=2.175%; 2nd sem.=2.300%; 3rd sem.=2.425%; 4th sem.=2.550%; 5th sem.=2.800%; 6th sem.=3.050%; 7th sem.=3.300%; 8th sem.=3.550%; 9th sem.=3.800%; 10th sem.=4.300%	71,356	73,340
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	2,641
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%	10,967	11,566
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%	61,124	64,942
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%	32,312	34,360
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%	145	154
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%	595	631

BANCO COMERCIAL PORTUGUÊS, S.A.
Notes to the Individual Financial Statements
31 December, 2014

(continuation)

Issue	Issue date	Maturity date	Interest rate	Nominal value Euros '000	Book value Euros '000
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%	2,862	3,015
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%	5,585	5,882
BCP Iln Permal Macro Hold Class D	June, 2011	June, 2021	Indexed to Permal Macro Holding Lda	719	719
BCP Ob.Mill Rend Super-Vm Sr Nr 12	June, 2011	June, 2016	1st sem.=3.000%; 2nd sem.=3.125%; 3rd sem.=3.250%; 4th sem.=3.375%; 5th sem.=3.500%; 6th sem.=3.625%; 7th sem.=3.750%; 8th sem.=3.875%; 9th sem.=4.125%; 10th sem.=4.625%	680	716
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	137
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%	326	343
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%	1,050	1,105
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%	2,687	2,827
BCP Fix Jul 2016-Val Mob Sr 38	August, 2011	July, 2016	Fixed rate of 6.180%	1,750	1,750
BCP Float Nov 2015-Val Mob Sr 36	August, 2011	November, 2015	Until 28 Nov 2011: Fixed rate 2.587% year; after 28 Nov 2011: Euribor 6M + 0.875%	1,600	1,562
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	1,292
BCP Float Feb 2015-Val Mob Sr 35	August, 2011	February, 2015	Euribor 6M + 0.875%	1,750	1,743
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	2,527
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	2,331
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	865
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	2,506
BCP Float Jun 2017-Vm Sr.47	November, 2011	June, 2017	Fixed rate of 1.771% (1st interest) and Euribor 6 M (2nd and following)	4,575	3,770
BCP Float Jan 2018-Vm Sr.46	November, 2011	January, 2018	Fixed rate of 1.831% (1st interest) and Euribor 6 M (2nd and following)	8,750	6,871
BCP Float Sep 2015-Vm Sr 45	November, 2011	September, 2015	Fixed rate of 1.732% (1st interest) and Euribor 6 M (2nd and following)	2,550	2,395
BCP Float Nov 2015-Vm Sr.48	November, 2011	November, 2015	Fixed rate of 1.712% (1st interest) and Euribor 6 M (2nd and following)	2,075	1,923
BCP Fix Oct 2019-Vm Sr.44	November, 2011	October, 2019	Fixed rate of 6.875%	5,400	5,053
Bcp Rend Special One Sr 1-Vm Sr.50	December, 2011	December, 2015	1st year=3.500%; 2nd year=4.750%; 3rd year=6.000%. 4th year=6.750%	2,210	2,294
Bcp Rend Special One Sr 2-Vm Sr.51	December, 2011	December, 2015	1st year=3.750%; 2nd year=5.000%; 3rd year=6.250%. 4th year=7.000%	2,526	2,621
Bcp Rend Special One Sr 3-Vm Sr.52	December, 2011	December, 2015	1st year=4.000%; 2nd year=5.250%; 3rd year=6.500%. 4th year=7.250%	2,154	2,234

BANCO COMERCIAL PORTUGUÊS, S.A.
Notes to the Individual Financial Statements
31 December, 2014

(continuation)

Issue	Issue date	Maturity date	Interest rate	Nominal value Euros '000	Book value Euros '000
Bcp Float Apr 2017-Vm Sr.95-Ref.28	December, 2011	April, 2017	Until 1 Apr 2012: Fixed rate 2.050% year; after 1 Apr 2012: Euribor 3M + 0.500%	90,000	76,913
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	125,950
Bcp Float Jan 2019-Vm 105-Ref.38	December, 2011	January, 2019	Until 5 Apr 2012: Fixed rate 2.367% year; after 5 Apr 2012: Euribor 3M + 0.810%	50,000	40,711
Bcp Float Jul 2016-Vm Sr.87-Ref.20	December, 2011	July, 2016	Until 8 Apr 2012: Fixed rate 2.056% year; after 8 Apr 2012: Euribor 3M + 0.500%	40,000	36,008
Bcp Float Apr 2016-Vm Sr.83-Ref.16	December, 2011	April, 2016	Until 14 Apr 2012: Fixed rate 2.071% year; after 14 Apr 2012: Euribor 3M + 0.500%	35,000	32,044
Bcp Float Oct 2016-Vm 91 Ref.24	December, 2011	October, 2016	Until 15 Apr 2012: Fixed rate 2.072% year; after 15 Apr 2012: Euribor 3M + 0.500%	18,000	15,891
Bcp Float 2 Jul 2016-Vm Sr.88 Ref.21	December, 2011	July, 2016	Until 30 Apr 2012: Fixed rate 2.090% year; after 30 Apr 2012: Euribor 3M + 0.500%	45,000	40,243
Bcp Float Jul 2017-Vm Sr.97-Ref.30	December, 2011	July, 2017	Until 28 Apr 2012: Fixed rate 2.738% year; after 28 Apr 2012: Euribor 3M + 1.150%	28,750	23,940
Bcp Float Oct 2017-Vm Sr.100 Ref.33	December, 2011	October, 2017	Until 28 Apr 2012: Fixed rate 2.088% year; after 28 Apr 2012: Euribor 3M + 0.500%	49,250	40,132
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	4,150
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	35,618
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	37,563
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	30,105
Bcp Float Feb 2019-Vm 106 Ref.39	December, 2011	February, 2019	Until 16 May 2012: Fixed rate 2.459% year; after 16 May 2012: Euribor 3M + 1.000%	10,850	8,768
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	45,176
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	19,073
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	80,125
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	32,752
Bcp Float Nov 2016-Vm Sr.92-Ref.25	December, 2011	November, 2016	Until 26 May 2012: Fixed rate 1.974% year; after 26 May 2012: Euribor 3M + 0.500%	8,000	6,990
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	12,101
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	42,622
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	12,060
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	112,088
Bcp Float Sep 2015-Vm Sr.62	December, 2011	September, 2015	Until 28 Sep 2012: Fixed rate 2.607% year; after 28 Sep 2012: Euribor 6M + 0.875%	8,900	8,579
Bcp Float Dec 2016-Vm Sr.93-Ref.26	December, 2011	December, 2016	Euribor 3M + 0.500%	19,500	17,037
Bcp Float Dec 2017-Vm Sr.101 Ref.34	December, 2011	December, 2017	Euribor 3M + 0.500%	65,900	53,366
Bcp Float Mar 2018-Vm Sr.103 Ref.36	December, 2011	March, 2018	Euribor 3M + 0.500%	49,300	39,042
Bcp Float Nov 2015-Vm Sr.64	December, 2011	November, 2015	Until 28 Nov 2012: Fixed rate 2.577% year; after 28 Nov 2012: Euribor 6M + 0.875%	8,500	7,957
Bcp Float Jun 2017-Vm Sr.63	December, 2011	June, 2017	Until 27 Dec 2012: Fixed rate 2.537% year; after 27 Dec 2012: Euribor 6M + 0.875%	6,000	5,214
Bcp Fixa Oct 2019-Vm Sr.61	December, 2011	October, 2019	Fixed rate of 6.875%	9,500	8,843
Bcp Floater Sep 15-Vm Sr 111	January, 2012	September, 2015	Until 28 Sep 2012: fixed rate 2.607% year; after 28 Sep 2012: Euribor 6M + 0.875%	5,000	4,822
Bcp Floater Nov 15-Vm Sr 112	January, 2012	November, 2015	Until 28 Nov 2012: fixed rate 2.577% year; after 28 Nov 2012: Euribor 6M + 0.875%	2,900	2,721
Bcp Floater Jun 17-Vm Sr 113	January, 2012	June, 2017	Until 27 Dec 2012: fixed rate 2.537% year; after 27 Dec 2012: Euribor 6M + 0.875%	6,000	5,273
Bcp Fixa Oct 19-Vm Sr 110	January, 2012	October, 2019	Fixed rate of 6.875%	4,000	3,699
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	7,445
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	1,579

BANCO COMERCIAL PORTUGUÊS, S.A.
Notes to the Individual Financial Statements
31 December, 2014

(continuation)					
Issue	Issue date	Maturity date	Interest rate	Nominal value Euros '000	Book value Euros '000
Bcp Floater Jun 16-Vm Sr 116	February, 2012	June, 2016	Until 28 Jan 2013: fixed rate 2.389% year; after 28 Jan 2013: Euribor 6M + 0.950%	8,586	7,916
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	3,240
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	23,533
Rend Tx Cres Ii -Vm Sr. 117	February, 2012	February, 2015	1st sem.=7.000%; 2nd sem.=7.000%; 3rd sem.=7.000%; 4th sem.=7.000%; 5th sem.=7.500%; 6th sem.=7.500%; 7th sem.=7.500% ; 8th sem.=7.500%; 9th sem.=8.000%; 10th sem.=8.000%; 11th sem.=8.000%; 12th sem.=8.000%	1,620	1,624
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	16,034
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	4,526
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	1,370
Bcp Rend Tx Cresc Iii 12 Usd-Vm Sr171	March, 2012	March, 2015	1st quarter=3.750%; 2nd quarter=3.750%; 3rd quarter=3.750%; 4th quarter=3.750%; 5th quarter=4.000%; 6th quarter=4.000%; 7th quarter=4.000%; 8th quarter=4.000%; 9th quarter=4.250%; 10th quarter=4.250%; 11th quarter=4.250%; 12th quarter=4.250%	824	825
Rend Taxa Cres Iv -Vm Sr 172	April, 2012	April, 2015	1st quarter=6.000%; 2nd quarter=6.000%; 3rd quarter=6.000%; 4th quarter=6.000%; 5th quarter=6.500%; 6th quarter=6.500%; 7th quarter=6.500%; 8th quarter=6.500%; 9th quarter=7.000%; 10th quarter=7.000%; 11th quarter=7.000%; 12th quarter=7.000%	1,559	1,567
Bcp Floater Feb 15-Vm Sr. 174	April, 2012	February, 2015	Until 8 Feb 2013: fixed rate 2.266% year; after 8 Feb 2013: Euribor 6M + 0.875%	8,300	8,239
Bcp Floater Sep 15-Vm Sr. 175	April, 2012	September, 2015	Until 28 Mar 2013: fixed rate 1.978% year; after 28 Mar 2013: Euribor 6M + 0.875%	8,200	7,882
Bcp Floater Jun 17-Vm Sr. 176	April, 2012	June, 2017	Until 27 Dec 2012: fixed rate 2.537% year; after 27 Dec 2012: Euribor 6M + 0.875%	8,800	7,792
Bcp Fixa Oct 19-Vm Sr. 177	April, 2012	October, 2019	Fixed rate of 6.875%	2,000	1,803
Bcp Floater Feb 15-Vm Sr 189	April, 2012	February, 2015	Until 8 Feb 2013: fixed rate 2.266% year; after 8 Feb 2013: Euribor 6M + 0.875%	18,000	17,855
Bcp Floater Sep 15-Vm Sr 190	April, 2012	September, 2015	Until 28 Mar 2013: fixed rate 1.978% year; after 28 Mar 2013: Euribor 6M + 0.875%	15,900	15,264
Bcp Floater Jun 17-Vm Sr 191	April, 2012	June, 2017	Until 27 Dec 2012: fixed rate 2.537% year; after 27 Dec 2012: Euribor 6M + 0.875%	19,500	17,155
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	2,592
Bcp Fixa Oct 19-Vm Sr 193	April, 2012	October, 2019	Fixed rate of 6.875%	4,900	4,419
Bcp FRN 5.625 Per Cent Apr15-Emtm 842	June, 2012	April, 2015	Fixed rate of 5.625%	61,150	60,929
Bcp FRNs 5.625 Per Cent Feb 16-Emtm 843	June, 2012	February, 2016	Fixed rate of 5.625%	10,450	10,172
Bcp 4.75 Por Cento Sep -Vm Sr 279	September, 2012	September, 2020	Fixed rate of 4.750%	27,100	27,633
Cln Grupo Pestana Sgps -Vm Sr. 295	December, 2012	December, 2015	Variable rate Euribor 6M + 0.950% underlying asset PEST - 2015/12	10,000	9,405
Mill Rend.Trim Dec 20-Vm Sr. 290	December, 2012	December, 2020	Fixed rate of 4.500%	48,459	48,459
Cln Gr.Pestana Sgps 2ª Em-Vm Sr. 296	December, 2012	December, 2015	Variable rate Euribor 6M + 0.875% underlying asset PEST - 2015/12	10,000	9,357
Bcp 3.375 14/27.02.2017 Emtm 852	February, 2014	February, 2017	Fixed rate of 3.375%	485,498	488,819
<i>Accruals</i>					3,943,613
					52,132
					<u>3,995,745</u>
<i>Debt securities at fair value through profit and loss</i>					
BCP Cln Portugal - Emtm 726	June, 2010	June, 2018	Fixed rate of 4.720% underlying asset OT - 2018/06	59,100	61,807
BCP Eur Cln Port 2Emis Jun 10/18	November, 2010	June, 2018	Fixed rate of 4.450% underlying asset OT - 2018/06	11,550	12,186
BCP Eur Cln Portugal 10/15.06.20	November, 2010	June, 2020	Fixed rate of 4.800% underlying asset OT - 2020/06	30,000	32,987
BCP Iln Seleç Merc Emerg 10 Feb 16	February, 2011	February, 2016	Indexed to MSCI Emerging Market Fund	1,005	986
BCP Iln Indic Internac Cup Fixo Iii	March, 2011	March, 2015	Fixed rate of 10.000% + portfolio of 3 indexes	1,365	1,453
BCP Iln Estr Global Viii/11 Eur	August, 2011	August, 2016	Fixed rate of 1.600% per year	2,260	2,640
Bcp Eur Cln Portugal 3Rd-Emtm 840	May, 2012	June, 2018	Fixed rate of 4.450% underlying asset OT - 2018/06	32,700	39,208

BANCO COMERCIAL PORTUGUÊS, S.A.
Notes to the Individual Financial Statements
31 December, 2014

(continuation)

Issue	Issue date	Maturity date	Interest rate	Nominal value Euros '000	Book value Euros '000
Bcp Rend Reem. Par. II/13Eur-Vm 304	February, 2013	February, 2015	Until 13 Aug 2013: fixed rate 1.250%; after 13 Aug 2013: fixed rate 3.333%	1,825	1,954
Inv. Reemb. Parc. III-Emtn 846	March, 2013	March, 2015	1st sem.=1.125%; 2nd sem.=3.000%; after indexed to DJ EuroStoxx 50 index and S&P 500	1,935	1,964
Inv. Blue Chips Z.Euro V 13 -Emtn 848	May, 2013	May, 2015	Indexed to DJ EuroStoxx 50 index	1,310	1,529
Inv. Selec. Mund. Usd V 13-Emtn 849	May, 2013	May, 2015	Indexed to Stoxx Global Select Dividend 100	1,021	1,050
Part. Multisetorial Europ.-Emtn 850	June, 2013	June, 2018	Indexed to DB SALSA Sectors EUR	4,150	4,150
Part. Blue Chips Z.Euro Epvm Sr.2	December, 2013	June, 2015	Indexed to DJ EuroStoxx 50 index	1,780	1,777
Invest Acoes Europeias Epvm Sr 3	December, 2013	December, 2015	Indexed to DJ EuroStoxx 50 index	2,570	2,547
Inv.Zona Euro I 22012017 Epvm Sr 4	January, 2014	January, 2017	Indexed to DJ EuroStoxx 50 index	1,150	1,219
Ret Indices Eur Autocallable - Epvm 5	February, 2014	February, 2016	Indexed to a portfolio of 2 indexes	3,590	3,569
Part Acoes Zona Euro Iii - Epvm Sr 6	March, 2014	March, 2016	Indexed to DJ EuroStoxx 50 index	1,700	1,752
Ret Acoes Euro Amer Autoc Epvm Sr 9	May, 2014	May, 2016	Indexed to a portfolio of 2 indexes	2,690	2,651
Invest Blue Chips Z Euro Autoc Epvm 10	May, 2014	May, 2017	Indexed to DJ EuroStoxx 50 index	1,300	1,352
Inv Merc. Acion Zona Euro - Epvm Sr 11	June, 2014	June, 2016	Indexed to a portfolio of 2 indexes	3,960	3,957
Ret Banca Zona Euro Autoc Epvm Sr 13	July, 2014	July, 2015	Indexed to EuroStoxx Banks Index	2,870	2,681
Rend Acoes Z Euro Autoc Epvm Sr 12	July, 2014	July, 2017	Indexed to DJ EuroStoxx 50 index	2,420	2,377
Inv Acoes Zona Euro Aut Epvm Sr 14	August, 2014	August, 2017	Indexed to DJ EuroStoxx 50 index	1,040	1,019
Cab Blue Chips Z Euro Aut Epvm Sr 15	November, 2014	November, 2016	Indexed to DJ EuroStoxx 50 index	5,730	5,763
Inv Commodities Autc Epvm Sr 16	November, 2014	November, 2017	Indexed to S&P GSCI ER index	1,340	1,298
Inv Indust Eur Autoc Xii 14 Epvm Sr 17	December, 2014	December, 2017	Indexed to EuroStoxx Industrial	1,560	1,553
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%;	1,100	1,091
					196,520
<i>Accruals</i>					3,395
					199,915

This balance, as at 31 December 2014, is analysed by the remaining period, as follows:

	2014					Total Euros '000
	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	
<i>Debt securities at amortised cost</i>						
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
<i>Debt securities at fair value through profit and loss</i>						
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
<i>Certificates</i>	-	-	-	-	392,528	392,528
	76,031	267,016	295,777	3,391,511	502,326	4,532,661

BANCO COMERCIAL PORTUGUÊS, S.A.
Notes to the Individual Financial Statements
31 December, 2014

This balance, as at 31 December 2013, is analysed by the remaining period, as follows:

	2013					
	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
<i>Debt securities at amortised cost</i>						
Bonds	679,120	193,562	135,915	1,262,989	144,443	2,416,029
Covered bonds	-	-	896,067	1,288,752	-	2,184,819
MTNs	167,128	1,584,988	3,398,378	2,155,170	-	7,305,664
	846,248	1,778,550	4,430,360	4,706,911	144,443	11,906,512
<i>Debt securities at fair value through profit and loss</i>						
Bonds	-	3,154	91,442	14,818	-	109,414
MTNs	2,339	-	9,996	128,277	29,135	169,747
	2,339	3,154	101,438	143,095	29,135	279,161
<i>Certificates</i>	-	-	-	-	312,025	312,025
	848,587	1,781,704	4,531,798	4,850,006	485,603	12,497,698

34. Financial liabilities held for trading

The balance is analysed as follows:

	2014 Euros '000	2013 Euros '000
Swaps	720,342	636,452
Options	83,336	87,931
Embedded derivatives	54	781
Forwards	2,748	322
	806,480	725,486
Level 1	81,568	82,843
Level 2	716,410	640,159
Level 3	8,502	2,484

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 (31 December 2013: Euros 781,000). This note should be analysed together with note 22.

35. Provisions

This balance is analysed as follows:

	2014 Euros '000	2013 Euros '000
General provision for loan losses	463,141	330,533
Provision for country risk	2,290	537
Other provisions for liabilities and charges	79,325	40,337
	544,756	371,407

BANCO COMERCIAL PORTUGUÊS, S.A.
Notes to the Individual Financial Statements
31 December, 2014

Changes in General provision for loan losses are analysed as follows:

	2014	2013
	Euros '000	Euros '000
<i>General provision for loans</i>		
Balance on 1 January	282,794	311,303
Transfers	(27,187)	(8,253)
Write-back for the year	(3,272)	(19,773)
Exchange rate differences	1,274	(483)
	<u>253,609</u>	<u>282,794</u>
<i>General provision for signature credits</i>		
Balance on 1 January	47,739	56,428
Charge for the year	161,779	-
Write-back for the year	-	(8,684)
Exchange rate differences	14	(5)
	<u>209,532</u>	<u>47,739</u>
	<u><u>463,141</u></u>	<u><u>330,533</u></u>

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).

Changes in Provision for country risk are analysed as follows:

	2014	2013
	Euros '000	Euros '000
Balance on 1 January	537	1,491
Charge for the year	1,753	-
Write-back for the year	-	(954)
	<u>2,290</u>	<u>537</u>

Changes in Other provisions for liabilities and charges are analysed as follows:

	2014	2013
	Euros '000	Euros '000
Balance on 1 January	40,337	46,301
Transfers	(1,134)	-
Charge for the year	42,935	21,775
Write-back for the year	(17)	-
Loans charged-off	(2,796)	(27,739)
	<u>79,325</u>	<u>40,337</u>

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.

BANCO COMERCIAL PORTUGUÊS, S.A.
Notes to the Individual Financial Statements
31 December, 2014

36. Subordinated debt

This balance is analysed as follows:

	2014 Euros '000	2013 Euros '000
Bonds		
Non Perpetual Bonds	1,030,732	1,342,546
Perpetual Bonds	196,503	1,513,502
CoCos	762,767	3,024,642
	<u>1,990,002</u>	<u>5,880,690</u>
Accruals	29,362	104,073
	<u>2,019,364</u>	<u>5,984,763</u>

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 and as referred in note 44.

The referred instruments were issued under the scope of the recapitalisation program of the bank, using the Euros 12,000,000,000 line made available by the Portuguese State, under the scope of the IMF intervention program, in accordance with the Law no. 150-A/2012. These instruments are eligible for prudential effects as Core Tier I. However, under the IAS 32 - Financial Instruments: Presentation for accounting purposes, these instruments are classified as liability according to its characteristics, namely: (i) mandatory obligation to pay capital and interests; and (ii) in case of settlement through the delivery of equity securities, the number of securities to delivery is depending on the market value at the date of conversion, in order to have the value of the bond settled.

Thus, the classification as liability results from the fact that the investor, as holder of the instrument issued, is not exposed to the company equity instruments risk, and will always receive the equivalent amount of the value invested, in cash or in ordinary shares of the Bank.

The operation has an increasing interest rate beginning in 8.5% and ending at the maturity at 10% in 2017.

As at 31 December 2014, 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
<i>Non Perpetual Bonds</i>					
Emp. sub. BCP Finance Bank	December, 2006	December, 2016	See reference (i)	71,259	71,259
Mbcp Ob Cx Sub 1 Serie 2008-2018	September, 2008	September, 2018	See reference (ii)	272,171	272,171
Mbcp Ob Cx Sub 2 Serie 2008-2018	October, 2008	October, 2018	See reference (ii)	76,581	76,581
Bcp Ob Sub Jun 2020 - Emtn 727	June, 2010	June, 2020	See reference (iii)	88,681	89,592
Bcp Ob Sub Aug 2020 - Emtn 739	August, 2010	August, 2020	See reference (iv)	53,429	54,564
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	8,212
Bcp Subord Sep 2019 - Emtn 826	October, 2011	September, 2019	Fixed rate of 9.310%	50,000	50,858
Bcp Subord Nov 2019 - Emtn 830	November, 2011	November, 2019	Fixed rate of 8.519%	40,000	39,228
Bcp Subord Dec 2019 - Emtn 833	December, 2011	December, 2019	Fixed rate of 7.150%	26,600	25,013
Mill Bcp Subord Jan 2020 - Emtn 834	January, 2012	January, 2020	Fixed rate of 7.010%	14,000	12,599
Mbcp Subord Feb 2020 - Vm Sr. 173	April, 2012	February, 2020	Fixed rate of 9.000%	23,000	21,699
Bcp Subord Apr 2020 - Vm Sr 187	April, 2012	April, 2020	Fixed rate of 9.150%	51,000	48,376
Bcp Subord 2 Serie Apr 2020 - Vm 194	April, 2012	April, 2020	Fixed rate of 9.000%	25,000	23,583
Bcp Subordinadas Jul 20-Emtn 844	July, 2012	July, 2020	Fixed rate of 9.000%	26,250	23,897
					<u>1,030,732</u>

BANCO COMERCIAL PORTUGUÊS, S.A.
Notes to the Individual Financial Statements
31 December, 2014

(continuation)

Issue	Issue date	Maturity date	Interest rate	Nominal value Euros '000	Book value Euros '000
<i>Perpetual Bonds</i>					
TOPS BPSM 1997	December, 1997	-	Euribor 6M + 0.900%	22,791	22,791
BCP Leasing 2001	December, 2001	-	See reference (v)	5,313	5,313
BCP - Euro 200 millions	June, 2002	-	See reference (vi)	90	90
BCP - Euro 500 millions	June, 2004	-	See reference (vii)	99,063	97,369
Subord.debt BCP Finance Company	October, 2005	-	See reference (viii)	72,112	70,940
					<u>196,503</u>
<i>CoCos</i>					
Bcp Coco Bonds 12/29.06.2017	June, 2012	June, 2017	See reference (ix)	750,000	<u>762,767</u>
<i>Accruals</i>					
					<u>29,362</u>
					<u>2,019,364</u>

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 Euribor 3M + 1.750%; After 40th coupon Euribor 3M + 2.250%;
- (vi) - Until 40th coupon 6.131%; After 40th coupon Euribor 3M + 2.400%;
- (vii) - Until June 2014 fixed rate of 5.543%; After June 2014 Euribor 6M + 2.070%;
- (viii) - Until October 2015 fixed rate of 4.239%; After October 2015 Euribor 3M + 1.950%;
- (ix) - 1st year: 8.500%; 2nd year 8.750%; 3rd year 9.000%; 4th year 9.500%; 5th year 10.000%.

The analysis of the subordinated debt by remaining period, is as follows:

	2014 Euros '000	2013 Euros '000
1 to 5 years	1,306,090	3,773,337
Over 5 years	487,409	593,851
Undetermined	<u>196,503</u>	<u>1,513,502</u>
	1,990,002	5,880,690
Accruals	<u>29,362</u>	<u>104,073</u>
	<u>2,019,364</u>	<u>5,984,763</u>

37. Other liabilities

This balance is analysed as follows:

	2014 Euros '000	2013 Euros '000
Creditors:		
Suppliers	25,371	26,491
From factoring operations	6,132	9,052
Other creditors	216,477	317,763
Public sector	45,712	53,901
Other amounts payable	14,101	27,529
Deferred income	5,514	1,970
Holiday pay and subsidies	44,375	50,902
Amounts payable on trading activity	5,994	6,846
Other liabilities	<u>399,295</u>	<u>3,291,024</u>
	<u>762,971</u>	<u>3,785,478</u>

BANCO COMERCIAL PORTUGUÊS, S.A.
Notes to the Individual Financial Statements
31 December, 2014

The balance Creditors - Other creditors includes the amount of Euros 46,904,000 (31 December 2013: Euros 48,189,000) related with the seniority premium, as described in note 46.

Additionally, this balance includes the amount of Euros 35,164,000 (31 December 2013: Euros 98,838,000) regarding the restructuring provision, related to the resizing program agreed with the European Commission and the amount of Euros 23,656,000 (31 December 2013: Euros 16,564,000) relative to the actual value of benefits attributed associated with housing loans to employees, retirees and former employees.

The balance Creditors - Other creditors also includes the amount of Euros 3,153,000 (31 December 2013: Euros 4,176,000), 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, the above mentioned obligations are not covered by the Pension Fund and therefore, correspond to amounts payable by the Bank.

The caption Other liabilities includes in 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 capital instruments

The Bank's share capital amounts to Euros 3,706,690,253.08 and is represented by 54,194,709,415 ordinary, book-entry and nominate shares, without nominal value, which is fully paid.

On 24 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 accordance with the Shareholders General Meeting in 30 May of 2014, the bank 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 g), 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 the majority of the preference shares were exchanged for new debt instruments. As at 31 December 2014, the balance preference shares amounts to Euros 171,175,000.

The other capital 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 offering of perpetual subordinated securities for ordinary shares, performed in 2011. As at 31 December 2014, the balance amounts to Euros 9,853,000.

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.

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. In accordance with the proposal approved in the General Shareholders Meeting held on 30 May 2014, the Bank maintained its legal reserve in the amount of Euros 193,270,000.

BANCO COMERCIAL PORTUGUÊS, S.A.
Notes to the Individual Financial Statements
31 December, 2014

40. Fair value reserves, other reserves and retained earnings

This balance is analysed as follows:

	2014	2013
	Euros '000	Euros '000
Fair value reserves		
Financial assets available for sale		
Potential gains and losses recognised		
in fair value reserves	160,078	98,567
Loans represented by securities (*)	(20)	(25)
Financial assets held to maturity (*)	(1,207)	5,503
Cash-flow hedge	2,852	-
	<u>161,703</u>	<u>104,045</u>
Tax		
Financial assets available for sale		
Potential gains and losses recognised		
in fair value reserves	(48,002)	(30,637)
Loans represented by securities	6	8
Financial assets held to maturity	380	(1,733)
Cash-flow hedge	(841)	-
	<u>(48,457)</u>	<u>(32,362)</u>
Fair value reserve net of taxes	<u>113,246</u>	<u>71,683</u>
Actuarial losses (net of taxes)	(2,299,532)	(1,861,807)
Amortization of the transition adjustment		
to pensions (Regulation no.12/01)	(451,088)	(437,713)
Legal reserve	193,270	193,270
Statutory reserve	30,000	30,000
Other reserves and retained earnings	2,259,612	2,228,939
Reserves and retained earnings	<u>(267,738)</u>	<u>152,689</u>

(*) 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 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	Fair value	Impairment in	Balance on
	1 January	adjustment	profit and loss	31 December
	Euros '000	Euros '000	Euros '000	Euros '000
Portuguese public debt securities	81,386	179,685	-	20,817
BII 2014 mortgage bonds	138	(138)	-	-
Others	22,521	97,369	134,986	138,034
	<u>104,045</u>	<u>276,916</u>	<u>134,986</u>	<u>158,851</u>

The changes occurred, during 2013, in Fair value reserves for loans represented by securities, financial assets available for sale and financial assets held to maturity, are analysed as follows:

	2013			
	Balance on	Fair value	Impairment in	Balance on
	1 January	adjustment	profit and loss	31 December
	Euros '000	Euros '000	Euros '000	Euros '000
Portuguese public debt securities	129,328	18,647	-	81,386
BII 2014 mortgage bonds	(29,802)	29,940	-	138
Others	(10,687)	(73,883)	96,624	22,521
	<u>88,839</u>	<u>(25,296)</u>	<u>96,624</u>	<u>104,045</u>

BANCO COMERCIAL PORTUGUÊS, S.A.
Notes to the Individual Financial Statements
31 December, 2014

41. Treasury stock

This balance is analysed as follows:

	2014			2013		
	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			1,209		
	<u>1,239</u>			<u>1,209</u>		

42. Guarantees and other commitments

This balance is analysed as follows:

	2014 Euros '000	2013 Euros '000
Guarantees granted	4,625,561	5,162,616
Guarantees received	24,745,316	23,761,889
Commitments to third parties	6,094,120	7,582,557
Commitments from third parties	10,442,717	13,857,424
Securities and other items held for safekeeping on behalf of customers	113,733,613	108,003,480
Securities and other items held under custody by the Securities Depository Authority	119,922,441	123,299,222
Other off balance sheet accounts	126,003,321	138,344,944

The amounts of Guarantees granted and Commitments to third parties are analysed as follows:

	2014 Euros '000	2013 Euros '000
<i>Guarantees granted:</i>		
Guarantees	3,236,055	3,628,464
Stand-by letters of credit	67,600	62,105
Open documentary credits	245,087	163,431
Bails and indemnities	505,906	571,779
Other liabilities	570,913	736,837
	<u>4,625,561</u>	<u>5,162,616</u>
<i>Commitments to third parties:</i>		
Irrevocable commitments		
Term deposits contracts	36,417	45,027
Irrevocable credit lines	946,394	1,052,962
Other irrevocable commitments	122,496	120,417
Revocable commitments		
Revocable credit lines	3,977,308	4,917,633
Bank overdraft facilities	1,011,505	1,446,518
	<u>6,094,120</u>	<u>7,582,557</u>

The Guarantees granted may be related with loan transactions, where the Bank grants a guarantee in connection with a loan granted to a client by a third entity. According 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.

Considering their nature, as described above, no material losses are anticipated as a result of these transactions.

BANCO COMERCIAL PORTUGUÊS, S.A.
Notes to the Individual Financial Statements
31 December, 2014

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:

	2014 Euros '000	2013 Euros '000
Wealth management	1,534,264	1,007,359
Assets under deposit	110,474,251	105,153,967
	<u>112,008,515</u>	<u>106,161,326</u>

44. Relevant events occurred during 2014

Accession to the special regime applicable to deferred tax assets

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 thereto 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.

Sale of Millennium bcp Gestão de Activos

Banco Comercial Português, S.A., ("Bank") hereby informs that it signed an agreement on 7 October 2014 with the CIMD Group, headquartered in Madrid, for the sale of the entire share capital of Millennium bcp Gestão de Activos - Sociedade Gestora de Fundos de Investimento, S.A., ("MGA").

The agreed price for the sale of the share capital of MGA is Euros 15,750,000. The operation is still subject to approval by the Supervision entities.

The Bank will continue to distribute the investment funds managed by MGA, of which is the custodian of these funds.

The reimbursement to the Portuguese State of Euros 1,850,000,000 in CoCos

Banco Comercial Português, S.A. ("Bank") repaid, in August 2014, Euros 1,850,000,000 of common equity tier I capital instruments (CoCos) issued by the Portuguese State, 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.

Increase of the Bank's Share Capital from Euros 1,465,000,000 to Euros 3,706,690,253.08

On 24 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, with the issue value and unit subscription price of 0.065 Euros, which were offered to the Bank's shareholders for subscription through the exercise of their pre-emptive subscription rights.

As such, the current Bank's share capital is Euros 3,706,690,253.08 represented by 54,194,709,415 ordinary, book-entry and nominate shares, without nominal value.

BANCO COMERCIAL PORTUGUÊS, S.A.
Notes to the Individual Financial Statements
31 December, 2014

Annual General Meeting on 30 May, 2014

On 30 May, 2014, the Annual General Meeting of the Bank was held with 45.48% of the share capital represented. In this meeting the following resolutions were taken: (i) Approval of the separate and consolidated annual report, balance sheet and financial statements of 2013; (ii) Approval of the proposal to transfer the losses recorded in the 2013 separate balance sheet to Retained Earnings; (iii) Approval of a vote of support and praise addressed to the Board of Directors, including its Executive Committee and Audit Committee and to each one of their members, as well to the Statutory Auditor; (iv) Approval of the proposal for reducing the number of members of the Remuneration and Welfare Board in the 2014/2016 term-of-office to 4; (v) Approval of the proposal for reducing the number of members of the Board of Directors from 22 to 20; (vi) Approval of the current members of the Board of the General Meeting of Shareholders for the exercise of functions during the term of office 2014/2016; (vii) Approval of the election as Effective and Alternate Statutory Auditor of the Bank to exercise functions during the term of the office 2014/2016; (viii) Approval of the election as External Auditor of the Bank to exercise functions during term of the office 2014/2016; (ix) Approval of the remuneration policy for the members of the Board of Directors; (x) Approval of the reformulation the items of own capital by reducing the share capital; (xi) Approval of the acquisition and sale of own shares and bonds.

Decrease of the share capital

Pursuant to the resolutions adopted at the Annual General Meeting of the Bank held on 30 May, 2014, the Bank registered the new share capital of Euros 1,465,000,000, represented by 19,707,167,060 nominative, book-entry shares without nominal value.

Reimbursement to the Portuguese State of Euros 400,000,000 of CoCos

On May 2014, Banco Comercial Português, S.A. repaid Euros 400,000,000 of core tier I capital instruments (CoCos) issued by the Portuguese State, 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.

Banco Comercial Português informs on a new synthetic securitization transaction

Banco Comercial Português, S.A. completed in June 2014, the execution of a new securitisation transaction ("Caravela SME No. 4") concerning a pool of leasing contracts to companies and sole-partnerships, amounting to Euros 1,000,000,000.

Banco Comercial Português, S.A. informs about the senior unsecured debt issue

In February 2014, Banco Comercial Português, S.A. placed a senior unsecured debt issue under its Euro Medium Term Note Program. The issue, in the amount of Euros 500,000,000, has a term of 3 years and a coupon of 3.375% per annum.

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 judgement and reflects exclusively the value attributed to different financial instruments. However it does not consider prospective factors, as the future business evolution. Therefore the values presented cannot be understood as an estimate of the economic value of the 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 2014 (31 December 2013: 0.25%).

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 2014, the average discount rate was 0.42% for loans and advances and 0.45% for deposits. As at 31 December 2013 the rates were 0.70% and 0.93%, 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.

BANCO COMERCIAL PORTUGUÊS, S.A.
Notes to the Individual Financial Statements
31 December, 2014

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 3.76% as at 31 December 2014 and 4.97% as at 31 December 2013. 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 2014, the average discount rate was 0.96% and as at 31 December 2013 was 2.12%.

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 6.79% (31 December, 2013: 8.71%) for subordinated debt placed on the institutional market. Regarding the subordinated issues placed on the retail market it was determined a discount rate of 7.20% (31 December, 2013: 8.32%). The average discount rate calculated for senior issues (including the Government guaranteed and asset-backed) was 1.61% (31 December 2013: 2.86%) and 2.76% (31 December, 2013: 3.72%) 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 2014 is a positive amount of Euros 107,614,000 (31 December 2013: a positive amount of Euros 212,999,000), and includes a payable amount of Euros 54,000 (31 December 2013: a payable amount of Euros 781,000) which reflects the fair value of embedded derivatives and are recorded in financial assets and liabilities held for trading.

BANCO COMERCIAL PORTUGUÊS, S.A.
Notes to the Individual Financial Statements
31 December, 2014

As at 31 December 2014, 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	-0.10%	0.18%	0.52%	1.98%
7 days	-0.03%	0.23%	0.53%	1.98%
1 month	0.01%	0.30%	0.57%	1.98%
2 months	0.03%	0.33%	0.61%	1.97%
3 months	0.06%	0.38%	0.64%	1.96%
6 months	0.13%	0.48%	0.78%	1.95%
9 months	0.21%	0.64%	0.90%	1.94%
1 year	0.16%	0.43%	1.03%	1.79%
2 years	0.18%	0.88%	0.93%	1.77%
3 years	0.22%	1.28%	1.13%	1.80%
5 years	0.36%	1.76%	1.44%	1.94%
7 years	0.53%	2.03%	1.64%	2.07%
10 years	0.82%	2.27%	1.84%	2.21%
15 years	1.15%	2.50%	2.07%	2.43%
20 years	1.33%	2.61%	2.18%	2.43%
30 years	1.47%	2.69%	2.23%	3.84%

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	Fair value through reserves	Amortised cost	Book value	Fair value
	Euros '000	Euros '000	Euros '000	Euros '000	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
	<u>1,389,443</u>	<u>5,515,871</u>	<u>41,097,877</u>	<u>48,003,191</u>	<u>47,964,277</u>
Deposits from 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
	<u>3,345,889</u>	<u>-</u>	<u>49,873,675</u>	<u>53,219,564</u>	<u>54,463,024</u>

BANCO COMERCIAL PORTUGUÊS, S.A.
Notes to the Individual Financial Statements
31 December, 2014

The following table shows the fair value of financial assets and liabilities of the Bank, as at 31 December 2013:

	2013				
	Fair value through profit or loss	Fair value through reserves	Amortised cost	Book value	Fair value
	Euros '000	Euros '000	Euros '000	Euros '000	Euros '000
Cash and deposits at Central Banks	-	-	1,523,700	1,523,700	1,523,700
Loans and advances to credit institutions					
Repayable on demand	-	-	759,242	759,242	759,242
Other loans and advances	-	-	7,829,385	7,829,385	7,957,399
Loans and advances to customers	-	-	40,298,300	40,298,300	39,462,328
Financial assets held for trading	1,115,415	-	-	1,115,415	1,115,415
Financial assets available for sale	-	11,255,868	-	11,255,868	11,255,868
Hedging derivatives	50,643	-	-	50,643	50,643
Held to maturity financial assets	-	-	3,110,330	3,110,330	3,119,675
	<u>1,166,058</u>	<u>11,255,868</u>	<u>53,520,957</u>	<u>65,942,883</u>	<u>65,244,270</u>
Deposits from other credit institutions	-	-	16,600,279	16,600,279	16,704,674
Amounts owed to customers	675,007	-	34,176,307	34,851,314	34,878,621
Debt securities	594,664	-	12,048,647	12,643,311	12,856,310
Financial liabilities held for trading	725,486	-	-	725,486	725,486
Hedging derivatives	53,393	-	-	53,393	53,393
Subordinated debt	-	-	5,984,763	5,984,763	6,094,904
	<u>2,048,550</u>	<u>-</u>	<u>68,809,996</u>	<u>70,858,546</u>	<u>71,313,388</u>

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
	<u>6,468,955</u>	<u>1,533,813</u>	<u>39,881,594</u>	<u>79,915</u>	<u>47,964,277</u>
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
	<u>474,096</u>	<u>7,286,167</u>	<u>46,702,761</u>	<u>-</u>	<u>54,463,024</u>

BANCO COMERCIAL PORTUGUÊS, S.A.
Notes to the Individual Financial Statements
31 December, 2014

The following table shows, by valuation levels, the fair value of financial assets and liabilities of the Bank, as at 31 December 2013:

	2013				
	Level 1	Level 2	Level 3	Financial	Total
	Euros '000	Euros '000	Euros '000	instruments at cost	Euros '000
				Euros '000	
Cash and deposits at Central Banks	1,523,700	-	-	-	1,523,700
Loans and advances to credit institutions					
Repayable on demand	759,242	-	-	-	759,242
Other loans and advances	-	-	7,957,399	-	7,957,399
Loans and advances to customers	-	-	39,462,328	-	39,462,328
Financial assets held for trading	426,707	656,517	32,014	177	1,115,415
Financial assets available for sale	4,348,041	1,875,580	1,893,041	3,139,206	11,255,868
Hedging derivatives	-	50,643	-	-	50,643
Held to maturity financial assets	2,122,066	997,609	-	-	3,119,675
	9,179,756	3,580,349	49,344,782	3,139,383	65,244,270
Deposits from credit institutions	-	-	16,704,674	-	16,704,674
Amounts owed to customers	-	-	34,878,621	-	34,878,621
Debt securities	312,025	12,544,285	-	-	12,856,310
Financial liabilities held for trading	82,843	640,159	2,484	-	725,486
Hedging derivatives	-	53,393	-	-	53,393
Subordinated debt	-	6,094,904	-	-	6,094,904
	394,868	19,332,741	51,585,779	-	71,313,388

The 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.

BANCO COMERCIAL PORTUGUÊS, S.A.
Notes to the Individual Financial Statements
31 December, 2014

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).

The number of participants in the Pension Fund of Banco Comercial Português covered by this pension plan and other benefits is analysed as follows:

	2014	2013
<i>Number of participants</i>		
Pensioners	16,323	16,091
Former Attendees Acquired Rights	3,065	2,652
Employees	7,857	8,666
	<u>27,245</u>	<u>27,409</u>

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:

	2014	2013
	Euros '000	Euros '000
<i>Projected benefit obligations</i>		
Pensioners	1,831,928	1,484,176
Former Attendees Acquired Rights	183,598	91,067
Employees	1,086,910	937,533
	<u>3,102,436</u>	<u>2,512,776</u>
Pension Fund Value	<u>(3,063,737)</u>	<u>(2,525,239)</u>
Net (Assets) / Liabilities in balance sheet	<u>38,699</u>	<u>(12,463)</u>
<i>Accumulated actuarial losses recognised in Other comprehensive income</i>		
Balance on 1 January	2,419,719	2,192,578
Actuarial (gains) and losses of the year	471,177	210,209
Amortization of the transition adjustment to pensions (Regulation no.12/01)	16,930	16,932
Balance at the end of the year	<u>2,907,826</u>	<u>2,419,719</u>

The change in the projected benefit obligations is analysed as follows:

	2014			2013
	Pension benefit obligations Euros '000	Extra-Fund Euros '000	Total Euros '000	Total Euros '000
Balance as at 1 January	2,216,929	295,847	2,512,776	2,276,301
Service cost	(4,532)	179	(4,353)	(8,404)
Interest cost / (income)	85,919	10,786	96,705	101,058
Actuarial (gains) and losses				
Not related to changes in actuarial assumptions	3,151	(2,264)	887	10,427
Arising from changes in actuarial assumptions	506,308	60,288	566,596	197,514
Impact resulting from the change of the calculation of the Death				
Subsidy (Decree-Law no.13/2013)	-	-	-	(7,446)
Payments	(57,177)	(22,021)	(79,198)	(74,560)
Early retirement programmes	1,506	(272)	1,234	8,830
Contributions of employees	9,574	-	9,574	9,960
Transfer to other plans	(1,785)	-	(1,785)	(904)
Balance at the end of the year	2,759,893	342,543	3,102,436	2,512,776

The balance Impact resulting from the change of the calculation of the Death subsidy (Decree-Law no. 13/2013) corresponded as at 31 December, 2013, to the amount of Euros 7,446,000 arising from the change in the calculation method of the death subsidy following the publication on 17 January 2013, of the Decree-Law no. 13/2013 which amends the determination of the amount of that benefit.

In accordance with IAS 19, a negative past service cost which occurs when there are changes in the benefit plan, which results in a reduction of the current value of the responsibilities for past services. On that basis, the Bank accounted the referred impact in results for the year 2013 (Decree-Law no. 13/2013).

BANCO COMERCIAL PORTUGUÊS, S.A.
Notes to the Individual Financial Statements
31 December, 2014

As at 31 December 2014 the value of the benefits paid by the Pension Fund, excluding other benefits included on Extra-fund, amounted to Euros 57,177,000 (31 December 2013: Euros 52,274,000).

The liabilities with health benefits are fully covered by the Pension Fund and correspond, as at 31 December 2014, to the amount of Euros 296,814,000 (31 December 2013: Euros 278,479,000).

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 2014 amounts to Euros 78,406,000 (31 December 2013: Euros 80,932,000), 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 planned 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:

	2014	2013
	Euros '000	Euros '000
Balance as at 1 January	2,525,239	2,413,177
Expected return on plan assets	93,589	101,694
Actuarial gains and (losses)	96,306	(2,268)
Contributions to the Fund	395,200	55,148
Payments	(57,177)	(52,274)
Amount transferred to the Fund resulting from acquired rights unassigned related to the Complementary Plan	2,791	706
Employees' contributions	9,574	9,960
Transfer to other Plans	(1,785)	(904)
Balance at the end of the year	<u>3,063,737</u>	<u>2,525,239</u>

The elements of the Pension Fund's assets are analysed as follows:

	2014	2013
	Euros '000	Euros '000
Shares	738,674	676,085
Bonds and other fixed income securities	898,878	734,562
Participations units in investment funds	188,294	228,734
Participation units in real estate funds	271,856	277,551
Properties	299,173	308,520
Loans and advances to credit institutions and others	666,862	299,787
	<u>3,063,737</u>	<u>2,525,239</u>

The balance Properties includes buildings owned by the Fund and used by the Bank's companies which as at 31 December 2014, amounts to Euros 298,497,000 (31 December 2013: Euros 307,117,000).

The balance Shares, Bonds and other fixed income securities and Loans and advances to credit institutions and others, include assets issued by Group's companies, which are analysed as follows:

	2014	2013
	Euros '000	Euros '000
Shares	-	7
Bonds and other fixed income securities	128,694	142,754
Loans and advances to credit institutions and others	643,547	286,425
	<u>772,241</u>	<u>429,186</u>

BANCO COMERCIAL PORTUGUÊS, S.A.
Notes to the Individual Financial Statements
31 December, 2014

The evolution of net (assets) / liabilities in the balance sheet is analysed as follows:

	2014	2013
	Euros '000	Euros '000
Balance as at 1 January	(12,463)	(136,876)
Recognised in the income statement:		
Service cost	(4,353)	(8,404)
Interest cost / (income)	3,116	(636)
Cost with early retirement programs	1,234	8,830
Impact of the decrease of the changing of the calculation formula of the Death Subsidy (Decree-Law no. 13/2013 and no. 133/2012)	-	(7,446)
Amount transferred to the Fund resulting from acquired rights unassigned related to the Complementary Plan	(2,791)	(706)
Recognised in the Statement of Comprehensive Income:		
Actuarial (gains) and losses		
Not related to changes in actuarial assumptions		
Return of the fund	(96,306)	2,268
Difference between the expect and the effective obligations	887	10,427
Arising from changes in actuarial assumptions	566,596	197,514
Contributions to the fund	(395,200)	(55,148)
Payments	(22,021)	(22,286)
Balance at the end of the year	<u>38,699</u>	<u>(12,463)</u>

As at 31 December 2014, the sum of the balance Cost with early retirement programs in the amount of 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 2,791,000, were recognised against the restructuring provision, as referred in note 37.

As at 31 December 2014, were made by the Bank cash contributions to the Pension Fund in the amount of Euros 395,200,000 (31 December 2013: cash contributions of Euros 55,148,000).

In accordance with IAS 19, the Bank accounted as at 31 December 2014, as post-employment benefits an income of Euros 1,237,000 (31 December 2013: income of Euros 8,362,000), which is analysed as follows:

	2014	2013
	Euros '000	Euros '000
Service cost	(4,353)	(8,404)
Net interest cost / (income) in the liability coverage balance	3,116	(636)
Impact of the decrease of the changing of the calculation formula of the Death Subsidy (Decree-Law no. 13/2013 and no. 133/2012)	-	(7,446)
Others	-	8,124
(Income) / Cost of the year	<u>(1,237)</u>	<u>(8,362)</u>

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 3,153,000 (31 December 2013: Euros 4,176,000). The decrease was the result of the write-down of provisions established to cover the future increases in the retirement pensions of the former members of the Executive Board of Directors, following the agreements established between the parties.

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:

	2014	2013
	Euros '000	Euros '000
Balance as at 1 January	4,176	4,413
Write-back	(1,023)	(237)
Balance at the end of the year	<u>3,153</u>	<u>4,176</u>

BANCO COMERCIAL PORTUGUÊS, S.A.
Notes to the Individual Financial Statements
31 December, 2014

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	
	2014	2013
Increase in future compensation levels	0.75% until 2017 1.00% after 2017	1.00% until 2016 1.75% after 2016
Rate of pensions increase	0.00% until 2017 0.50% after 2017	0.00% until 2016 0.75% after 2016
Projected rate of return of fund assets	2.50%	4.00%
Discount rate	2.50%	4.00%
Mortality tables		
Men	TV 73/77 - 2 year	TV 73/77 - 1 year
Women	TV 88/90 - 3 years	TV 88/90 - 2 years
Disability rate	0.00%	0.00%
Turnover rate	0.00%	0.00%
Costs with health benefits increase rate	6.50%	6.50%

The mortality tables consider an age inferior to the effective age of the beneficiaries, 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's 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 face to (i) the positive deviations observed in the last financial year and (ii) the current trend of wages evolution and the economic situation at this time, led to a growth rate of wages progressive of 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, it is mandatory for annual periods beginning on 1 January 2013, the rate of return on plan assets considered in the calculation of the present value of the liabilities, corresponds to the discount rate.

However, presented below is the estimated expected return for 2015:

	2015	
	Portfolio %	Estimated return
Shares	24.11%	6.47%
Bonds and other fixed income securities	29.34%	3.56%
Participation units in investment funds	6.15%	1.33%
Participation units in real estate funds	8.87%	0,33%
Properties	9.76%	6.58%
Loans and advances to credit institutions and others	21.77%	1.30%
Total income expected		3.61%

BANCO COMERCIAL PORTUGUÊS, S.A.
Notes to the Individual Financial Statements
31 December, 2014

Net actuarial losses amounts to Euros 471,177,000 (31 December 2013: net actuarial losses of Euros 210,209,000) 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			
	2014		2013	
	Values effectively verified in %	Euros '000	Values effectively verified in %	Euros '000
Deviation between expected and actual liabilities:				
Increase in future compensation levels	0.74%	(2,452)	0.75%	(2,719)
Disability	0.12%	2,935	0.18%	4,085
Mortality deviations	0.24%	6,025	0.20%	4,665
Others	-0.22%	(5,621)	0.19%	4,396
Changes on the assumptions:				
Discount rate	2.50%	758,899	4.00%	197,514
Increase in future compensation levels	-	(120,352)	-	-
Pensions increase rate	-	(150,273)	-	-
Mortality tables		78,322		-
Return on Plan assets	8.14%	(96,306)	4.40%	2,268
		<u>471,177</u>		<u>210,209</u>

In accordance with IAS 19, the sensitivity analysis to changes in assumptions, is as follows

	Impact resulting from changes in financial assumptions			
	2014		2013	
	- 0.25% Euros '000	+ 0.25% Euros '000	- 0.25% Euros '000	+ 0.25% Euros '000
Discount rate	134,082	(127,443)	101,642	(99,833)
Pensions increase rate	(104,916)	111,426	(102,116)	101,779
Increase in future compensation levels	(48,152)	50,707	(38,730)	40,753

	Impact resulting from changes in demographic assumptions			
	2014		2013	
	- 1 year Euros '000	+ 1 year Euros '000	- 1 year Euros '000	+ 1 year Euros '000
Mortality Table	91,089	(91,668)	(113,719)	65,919

Health benefit costs have a significant impact on pension costs. Considering this impact the Bank performed a sensitivity analysis assuming one percent positive variation in health benefit costs (from 6.5% to 7.5%) and a negative variation (from 6.5% to 5.5%) in health benefit costs, which impact is analysed as follows:

	2014		2013	
	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	573	(573)	419	(419)
Liability impact	50,606	(50,606)	42,843	(42,843)

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, 2014, the liabilities associated with the seniority premium amounted to Euros 46,904,000 (31 December 2013: Euros 48,189,000) and are covered by provisions in the same amount, according to the note 37.

For 2014 and 2013, the cost of the seniority premium is analysed as follows:

	2014 Euros '000	2013 Euros '000
Service cost	2,449	2,591
Interest costs	1,832	2,075
Actuarial (gains) and losses	(550)	(390)
Cost of the year	<u>3,731</u>	<u>4,276</u>

BANCO COMERCIAL PORTUGUÊS, S.A.
Notes to the Individual Financial Statements
31 December, 2014

47. Related parties

The group of companies considered as related parties of the Bank, as defined by IAS 24, are detailed in notes 25 - Investments in subsidiaries and associated companies and in note 54 - List of subsidiary and associated companies of Banco Comercial Português, S.A., as well the Pension Fund, members of the Executive Committee and the non-executive Board of Directors and key elements of management. The first line Directors are considered key management elements.

The Bank grants loans in the ordinary course of its business within the Group's companies and to other related parties. Under the Collective Agreement of Labour for Employees of the Portuguese Banking Sector which includes substantially all employees of banks operating in Portugal, the Group grants loans to employees at interest rates determined under the above mentioned agreement for each type of loan upon request by the employees.

As at 31 December 2014, loans to members of the Executive Committee and their direct family members amounted to Euros 131,000 (31 December 2013: Euros 161,000), which represented 0.00% of shareholders' equity (31 December 2013: 0.01%). These loans were granted in accordance with the applicable laws and regulations.

At the end of 2014, loans, guarantees and irrevocable credit lines that the Group made to non-executive directors, to individuals related to them and to entities controlled by them, amounts to Euros 16,974,000 (31 December 2013: Euros 15,274,000).

In 2014, for key elements of management, the credit and irrevocable credit lines granted amounts to Euros 8,629,000 (2013: Euros 10,210,000).

Remunerations to the Executive Committee, non-executive Board of Directors and management members

In 2014, the remunerations paid to the members of the Executive Committee amounted to Euros 2,080,000 (2013: Euros 2,219,000 which includes an amount related to the resignation process of a Board Member), with Euros 101,000 (2013: Euros 85,000) paid by subsidiaries or companies which governing bodies represent interests in the Group.

Considering that the remuneration of members of the Executive Committee intends to compensate the functions that are performed in the Bank and in all other functions on subsidiaries or other companies for which they have been designated by indication of the Bank or representing it, the net amount of the remunerations annually received by each member is considered for calculating the fixed annual remuneration attributed by the Bank and set by the Remunerations Commission.

During 2014, for members of the Executive Committee, the costs with Social Security amounts to Euros 468,000 (2013: Euros 401,000) and the contributions to the Pension Fund amounts to Euros 727,000 (2013: Euros 313,000).

In 2014, the remunerations paid to key management members amounts to Euros 7,757,000 (2013: Euros 8,083,000), being also supported costs with contributions with Social Security in the amount of Euros 1,918,000 (2013: Euros 1,981,000), Pension Fund in the amount of Euros 43,000 (2013: Euros -154,000) and seniority premium in the amount of Euros 181,000 (2013: Euros 72,000).

During 2014, were paid Euros 929,000 of indemnities for the termination of service of two key management members.

In 2014, for members of the non-executive Board of Directors fixed remunerations were paid in the amount of Euros 577,000 (2013: Euros 599,000) and the costs incurred with contributions to the Social Security amounted to Euros 152,000 (2013: Euros 110,000).

Transactions with the Pension Fund

During 2014, the Bank purchased from the Pension Fund, Portuguese public debt securities in the amount of Euros 420,000,000 (31 December 2013: Euros 25,000,000). During 2013, the Group also sold to the Pension Fund, Portuguese public debt securities in the amount of Euros 85,000,000.

Under the scope of Fund's properties which the tenant is the Bank, the amount of rents incurred in the 2014 amounts to Euros 1,990,000 (2013: Euros 1,990,000).

Other transactions

Sale of its 49% in the Non-Life Insurance Business

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 totalling Euros 290,000,000 in 2014 to its shareholders.

BANCO COMERCIAL PORTUGUÊS, S.A.
Notes to the Individual Financial Statements
31 December, 2014

The shareholder and bondholder position of members of the Executive Board, Top management and persons closely related to the previous categories, is as follows:

Shareholders / Bondholders	Security	Number of securities at		Changes during 2014			Unit Price Euros
				Acquisitions	Disposals	Date	
		31/12/2014	31/12/2013				
Members of Executive Board							
António Vítor Martins Monteiro	BCP Shares	18,119	6,589	11,530		24-Jul-14	0.0650
Carlos José da Silva	BCP Shares	1,165,812	414,089	751,723		24-Jul-14	0.0650
	Obrig BCP Ret Sem Cresc III/12EUR 3/2013	30	30				
Nuno Manuel da Silva Amado	BCP Shares	3,824,650	1,003,297	1,821,353		24-Jul-14	0.0650
				1,000,000		30-Dec-14	0.0655
Álvaro Roque de Pinho de Bissaia Barreto	BCP Shares	0	0				
André Magalhães Luiz Gomes	BCP Shares	53,451	19,437	34,014		24-Jul-14	0.0650
António Henriques Pinho Cardão	BCP Shares	772,843	281,034	491,809		24-Jul-14	0.0650
António Luís Guerra Nunes Mexia	BCP Shares	11,330	4,120	7,210		24-Jul-14	0.0650
Bernardo de Sá Braamcamp Sobral Sottomayor	BCP Shares	0	0				
César Paxi Manuel João Pedro	BCP Shares	0	0				
Jaime de Macedo Santos Bastos	BCP Shares	4,037	1,468	2,569		24-Jul-14	0.0650
João Bernardo Bastos Mendes Resende	BCP Shares	0	0				
João Manuel Matos Loureiro	BCP Shares	13,180	4,793	8,387		24-Jul-14	0.0650
José Guilherme Xavier de Basto	BCP Shares	13,615	4,951	8,664		24-Jul-14	0.0650
	Obrig BCP Mill Rend Sem Mar 10/13	5	5				
José Jacinto Iglésias Soares	BCP Shares	1,056,004	384,002	672,002		24-Jul-14	0.0650
José Rodrigues de Jesus	BCP Shares	0	0				
Luís Maria França de Castro Pereira Coutinho	BCP Shares	2,260,838	822,123	1,438,715		24-Jul-14	0.0650
Maria da Conceição Mota Soares de Oliveira Callé Lucas	BCP Shares	275,002	100,001	175,001		24-Jul-14	0.0650
Miguel de Campos Pereira de Bragança	BCP Shares	1,715,485	623,813	1,091,672		24-Jul-14	0.0650
Miguel Maya Dias Pinheiro	BCP Shares	1,092,366	601,733	490,633		24-Jul-14	0.0650
Raquel Rute da Costa David Vunge	BCP Shares	0	0				
Rui Manuel da Silva Teixeira	BCP Shares	170,389	134,687	235,702		24-Jul-14	0.0650
					200,000	30-Jul-14	0.1120
Top management							
Ana Isabel dos Santos de Pina Cabral	BCP Shares	182,953	74,550	108,403		24-Jul-14	0.0650
Dulce Maria Pereira Cardoso Mota Jorge Jacinto	BCP Shares	143,335	82,031	61,304		24-Jul-14	0.0650
Fernando Manuel Majer de Faria	BCP Shares	1,757,406	624,219	1,133,187		24-Jul-14	0.0650
Filipe Maria de Sousa Ferreira Abecasis	BCP Shares	0	0				
José Miguel Bensliman Schorcht da Silva Pessanha	BCP Shares	20,879	20,879				
Mário António Pinho Gaspar Neves	BCP Shares	88,999	31,509	57,490		24-Jul-14	0.0650
	Obrig BCP Mill Rend Trim Nov 09/14	0	5		5	31-Oct-14	a)
	Certificado BCP Stoxx Basic Resources	0	610		610	14-Feb-14	4.2550
	Certificado BCPI S6P 500	193	0	193		24-Nov-14	
	Certificado BCPI Eurostoxx 50	187	0	187		24-Nov-14	
Pedro Manuel Rendas Duarte Turras	BCP Shares	69,410	25,207	44,203		24-Jul-14	0.0650
Rui Pedro da Conceição Coimbra Fernandes	BCP Shares	0	0				
Persons closely related to the previous categories							
Isabel Maria V Leite P Martins Monteiro	BCP Shares	14,605	5,311	9,294		24-Jul-14	0.0650
Maria da Graça dos Santos Fernandes de Pinho Cardão	BCP Shares	28,833	10,485	18,348		24-Jul-14	0.0650
Maria Helena Espassandim Catão	BCP Shares	1,750	1,000	750		24-Jul-14	0.0650
José Manuel de Vasconcelos Mendes Ferreira	BCP Shares	12,586	4,577	8,009		24-Jul-14	0.0650

a) Reimbursement

BANCO COMERCIAL PORTUGUÊS, S.A.
Notes to the Individual Financial Statements
31 December, 2014

As at 31 December 2014, the Bank's credits over subsidiaries and associated companies of the BCP Group, represented or not by securities, included in the captions Loans and advances to credit institutions and to customers and Financial assets held for trading and available for sale and Other receivables, are analysed as follows:

	Loans and advances		Financial assets			
	Credit			Available	Other	Total
	Institutions	Customers	Trading	for sale	receivables	
	Euros '000	Euros '000	Euros '000	Euros '000	Euros '000	Euros '000
ACT-C-Indústria de Cortiças, S.A.	-	772	-	-	-	772
Banco Millennium Angola, S.A.	126,330	-	-	-	7,428	133,758
Banco de Investimento Imobiliário, S.A.	125,096	-	247	-	-	125,343
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.	-	-	-	-	5,285	5,285
Bank Millennium (Poland) Group	17,048	-	-	-	-	17,048
Luanda Waterfront Corporation	-	-	-	-	27	27
Millennium bcp Bank & Trust	121	-	9,349	-	-	9,470
Millennium bcp Participações, S.G.P.S., Sociedade Unipessoal, Lda.	-	133	-	-	243	376
Millennium bcp - Prestação de Serviços, A.C.E.	-	-	-	-	7,566	7,566
Millenniumbcp Ageas Group	-	-	-	-	12,952	12,952
Nanium, S.A.	-	18,743	-	-	13,621	32,364
Unicre - Instituição Financeira de Crédito, S.A.	403	-	-	-	-	403
Others	-	2,458	7,236	126,248	784	136,726
	269,024	80,519	17,583	130,426	47,906	545,458

As at 31 December 2014, the Bank's liabilities with subsidiaries and associated companies of the BCP Group, represented or not by securities, included in the captions Deposits from credit institutions and from customers, Debt securities issued, Financial liabilities held for trading and Subordinated debt are analysed as follows:

	Deposits from			Financial	Subordinated	
	Credit		Debt	liabilities held	Debt	Total
	Institutions	Customers	Securities Issued	for trading		
	Euros '000	Euros '000	Euros '000	Euros '000	Euros '000	Euros '000
ACT-C-Indústria de Cortiças, S.A.	-	1	-	-	-	1
Banco ActivoBank, S.A.	35,821	-	-	-	-	35,821
Banco de Investimento Imobiliário, S.A.	363,497	-	-	-	28,796	392,293
Banco Millennium Angola, S.A.	692	-	-	-	-	692
Banque BCP, S.A.S.	104,031	-	-	-	-	104,031
Banque BCP (Luxembourg), S.A.	229	-	-	-	-	229
Banque Privée BCP (Suisse) S.A.	17,007	-	-	-	-	17,007
BCP África, S.G.P.S., Lda.	-	15,491	-	-	-	15,491
BCP Capital - Sociedade de Capital de Risco, S.A.	-	9,984	-	-	-	9,984
BCP Finance Bank Ltd	567,511	-	-	1,659	71,276	640,446
BCP Holdings (USA), Inc.	-	1,782	-	-	-	1,782
BCP Finance Company, Ltd	-	89,274	-	-	190,678	279,952
BCP Investment, B.V.	-	462,098	-	-	-	462,098
Bitlpart, B.V.	-	8,019	-	-	-	8,019
BIM - Banco Internacional de Moçambique, S.A.R.L.	5,600	-	-	-	-	5,600
Flitptrell III, S.A.	-	3	-	-	-	3
Bank Millennium (Poland) Group	6,871	-	-	-	-	6,871
Millennium bcp Bank & Trust	2,682	-	-	-	-	2,682
Millennium bcp Participações, S.G.P.S., Sociedade Unipessoal, Lda.	-	439,718	-	-	-	439,718
Millennium bcp Gestão de Activos - Sociedade Gestora de Fundos de Investimento, S.A.	-	3,961	-	-	-	3,961
Millennium bcp Imobiliária, S.A.	-	1,368	-	-	-	1,368
Millennium bcp - Prestação de Serviços, A.C.E.	-	4,053	-	-	-	4,053
Millenniumbcp Ageas Group	-	625,109	2,249,137	-	-	2,874,246
Nanium, S.A.	-	1,714	-	-	-	1,714
SIBS, S.G.P.S., S.A.	-	346	-	-	-	346
Sicit - Sociedade de Investimentos e Consultoria em Infra-Estruturas de Transportes, S.A.	-	1,025	-	-	-	1,025
Unicre - Instituição Financeira de Crédito, S.A.	367	-	-	-	-	367
VSC - Aluguer de Veículos Sem Condutor, Lda.	-	1,319	-	-	-	1,319
Others	-	118,288	-	-	-	118,288
	1,104,308	1,783,553	2,249,137	1,659	290,750	5,429,407

BANCO COMERCIAL PORTUGUÊS, S.A.
Notes to the Individual Financial Statements
31 December, 2014

As at 31 December 2014, the income recognised by the Bank with subsidiaries and associated companies of the BCP Group, included in the captions of Interest income, Commissions income, Other operating income and Gains arising from trading activity, are analysed as follows:

	Interest income Euros '000	Commissions income Euros '000	Other operating income Euros '000	Gains arising from trading activity Euros '000	Total Euros '000
Banco Millennium Angola, S.A.	3,033	333	755	-	4,121
Banca Millennium S.A. (Romania)	-	-	-	170	170
Banco ActivoBank, S.A.	-	-	299	-	299
Banco de Investimento Imobiliário, S.A.	281,303	4	3	320	281,630
Banque Privée BCP (Suisse) S.A.	2	1,069	125	-	1,196
BCP Capital - Sociedade de Capital de Risco, S.A.	-	-	98	-	98
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
Bank Millennium (Poland) Group	138	34	-	-	172
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 bcp - Prestação de Serviços, A.C.E.	-	120	7,178	-	7,298
Millenniumbcp Ageas Group	-	61,682	5,533	-	67,215
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
Others	2,842	3,050	158	-	6,050
	<u>298,974</u>	<u>74,697</u>	<u>24,792</u>	<u>9,501</u>	<u>407,964</u>

As at 31 December 2014, the costs incurred by the Bank with subsidiaries and associated companies of the BCP Group, included in the captions Interest expense, Commissions costs, Staff costs, Administrative costs and Losses arising from trading activity, are analysed as follows:

	Interest expense Euros '000	Commissions expense Euros '000	Staff costs Euros '000	Administrative costs Euros '000	Losses arising from trading activity Euros '000	Total Euros '000
Banca Millennium S.A. (Romania)	8	-	-	-	564	572
Banco ActivoBank, S.A.	492	7,583	-	-	-	8,075
Banco de Investimento Imobiliário, S.A.	247,499	1,402	-	-	9	248,910
Banque Privée BCP (Suisse) S.A.	7	-	-	-	-	7
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
BIM - Banco Internacional de Moçambique, S.A.R.L.	22	-	-	-	-	22
Bitalpart, B.V.	1,549	-	-	-	-	1,549
Bank Millennium (Poland) Group	3	-	-	-	2,022	2,025
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 Participações, S.G.P.S., Sociedade Unipessoal, Lda.	865	-	-	-	-	865
Millennium bcp Imobiliária, S.A.	-	-	-	36	-	36
Millennium bcp - Prestação de Serviços, A.C.E.	13	-	-	23,816	-	23,829
Millenniumbcp Ageas Group	90,055	-	2,944	4,326	-	97,325
SIBS, S.G.P.S., S.A.	42	-	-	-	-	42
Unicre - Instituição Financeira de Crédito, S.A.	-	1	-	-	-	1
Others	669	87	-	12,558	-	13,314
	<u>411,140</u>	<u>9,073</u>	<u>2,944</u>	<u>41,060</u>	<u>9,360</u>	<u>473,577</u>

BANCO COMERCIAL PORTUGUÊS, S.A.
Notes to the Individual Financial Statements
31 December, 2014

As at 31 December 2014, the off balance sheet accounts of the Bank with subsidiaries and associated companies of the BCP Group, included in the captions Guarantees granted and Commitments to third parties, are analysed as follows:

	Guarantees granted Euros '000	Commitments to third parties 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
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	-	5,342
Sicit - Sociedade de Investimentos e Consultoria em Infra-Estruturas de Transportes, S.A.	22	-	22
Others	-	29,943	29,943
	<u>581,165</u>	<u>647,776</u>	<u>1,228,941</u>

As at 31 December 2013, the Bank's credits over subsidiaries and associated companies of the BCP Group, represented or not by securities, included in the captions of Loans and advances to credit institutions and to customers and Financial assets held for trading and available for sale and Other receivables, are analysed as follows:

	Loans and advances		Financial assets		Other	Total
	Credit			Available	receivables	
	Institutions	Customers	Trading	for sale	Euros '000	Euros '000
	Euros '000	Euros '000	Euros '000	Euros '000		
Banco Millennium Angola, S.A.	54,183	-	-	-	2,176	56,359
Banca Millennium S.A. (Romania)	150,223	-	3,053	-	-	153,276
Banco de Investimento Imobiliário, S.A.	5,945,848	-	12	895,260	1,320	6,842,440
Banque Privée BCP (Suisse) S.A.	-	-	725	-	-	725
BCP Finance Bank Ltd	1,097,114	-	5,077	3,618	-	1,105,809
BCP Holdings (USA), Inc.	-	24,669	-	-	-	24,669
BIM - Banco Internacional de Moçambique, S.A.R.L.	21,755	-	-	-	2,436	24,191
Bank Millennium (Poland) Group	16,910	-	30,585	-	-	47,495
Millennium bcp Bank & Trust	17,672	-	15,163	-	-	32,835
Millennium bcp - Prestação de Serviços, A.C.E.	-	-	-	-	8,914	8,914
Millenniumbcp Ageas Group	-	-	-	-	18,219	18,219
Unicre - Instituição Financeira de Crédito, S.A.	-	30,451	-	-	-	30,451
VSC - Aluguer de Veículos Sem Condutor, Lda.	-	7,894	-	-	-	7,894
Others	-	1,189	6,707	127,454	795	136,145
	<u>7,303,705</u>	<u>64,203</u>	<u>61,322</u>	<u>1,026,332</u>	<u>33,860</u>	<u>8,489,422</u>

BANCO COMERCIAL PORTUGUÊS, S.A.
Notes to the Individual Financial Statements
31 December, 2014

As at 31 December 2013, the Bank's liabilities with subsidiaries and associated companies of the BCP Group, represented or not by securities, included in the captions Deposits from credit institutions and from customers, Debt securities issued and in Subordinated debt, are analysed as follows:

	Deposits from			Financial	Subordinated	
	Credit		Debt	liabilities held	Debt	Total
	Institutions	Customers	Securities Issued	for trading	Debt	Total
	Euros '000	Euros '000	Euros '000	Euros '000	Euros '000	Euros '000
Banco ActivoBank, S.A.	229,676	-	-	-	-	229,676
Banco de Investimento Imobiliário, S.A.	629,376	-	4,297,641	-	28,805	4,955,822
Banca Millennium S.A. (Romania)	4,015	-	-	189	-	4,204
Banco Millennium Angola, S.A.	55,081	-	-	-	-	55,081
Banque BCP, S.A.S.	102,067	-	-	-	-	102,067
Banque BCP (Luxembourg), S.A.	549	-	-	-	-	549
Banque Privée BCP (Suisse) S.A.	19,148	-	-	-	-	19,148
BCP África, S.G.P.S., Lda.	-	81	-	-	-	81
BCP Capital - Sociedade de Capital de Risco, S.A.	-	10,375	-	-	-	10,375
BCP Finance Bank Ltd	891,536	-	-	696	886,838	1,779,070
BCP Holdings (USA), Inc.	-	118	-	-	-	118
BCP Finance Company, Ltd	-	3	-	-	1,019,212	1,019,215
BCP Investment, B.V.	489,348	5,482	-	-	-	494,830
Bitalpart, B.V.	-	216,687	-	-	-	216,687
BIM - Banco Internacional de Moçambique, S.A.R.L.	36,636	-	-	-	-	36,636
Bank Millennium (Poland) Group	443	-	-	-	-	443
Millennium bcp Bank & Trust	1,375,144	-	-	632	-	1,375,776
Millennium bcp Participações, S.G.P.S., Sociedade Unipessoal, Lda.	-	1,017,072	-	-	-	1,017,072
Millennium bcp Gestão de Activos - Sociedade Gestora de Fundos de Investimento, S.A.	-	14,119	-	-	-	14,119
Millennium bcp - Prestação de Serviços, A.C.E.	-	30,013	-	-	-	30,013
Millenniumbcp Ageas Group	-	732,422	3,157,129	-	-	3,889,551
SIBS, S.G.P.S., S.A.	-	10,181	-	-	-	10,181
Unicre - Instituição Financeira de Crédito, S.A.	-	4,066	-	-	-	4,066
Others	-	47,702	-	-	-	47,702
	3,833,019	2,088,321	7,454,770	1,517	1,934,855	15,312,482

As at 31 December 2013, the income recognised by the Bank with subsidiaries and associated companies of the BCP Group, included in the captions of Interest income, Commissions income, Other operating income and Gains arising from trading activity, are analysed as follows:

	Interest income	Commissions expense	Other operating income	Gains arising from trading activity	Total
	Euros '000	Euros '000	Euros '000	Euros '000	Euros '000
Banco Millennium Angola, S.A.	1,725	394	654	-	2,773
Banca Millennium S.A. (Romania)	1,998	-	-	328	2,326
Banco ActivoBank, S.A.	-	-	313	-	313
Banco de Investimento Imobiliário, S.A.	628,126	1,321	2	53	629,502
Banque Privée BCP (Suisse) S.A.	115	581	147	-	843
BCP Finance Bank Ltd	12,143	-	-	5,642	17,785
BCP Finance Company, Ltd	1,291	-	-	-	1,291
BCP Holdings (USA), Inc.	1,153	-	-	-	1,153
BIM - Banco Internacional de Moçambique, S.A.R.L.	2	49	9,671	-	9,722
Bank Millennium (Poland) Group	560	6	-	11	577
Millennium Bank (Greece) Group	11,087	62	-	5,861	17,010
Millennium bcp Bank & Trust	1,456	171	-	6,433	8,060
Millennium bcp Gestão de Activos - Sociedade Gestora de Fundos de Investimento, S.A.	-	5,550	400	-	5,950
Millennium bcp Imobiliária, S.A.	666	30	-	-	696
Millennium bcp - Prestação de Serviços, A.C.E.	-	138	8,213	-	8,351
Millenniumbcp Ageas Group	-	72,390	7,283	-	79,673
SIBS, S.G.P.S., S.A.	16	6	-	-	22
Unicre - Instituição Financeira de Crédito, S.A.	921	68	-	-	989
VSC - Aluguer de Veículos Sem Condutor, Lda.	919	11	-	-	930
Others	4,553	5,933	147	-	10,633
	666,731	86,710	26,830	18,328	798,599

BANCO COMERCIAL PORTUGUÊS, S.A.
Notes to the Individual Financial Statements
31 December, 2014

As at 31 December 2013, the costs incurred by the Bank with subsidiaries and associated companies of the BCP Group, included in the captions Interest expense, Commissions costs, Staff costs, Administrative costs and Losses arising from trading activity, are analysed as follows:

	Interest expense Euros '000	Commissions costs Euros '000	Staff costs Euros '000	Administrative costs Euros '000	Losses arising from trading activity Euros '000	Total Euros '000
Banca Millennium S.A. (Romania)	3	-	-	-	2,362	2,365
Banco ActivoBank, S.A.	590	8,443	-	-	-	9,033
Banco de Investimento Imobiliário, S.A.	578,272	1,132	-	-	-	579,404
Banco Millennium Angola, S.A.	16	-	-	-	-	16
Banque Privée BCP (Suisse) S.A.	5	-	-	-	-	5
BCP Finance Bank Ltd	24,553	-	-	-	5,437	29,990
BCP Finance Company, Ltd	48,368	-	-	-	-	48,368
BCP Investment, B.V.	736	-	-	-	-	736
BIM - Banco Internacional de Moçambique, S.A.R.L.	51	-	-	-	-	51
Bitalpart, B.V.	3,997	-	-	-	-	3,997
Bank Millennium (Poland) Group	11	-	-	-	3,619	3,630
Millennium Bank (Greece) Group	11	-	-	-	6,515	6,526
Millennium bcp Bank & Trust	30,548	-	-	-	6,500	37,048
Millennium bcp Gestão de Activos - Sociedade Gestora de Fundos de Investimento, S.A.	247	-	-	-	-	247
Millennium bcp Participações, S.G.P.S., Sociedade Unipessoal, Lda.	2,265	-	-	-	-	2,265
Millennium bcp - Prestação de Serviços, A.C.E.	13	-	-	29,608	-	29,621
Millenniumbcp Ageas Group	117,693	-	3,162	13,436	-	134,291
SIBS, S.G.P.S., S.A.	51	-	-	-	-	51
Unicre - Instituição Financeira de Crédito, S.A.	-	1	-	-	-	1
Others	559	-	-	12,885	-	13,444
	807,989	9,576	3,162	55,929	24,433	901,089

As at 31 December 2013, the off balance sheet accounts of the Bank with subsidiaries and associated companies of the BCP Group, included in the captions Guarantees granted and Commitments to third parties, are analysed as follows:

	Guarantees granted Euros '000	Commitments to third parties Euros '000	Total Euros '000
Banca Millennium S.A. (Romania)	8,609	75,000	83,609
Banco de Investimento Imobiliário, S.A.	-	299,922	299,922
Banco Millennium Angola, S.A.	3,245	-	3,245
Banque Privée BCP (Suisse) S.A.	-	1,000,000	1,000,000
BCP Finance Bank Ltd	565,662	-	565,662
BCP Finance Company, Ltd	171,175	-	171,175
BIM - Banco Internacional de Moçambique, S.A.R.L.	1,637	-	1,637
Bank Millennium (Poland) Group	910	200,000	200,910
Millennium bcp Bank & Trust (*)	10,167	2,431	12,598
Millennium bcp Gestão de Ativos - Sociedade Gestora de Fundos de Investimento, S.A.	80	-	80
Millennium bcp - Prestação de Serviços, A.C.E.	-	5,000	5,000
Others	-	77,114	77,114
	761,485	1,659,467	2,420,952

(*) Guarantees granted by the Bank related to Loans and advances to customers granted by Millennium bcp Bank & Trust.

As at 31 December 2014 and 2013, the Bank's credits over Pension Fund, are analysed as follows:

	2014 Euros '000	2013 Euros '000
Credit institutions	686,767	304,987
Securities	950	1,400
	687,717	306,387

BANCO COMERCIAL PORTUGUÊS, S.A.
Notes to the Individual Financial Statements
31 December, 2014

As at 31 December 2014 and 2013, the Bank's Incomes and costs over Pension Fund, are analysed as follows:

	Incomes		Costs	
	2014 Euros '000	2013 Euros '000	2014 Euros '000	2013 Euros '000
Commissions	645	573	-	-
Interests	-	-	658	559
Rents	-	-	1,990	1,990
	<u>645</u>	<u>573</u>	<u>2,648</u>	<u>2,549</u>

The remunerations resulting from the services of insurance mediation or reinsurance are as follows:

	2014 Euros '000	2013 Euros '000
<i>Life insurance</i>		
Saving products	32,353	32,663
Mortgage and consumer loans	18,818	18,994
Others	<u>34</u>	<u>32</u>
	<u>51,205</u>	<u>51,689</u>
<i>Non - Life insurance</i>		
Accidents and health	13,012	12,858
Motor insurance	2,493	2,265
Multi-Risk Housing	4,722	4,623
Others	<u>1,042</u>	<u>955</u>
	<u>21,269</u>	<u>20,701</u>
	<u>72,474</u>	<u>72,390</u>

The remuneration for insurance intermediation services were received through bank transfers and resulted from insurance intermediation with the subsidiaries of Millenniumbcp Ageas Group (Ocidental Vida and Ocidental Seguros). The participation held by the Group in Ocidental - Companhia Portuguesa de Seguros, S.A. was sold in June 2014. This entity remains a related party, continuing to present the balances with this counterparty.

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:

	2014 Euros '000	2013 Euros '000
<i>By nature</i>		
Funds receivable for payment of life insurance commissions	12,609	12,561
Funds receivable for payment of non-life insurance commissions	<u>5,304</u>	<u>5,082</u>
	<u>17,913</u>	<u>17,643</u>
<i>By entity</i>		
Ocidental - Companhia Portuguesa de Seguros de Vida, SA	12,609	12,561
Ocidental - Companhia Portuguesa de Seguros, SA	<u>5,304</u>	<u>5,082</u>
	<u>17,913</u>	<u>17,643</u>

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.

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 coordinating with the local departments and considering the specific risks of each business.

The Group's risk-management policy is designed to ensure adequate relationship at all times between its own funds and the business it carries on, and also to evaluate the risk/return profile by business line.

Under this scope, it has particular importance to monitor and control of the main types of financial risk – credit, market, liquidity and operational – to which the Bank's business is subject to.

Main Types of Risk

Credit – Credit risk is associated with the degree of uncertainty of the expected returns as a result of the inability either of the borrower (and the guarantor, if any) or of the issuer of a security or of the counterparty to an agreement to fulfill their obligations.

Market – Market risk reflects the potential loss inherent in a given portfolio as a result of changes in rates (interest and exchange) and/or in the prices of the various financial instruments that make up the portfolio, considering both the correlations that exist between them and the respective volatility.

Liquidity – Liquidity risk reflects the Group's inability to meet its obligations at maturity without incurring in significant losses resulting from the deterioration of the funding conditions (funding risk) and/or from the sale of its assets below market value (market liquidity risk).

Operational – Operational risk is understood to be the potential loss resulting from failures or inadequacies in internal procedures, persons or systems, and also the potential losses resulting from external events.

Internal Organisation

The Banco Comercial Português Board of Directors is responsible for the definition of the risk policy, including the approval at the very highest level of the principles and rules to be followed in risk management, as well as the guidelines dictating the allocation of economic capital to the business lines.

The Board of Directors, through the Audit Committee, ensures the existence of adequate risk control and of risk-management systems at the level both of the Group and of each entity. At the proposal of the Banco Comercial Português Executive Committee, the Board of Directors also approves the risk-tolerance level acceptable to the Group.

The Risk Commission is responsible for monitoring the overall levels of risk incurred, ensuring that they are compatible with the objectives and strategies approved for the business.

The Group Risk Officer is responsible for the control of risks in all the Group entities, in order to ensure that the risks are monitored on an overall basis and that there is alignment of concepts, practices and objectives. It must also keep the Risk Commission informed of the Group's level of risk, proposing measures to improve control and implementing the approved limits.

The activity of every entity included within the Banco Comercial Português consolidation perimeter is governed by the principles and decisions established centrally by the Risk Commission and the main subsidiaries are provided with Risk Office structures which are established in accordance with the risks inherent in their particular business. A Risk Control Commission has been set up at each relevant subsidiary, responsible for the control of risks at local level, in which the Group Risk Officer takes part.

The Group Head of Compliance is responsible for implementing systems of monitoring the compliance with legal obligations and responsibilities to which the Bank is subject, as well, the prevention, monitoring and reporting of risks in organizational processes, which include, among others, the prevention of money laundering, combating financing of terrorism, prevention of conflict of interest, issues related to abuse of market and compliance with the disclosure requirements to customers.

Risk Evaluation and Management Model

For purposes of profitability analysis and risk quantification and control, each entity is divided into the following management areas:

- Trading and Sales: involves those positions whose objective is to obtain short-term gains through sale or revaluation. These positions are actively managed, are tradable without restriction and may be valued frequently and precisely, including the securities 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 no other purpose than short-term gains. Also includes any other hedging risk operation associated to those;
- Commercial: includes all operations (assets and liabilities) held at the normal course of business group with its customers;
- ALM: is the Assets and Liabilities management function, including operations decided by CALCO in the group's global risk management function and centralizes the transfer of risk between the remaining areas;
- Structural: deals with balance sheet elements or operations that, because of their nature, are not directly related to any of the other areas, including structural financing operations of the group, capital and balance sheet fixed items.

The definition of the management areas allows effective separation of the management of the trading and banking portfolios, as well as a proper allocation of each operation to the most appropriate management area according to their context.

Risk assessment

Credit Risk

Credit granting is based on prior classification of the customers' risk and on thorough assessment of the level of protection provided by the underlying collateral. In order to do so, a single risk-notation system has been introduced, the Rating Master Scale. It is based on the expected probability of default, allowing greater discrimination in the assessment of the customers and better establishment of the hierarchies of the associated risk.

BANCO COMERCIAL PORTUGUÊS, S.A.
Notes to the Individual Financial Statements
31 December, 2014

The Rating Master Scale also identifies those customers showing worsening credit capacity and, in particular, those classified as being in default in keeping with the Basel II Accord.

All the rating and scoring models used by the Bank have been duly calibrated for the Rating Master Scale.

The protection-level concept has been introduced as a crucial element of evaluation of the effectiveness of the collateral in credit-risk mitigation, leading to more active collateralization of loans and more adequate pricing of the risk incurred.

To quantify the credit risk at the level of the various portfolios, the Bank has developed a model based on an actuarial approach, which provides the distribution of total loss probability. In addition to the Probability of Default (PD) and of the Amount of the Loss Given Default (LGD) as the central points, consideration is also given to the uncertainty associated with the development of these parameters, through the introduction of the respective volatility. The effects of diversification and/or concentration between the sectors of the loan portfolios are quantified by introducing the respective correlations.

The gross Bank's exposure to credit risk (original exposure), as at 31 December 2014 and 2013 is presented in the following table:

Risk items	2014	2013
	Euros '000	Euros '000
Central Governments or Central Banks	4,340,554	7,148,838
Regional Governments or Local Authorities	288,134	572,742
Administrative and non-profit Organisations	368,914	231,716
Multilateral Development Banks	80,971	73,292
Other Credit Institutions	3,111,888	11,984,491
Retail and Corporate customers	48,626,348	57,750,474
Other items	18,690,951	17,882,961
	<u>75,507,760</u>	<u>95,644,514</u>

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 2014, of the credit granted to entities whose country is one of those identified.

Counterparty type	Maturity	2014					
		Euros '000					
		Country					
		Spain	Greece	Hungary	Ireland	Italy	Portugal
Financial Institutions	2015	391,914	12	23	8	133	127,763
	2016	-	-	-	-	-	14,494
	2017	50,000	-	-	-	-	68,735
	>2017	61,500	-	-	-	6,000	468,234
		<u>503,414</u>	<u>12</u>	<u>23</u>	<u>8</u>	<u>6,133</u>	<u>679,226</u>
Companies	2015	51,860	272	-	5,820	-	5,701,257
	2016	250	-	-	-	-	434,885
	2017	11,333	-	-	-	-	447,493
	>2017	175,392	34,179	-	176	-	5,746,542
		<u>238,835</u>	<u>34,451</u>	<u>-</u>	<u>5,996</u>	<u>-</u>	<u>12,330,177</u>
Retail	2015	6,378	11	1	2,749	53	2,197,540
	2016	65,031	-	-	50	6	381,789
	2017	11,071	-	-	31	36	428,113
	>2017	29,210	222	-	52,729	2,466	18,946,112
		<u>111,690</u>	<u>233</u>	<u>1</u>	<u>55,559</u>	<u>2,561</u>	<u>21,953,554</u>
State and other public entities	2015	10	-	-	-	-	1,736,923
	2016	29	-	-	-	-	152,601
	2017	34,500	-	-	-	-	423,234
	>2017	13	-	-	-	50,010	2,877,299
		<u>34,552</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>50,010</u>	<u>5,190,057</u>
Total country		<u>888,491</u>	<u>34,696</u>	<u>24</u>	<u>61,563</u>	<u>58,704</u>	<u>40,153,014</u>

BANCO COMERCIAL PORTUGUÊS, S.A.
Notes to the Individual Financial Statements
31 December, 2014

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

The Bank in monitoring and control of market risk existing in the different portfolios (according to the previous definition), uses an integrated risk measure that includes the main types of market risk identified by the Group: generic risk, specific risk, non linear risk and commodities risk.

The measure used in evaluating the generic market risk is the VaR (Value at Risk). The VaR is calculated on the basis of the analysis approximation defined in the methodology developed by the RiskMetrics. It is calculated considering a 10-working day time horizon and an unilateral statistical confidence interval of 99%. In the calculation of the volatility associated to each risk factor in the model it is assumed 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 related to its value. With the necessary adjustments, this model follows regulatory standard methodology.

Complementary measures are also used for other types of risk, a risk measure that incorporates the non-linear risk of options not covered in the VaR model, with a confidence interval of 99% and a standard measure for commodities risks.

These measures are included in the indicator of market risk with the conservative assumption of perfect correlation between the various types of risk.

Capital at risk values are determined both on an individual basis for each one of the position portfolios of those areas having responsibilities in risk taking and management, as well as in consolidated terms taking into account the effects of diversification between the various portfolios.

To ensure that the VaR model adopted is appropriate to the evaluation of the risks involved in the positions that have been assumed, a back testing process has been instituted. This is carried out on a daily basis and it confronts the VaR indicators with the actual results.

The following table shows the main indicators for these measures to the trading portfolio:

	Euros '000	
	2014	2013
Generic Risk (VaR)	5,368	1,991
Specific Risk	286	263
Non Linear Risk	50	25
Commodities Risk	15	17
Global Risk	5,719	2,296

Evaluation of the interest rate risk originated by the banking portfolio is performed by a risk sensitivity analysis process carried out every month for all operations included in the Bank's balance sheet.

For this analysis are considered the financial characteristics of the contracts available in information systems. Based on these data, a projection for expected cash flows is made, according to the repricing dates and any prepayment assumptions considered.

Aggregation of the expected cash flows for each time interval for each of the currencies under analysis allows determination of the interest rate gaps per repricing period.

The interest rate sensitivity of the balance sheet in each currency is calculated through the difference between the present value of the interest rate mismatch after discounting the market interest rates and the discounted value of the same cash flows by simulating parallel shifts of the market interest rates.

BANCO COMERCIAL PORTUGUÊS, S.A.
Notes to the Individual Financial Statements
31 December, 2014

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:

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

2013		Euros '000		
Currency	- 200 bp	- 100 bp	+ 100 bp	+ 200 bp
CHF	4	23	(781)	(1,549)
EUR	169,889	108,774	(90,429)	(174,034)
PLN	13,727	6,792	(6,654)	(13,175)
USD	1,250	789	(4,590)	(9,003)
TOTAL	184,870	116,378	(102,454)	(197,761)

The Bank regularly undertakes hedging operations on the market aiming to reduce the interest rate mismatch of the risk positions associated with the portfolio of transactions of the commercial and structural areas.

The Bank applies, to hedge the foreign exchange risk of the partial investment made in foreign currency in Bank Millennium (Poland), the fair value hedge accounting model.

The amount of the investment subject to hedging is PLN 1,950,125,000 (31 December 2013: PLN 1,950,125,000), with the equivalent amount of Euros 456,362,000 (31 December 2013: Euros 469,423,000), with the hedging instrument in the same amount.

It was not recognised any ineffectiveness generated in these hedging operations, as referred in the accounting policy 1 d).

Liquidity risk

Evaluation of the Bank's liquidity risk is carried out using indicators defined by the supervisory authorities on a regular basis and other internal metrics for which exposure limits are also defined.

The evolution of the Bank's liquidity situation for short-term time horizons (up to 3 months) is reviewed daily on the basis of two indicators defined in-house, immediate liquidity and quarterly liquidity. These 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 transactions as a whole brokered by the markets areas, including the transactions with customers of the Corporate and Private networks that, for their dimension, have to be quoted by the Trading Room. The amount of assets in the Bank's securities portfolio considered highly liquid is added to the calculated value, leading to determination of the liquidity gap accumulated for each day of the period under review.

In parallel, the evolution of the Bank's liquidity position is calculated on a regular basis identifying all the factors that justify the variations that occur. This analysis is submitted to the Capital and Assets and Liabilities Committee (CALCO) for appraisal, in order to enable the decision making that leads to the maintenance of financing conditions adequate to the continuation of the business.

In addition, the Risk Commission is responsible for controlling the liquidity risk.

This control is reinforced with the monthly execution of stress tests, to characterize the Bank's risk profile and to ensure that the Group and each of its subsidiaries, fulfill its obligations in the event of a liquidity crisis. These tests are also used to support the liquidity contingency plan and management decisions.

With reference to the wholesale funding composition, the Bank amortized Euros 5,268,922,000 of medium and long term debt in 2014 (from a forecasted sum of Euros 3,417,000,000 for the year), including the early redemption of Euros 2,250,000,000 of core tier I capital instruments (CoCos) subscribed by the Portuguese State. In compliance with the Liquidity Plan, the Bank pursued the diversification of the funding sources, through repos with international financial institutions and collateralized by securities and the balance in Portugal reached the amount of Euros 1,880,000,000 at the end of the year. The favourable evolution of the market conditions allowed the Bank to anticipate for February, the return to the wholesale markets through an issue of senior debt in the amount of Euros 500,000,000 for 3 years.

The management of the collateral portfolio eligible with the Eurosystem, involving the optimized allocation of the various categories of available assets, included the cancellation of two securitization transactions and the re-allocation to the pool of the underlying assets under the form of additional credit rights, and was followed by the implementation of a new mechanism that allowed the selection of a material amount of new credit assets that were posted to the pool and the adjustment of the terms and conditions of a retained issue of covered bonds. Regarding the additional credit rights, the Bank of Portugal accepted the IRB models applicable to the portfolios, allowing a decrease of the related haircuts.

In spite of the reimbursement of medium-long term debt, the decreases of the commercial gap and of the portfolio of Portuguese public debt, the share capital increase, the senior debt issuance and the accrued use of other funding sources combined to reduce by Euros 3,339,547,076 the net funding with the ECB.

BANCO COMERCIAL PORTUGUÊS, S.A.
Notes to the Individual Financial Statements
31 December, 2014

In addition, the active management of eligible assets available for discount with the ECB, amounts to Euros 14,157,399,343 (after haircuts), allowing the maintenance of a comfortable liquidity buffer of Euros 7,522,176,946, even after the early redemption of the remaining balance of own issues guaranteed by the state in the amount of Euros 3,159,606,318 after haircuts.

The decrease of the borrowings with the ECB involved, throughout 2014, the early redemption with of additional tranches of Long Term Refinancing Operations (LTRO) totalling Euros 7,000,000,000 (from an original amount of Euros 12,000,000,000 in 2012). Thus, the balance of this operations was reduced to Euros 4,000,000,000, which amount was partially refinanced in December 2014 through a borrowing of Euros 1,482,510,000 at the Targeted Long Term Refinancing Operations (TLTRO) carried out by the ECB.

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 2014 with a value of Euros 11,354,145,000, approximately less Euros 6,413,818,000 than 2013 figure.

The eligible pool of assets for funding operations in the European Central Bank, net of haircuts, is detailed as follows:

	2014	2013
	Euros '000	Euros '000
European Central Bank	<u>11,354,145</u>	<u>17,767,963</u>

As at 31 December 2014, the amount discounted in the European Central Bank amounts to Euros 5,932,510,000 (31 December 2013: Euros 11,000,000,000).

The main liquidity ratios of the Bank, according to the definitions of the Instruction no. 13/2009 of the Bank of Portugal are as follows:

	2014	2013
Accumulated net cash flows up to 1 year as %		
of total accounting liabilities	-8.6%	9.1%
Liquidity gap as a % of illiquid assets	10.6%	3.3%
Coverage ratio of Wholesale funding by HLA (1)		
(up to 1 Month)	337.0%	396.2%
(up to 3 Months)	181.4%	352.5%
(up to 1 Year)	167.5%	131.6%

(1) HLA- Highly Liquid Assets.

Operational Risk

The approach to operational risk management is based on the business and support end-to-end processes. Process management is the responsibility of the Process Owners, who are the first parties responsible for evaluation of the risks and for strengthening the performance within the scope of their processes. The Process Owners are responsible for keeping up to date all the relevant documentation concerning the processes, for ensuring the real adequacy of all the existing controls through direct supervision or by delegation on the departments responsible for the controls in question, for coordinating and taking part in the risk self-assessment exercises, and for detecting and implementing improvement opportunities, including mitigating measures for the more significant exposures.

In the operational risk model implemented in the Bank, there is a systematic process of gathering information on operational losses, that defines on a systematic form, the causes and the effects associated to an eventual detected loss. From the analysis of the historical information and its relationships, processes involving greater risk are identified and mitigation measures are launched to reduce the critical exposures.

Covenants

The contractual terms of instruments of wholesale funding encompass obligations assumed by entities belonging to the Group as debtors or issuers, concerning general duties of societary conduct, maintenance of banking activity and the inexistence of special guarantees constituted for the benefit of other creditors ("negative pledge"). These terms reflect essentially the standards internationally adopted for each type of debt instrument used by the Group.

The terms of the Group's participation in securitization operations involving its own assets are subject to mandatory changes in case the Group stops respecting certain rating criteria. The criteria established in each transaction results mainly from the existing risk analysis at the moment that the transaction was set, being these methodologies usually applied by each rating agency in a standardised way to all the securitization transactions involving the same type of loans.

Regarding the Covered Bond Programs of Banco Comercial Português that are currently underway, there are no relevant covenants related to a possible downgrade of the Bank.

BANCO COMERCIAL PORTUGUÊS, S.A.
Notes to the Individual Financial Statements
31 December, 2014

49. Solvency

The Bank 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. The Bank 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 have been determined according to the Notice no. 6/2010 from Banco de Portugal and, as from 1 January 2014, 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.

According to CRD IV/CRR rules (After 1 January 2014)

Own funds are calculated according to Directive 2013/36/UE and Regulation (EU) 575/2013 approved by the European Parliament and the Council, and the Notice no. 6/2013 from Banco de Portugal, and result from adding tier 1 and tier 2. Tier 1 comprises common equity tier 1 and additional tier 1.

Common equity tier 1 includes: (i) paid-up capital, share premium, hybrid instruments eligible for this line item, fully 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 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 CRR requirements.

Tier 2 includes the subordinated debt that are compliant with CRR requirements and 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).

CRD IV/CRR stipulates a transitional period to exclude some elements previously considered (phase-out) and include/deduct new elements (phase-in), in which institutions may accommodate the new requirements. 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, that have a longer period (until the end of 2021).

The calculation of risk-weighted assets also presents some changes in relation to how it is performed in accordance with the regulatory framework of Basel II, with emphasis on the 250% risk weighting of the deferred tax assets from temporary differences and investments higher than 10% held in financial institutions and insurance companies that are within the limits established for not deducting them to common equity tier 1 (instead of 0% and 100%, respectively), on the Credit Value Adjustments (CVA) and on the calculation of capital requirements to cover credit risk of small and medium companies for which IRB approaches are used.

Within the new regulatory framework, 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. Notwithstanding, Banco de Portugal determined that the institutions are bound to ensure the maintenance of a common equity tier 1 ratio of at least 7 % along the transitional period, in order to ensure proper adequacy with capital demands ahead.

The own funds and the capital requirements determined according to the methodologies CRD IV / CRR previously referred , as of 31 December 2014, are the following:

	2014
	Euros '000
Ordinary share capital	3,706,690
Other capital (State aid)	750,000
Reserves and retained earnings	(838,916)
Regulatory adjustments	12,467
Amount exceeding thresholds	(1,918)
<i>Common equity tier 1 (CET1)</i>	<u>3,628,323</u>
Tier 1	<u>3,628,323</u>
Subordinated debt	880,904
Others	34,374
Tier 2	<u>915,278</u>
Total own funds	<u><u>4,543,601</u></u>
Risk weighted assets	
Credit risk	31,912,785
Market risk	825,105
Operational risk	1,489,666
CVA	<u>176,630</u>
Total	<u><u>34,404,186</u></u>
Capital ratios	
CET1	<u>10.5%</u>
Tier 1	<u>10.5%</u>
Tier 2	<u>2.7%</u>
Total	<u><u>13.2%</u></u>

BANCO COMERCIAL PORTUGUÊS, S.A.
Notes to the Individual Financial Statements
31 December, 2014

According with Banco de Portugal rules (Until 31 December 2013)

Own funds, determined by the Regulation nº 6/2010 from Banco de Portugal, result from adding tier 1 and tier 2 and subtracting the component of deductions. For the calculation of tier 1 are considered the core tier 1 elements, comprising the steadiest components of the own funds, and other relevant elements to discharges of tier 1.

Core tier 1 includes: i) paid-up capital, share premium, hybrid instruments eligible for this line item, fully subscribed by the Portuguese State within the scope of the Bank's capitalisation process, the reserves and the retained earnings, and the pension fund corridor; ii) and deductions related to own shares, intangible assets and customers deposits with yields above a certain threshold. Core tier 1 is also influenced by the reversal of unrealised gains and losses which do not represent impairment on debt securities, loans and other receivables recorded in the available-for-sale portfolio, on cash-flow hedge transactions and on financial liabilities valued at fair value through profits and losses, net of taxes, to the extent related to own credit risk, as well as by the reversal of unrealised gains on equity securities classified as available-for-sale.

The additional elements that integrate the tier 1 are preference shares and other hybrid instruments and even some deductions taken by 50% of interests held in financial institutions and insurers higher than 10% and 20%, respectively.

Tier 2 includes the subordinated debt eligible pursuant to authorization of Banco de Portugal which, in respect to non-perpetual subordinated loans, is subject to a prudential amortization during the last five years to maturity. Additionally, includes 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). The tier 2 is also subject to the deduction of the remaining 50% of interests held in financial institutions and insurers that have not been deducted to tier 1.

There are also some deductions to total own funds that need to be performed, namely the amount of real-estate assets resulting from recovered loans that have exceeded the regulatory period of permanence in the Bank's accounts and the potential excess of exposure to risk limits within the scope of the Notice nº 7/2010 from Banco de Portugal.

There are still limits to the eligibility of some financial instruments to own funds, namely; (i) hybrids instruments, including those fully subscribed by the Portuguese State within the scope of the Bank's capitalisation process, may only contribute to tier 1 up to 50% of the value of the latter, and any excess must be deducted to tier 1 and added to upper tier2; (ii) lower tier 2 cannot surpass 50% of tier 1 and (iii) tier 2 cannot surpass the total amount of tier 1.

Banco de Portugal established that financial institutions should report total capital and core tier I ratios of at least 8%

The own funds and the capital requirements determined according to the methodologies of the Notice n. 23/2007 from the Bank of Portugal previously referred as of 31 December 2013, are the following:

	2013 Euros '000
<i>Core own funds</i>	
Paid-up capital and share premium	3,500,000
Other capital instruments	2,442,694
Reserves and retained earnings	(1,582,028)
Intangible assets	(12,045)
Net impact of accruals and deferrals	(126)
Other regulatory adjustments	(20,412)
<i>Core tier 1</i>	4,328,083
Other regulatory adjustments	(26,716)
<i>Total</i>	<u>4,301,367</u>
<i>Complementary own funds</i>	
Upper Tier 2	912,943
Lower Tier 2	959,157
	1,872,100
Deductions to total own funds	(94,264)
<i>Total own funds</i>	<u>6,079,203</u>
<i>Own funds requirements</i>	
Requirements from Regulation no. 5/2007	3,123,143
Trading portfolio	34,514
Operational risk	136,967
	<u>3,294,624</u>
<i>Capital ratios</i>	
Core tier 1	10.5%
Tier 1	10.4%
Tier 2 (*)	4.3%
Solvency ratio	14.8%

(*) Includes deductions to total own funds

50. Accounting standards recently issued

Recently issued pronouncements

The recently issued pronouncements already adopted by the Bank in the preparation of the financial statements are the following:

IAS 27 (Revised) – Separate Financial Statements

The IASB issued, on 12th May 2011, amendments to “IAS 27 – Separate Financial Statements”, effective (with prospective application) for annual periods beginning on or after 1st January 2014. These amendments were endorsed by EU Commission Regulation 1254/2012, 11th December.

Taking into consideration that IFRS 10 addresses the principles of control and the requirements relating to the preparation of consolidated financial statements, IAS 27 was amended to cover exclusively separate financial statements.

The amendments aimed, on one hand, to clarify the disclosures required by an entity preparing separate financial statements so that the entity would be required to disclose the principal place of business (and country of incorporation, if different) of significant investments in subsidiaries, joint ventures and associates and, if applicable, of the parent. The previous version required the disclosure of the country of incorporation or residence of such entities.

On the other hand, the effective dates for all consolidated standards were aligned (IFRS10, IFRS11, IFRS12, IFRS13 and amendments to IAS 28).

The Bank had no impact from the adoption of this amendment on its financial statements.

IFRS 10 - Consolidated Financial Statements

The IASB issued, on 12th May 2011, “IFRS 10 - Consolidated Financial Statements”, effective (with retrospective application) for annual periods beginning on or after 1st January 2013. These amendments were endorsed by EU Commission Regulation 1254/2012, 11th December, which allowed a delayed on mandatory application for 1st January 2014.

IFRS 10 withdraw one part of IAS 27 and SIC 12, and introduced a single control model to determine whether an investee should be consolidated.

The new concept of control involves the assessment of power, exposure to variability in returns and a linkage between the two. An investor controls an investee when it is exposed, (or has rights), to variability of returns from its involvement with the investee and is able to affect those returns through its power over the investee (“facto control”).

The investor considers whether it controls the relevant activities of the investee, taking into consideration the new concept. The assessment should be done at each reporting period as the relation between power and exposure to the variability of returns may change over time.

Control is usually assessed over a legal entity, but also can be assessed over only specific assets and liabilities of an investee (referred to as “silo”).

The new standard also introduced other changes such as: i) accounting requirements for subsidiaries in consolidation financial statements that are carried forward from IAS 27 to this new standard; and, ii) enhanced disclosures requirements, including specific disclosures for consolidated and unconsolidated structured entities.

The Bank had no impact from the adoption of this amendment on its financial statements.

IFRS 11 – Joint Arrangements

The IASB issued, on 12th May 2011, “IFRS 11 Joint arrangements”, effective (with retrospective application) for annual periods beginning on or after 1st January 2013. These amendments were endorsed by EU Commission Regulation 1254/2012, 11th December, which allowed a delayed on mandatory application for 1st January 2014.

IFRS 11 withdraw IAS 31 and SIC 13, defines “joint control” by incorporating the same control model as defined in IFRS 10 and requires an entity that is part of a “joint arrangement” to determine the nature of the joint arrangement (“joint operations” or “joint ventures”) by assessing its rights and obligations.

IFRS 11 removes the option to account for joint ventures using the proportionate consolidation. Instead, joint arrangements that meet the definition of “joint venture” must be account for using the equity method (IAS 28).

The Bank had no impact from the adoption of this amendment on its financial statements.

IAS 28 (Revised) – Investments in Associates and Joint Ventures

The IASB issued, on 12th May 2011, “IAS 28 Investments in Associates and Joint Ventures”, effective (with retrospective application) for annual periods beginning on or after 1st January 2013. These amendments were endorsed by EU Commission Regulation 1254/2012, 11th December, which allowed a delayed on mandatory application for 1st January 2014.

As a consequence of the new IFRS 11 and IFRS 12, IAS 28 has been renamed as IAS 28 - Investments in Associates and Joint Ventures, and describes the application of the equity method to investments in joint ventures and associates.

The Bank had no impact from the adoption of this amendment on its financial statements.

IFRS 12 – Disclosures of Interest in Other Entities

The IASB issued, on 12th May 2011, “IFRS 12 Disclosures of Interests in Other Entities”, effective (with retrospective application) for annual periods beginning on or after 1st January 2013. These amendments were endorsed by EU Commission Regulation 1254/2012, 11th December, which allowed a delayed on mandatory application for 1st January 2014.

BANCO COMERCIAL PORTUGUÊS, S.A.
Notes to the Individual Financial Statements
31 December, 2014

The objective of this new standard is to require an entity to disclose information that enables users of its financial statements to evaluate: (a) the nature of, and risks associated with, its interests in other entities; and, (b) the effects of those interests on its financial position, financial performance and cash flows.

IFRS 12 includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special vehicles and other off balance sheet vehicles.

The Bank analysed the impact of full implementation of IFRS 12 in line with the adoption of IFRS 10 and IFRS 11, with no impact from the adoption of this amendment on its financial statements.

Investment Entities – Amendments to IFRS 10, IFRS 12 and IAS 27 (issued by IASB on 31st October 2012)

The amendments apply to a particular class of business that qualifies as investment entities. The IASB uses the term ‘investment entity’ to refer to an entity whose business purpose is to invest funds solely for returns from capital appreciation, investment income or both. An investment entity must also evaluate the performance of its investments on a fair value basis. Such entities could include private equity organizations, venture capital organizations, pension funds, sovereign wealth funds and other investment funds.

The amendments provide an exception to the consolidation requirements in IFRS 10 and require investment entities to measure particular subsidiaries at fair value through profit or loss, rather than consolidate them. The amendments also set out disclosure requirements for investment entities.

The amendments were effective from 1 January 2014 with voluntary early adoption. This option allows the investment authorities to implement the new changes when IFRS 10 enter into force. These amendments were endorsed by EU Commission Regulation 1174/2013, 20th November.

The Bank had no impact from the adoption of this amendment on its financial statements.

IAS 36 (Revised) – Recoverable Amount Disclosures for Non-Financial Assets

The IASB issued this amendment on 29th May 2013, effective for annual periods beginning on or after 1st January 2014. These amendments were endorsed by EU Commission Regulation 1374/2013, 19th December.

The objective of the amendment is to clarify that the scope of the disclosures of information about the recoverable amount of assets, where that amount is based on fair value less costs of disposal, is limited to impaired assets.

IAS 39 (Revised) – Novation of Derivatives and Continuation of Hedge Accounting

The IASB issued this amendment on 27th June 2013, effective (with retrospective application) for annual periods beginning on or after 1st January 2014. These amendments were endorsed by EU Commission Regulation 1375/2013, 19th December.

The objective of the amendment is to provide relief in situations where a derivative, which has been designated as a hedging instrument, is novated from one counterparty to a central counterparty as a consequence of laws or regulations. Such a relief means that hedge accounting can continue irrespective of the novation that, without the amendment, would not be permitted.

The Bank had no impact from the adoption of this amendment on its financial statements.

IAS 32 (Amended) - Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities

The IASB issued, on 16th December 2011, amendments to “IAS 32 – Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities”, effective (with retrospective application) for annual periods beginning on or after 1st January 2014. Those amendments were endorsed by EU Commission Regulation 1256/2012, 11th December.

The IASB amended IAS 32 adding application guidance to address the inconsistent application of the standard in practice. The application guidance clarifies that the phrase ‘currently has a legal enforceable right of set-off’ means that the right of set-off must not be contingent on a future event and must be legally enforceable in the normal course of business, in the event of default and in the event of insolvency or bankruptcy, of the entity and all of the counterparties.

The application guidance also specifies the characteristics of gross settlement systems in order to be considered equivalent to net settlement.

The Bank had no impact from the adoption of the amendment to IAS 32, taking into consideration the accounting policy already adopted.

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 Bank is still evaluating the impact from the adoption of this standard.

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.

BANCO COMERCIAL PORTUGUÊS, S.A.
Notes to the Individual Financial Statements
31 December, 2014

The amendment clarifies the guidance on attributing employee or third party contributions linked to service and requires entities to attribute the contributions linked to service in accordance with paragraph 70 of IAS 19 (2011). Therefore, such contributions are attributed using plan's contribution formula or on a straight line basis.

The amendment addresses the complexity by introducing a practical expedient that allows an entity to 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.

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, in applying IFRS 3, IASB did not intend to change the measurement requirements for short-term receivables and payables with no interest, that should be discount if such discount is material, noting that IAS 8.8 already permits entities not apply accounting policies 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.

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 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.

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 Bank'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 fulfillment 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.

Improvements to IFRS (2012-2014)

The annual improvements of the 2012-2014 cycle, issued by the IASB on 25th September 2014, made changes with an effective date of application for periods beginning on or after 1 July 2016 to IFRS 5, IFRS 7, IAS 19, IAS 34.

BANCO COMERCIAL PORTUGUÊS, S.A.
Notes to the Individual Financial Statements
31 December, 2014

IAS 27: Equity Method in Separate Financial Statements

IASB issued amendments to IAS 27 on 12th August 2014, with an effective date of application for periods beginning on or after 1 January 2016, introducing an option for the measurement of subsidiaries, associates or joint ventures the equity method in the separate financial statements.

The Bank has not yet taken any decision on a possible adoption on this option in their separate accounts.

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 General Framework of Credit Institutions and Financial Companies (approved by Decree-Law no. 298/92, 31 December), in particular with respect to breach of accounting rules, provision of false or incomplete information to the Bank of Portugal, in particular in what respects to the amount of own funds and breach of prudential obligations”.

A press release issued by the Bank of Portugal on 28 December 2007 mentioned that such administrative proceedings were initiated “based on facts related to 17 off-shore entities, whose nature and activities were always hidden from the Bank of Portugal, in particular in previous inspections carried out”.

On 12 December 2008, the Bank was notified of an accusation under administrative proceedings no. 24/07/CO instructed by the Bank of Portugal, in which this Authority charges the Bank and the other defendants, with the practice of six administrative offences regulated by paragraph g) and three administrative offences regulated by paragraph r) of article 211 of the Legal Framework for Credit Institutions and Financial Companies.

In March 2009, the Bank did not accept the charges or accusations made and provided defence under these administrative proceedings within due term.

On 12 May 2010, the Bank was notified of the decision that, within the scope of the proceedings, was issued by the Board of Directors of the Bank of Portugal, applying to it, as primary sanction, a single fine of Euros 5,000,000.

Different fines were applied to the remaining defendants as primary sanctions, globally amounting to Euros 4,470,000. The Board of Directors of the Bank of Portugal decided to withdraw the charges relating to a former Director and a Manager.

The Bank objected to this decision on July 15, 2010 and was informed of the decision to accept the legal objections presented by all the defendants.

The court hearing began in April 2011. On 7 October 2011, a court order was issued declaring the evidence presented null and that, consequently, the entire proceeding was declared null.

The Public Prosecutor and the Bank of Portugal appealed this decision. The Bank and other defendants presented their counter-claim. On 5 July 2012, the Bank was notified of the decision of the Tribunal da Relação de Lisboa (Lisbon court of appeals) which approved the appeals presented by the Bank of Portugal and by the Public Prosecutor, and revoked the decision appealed, determining that, the court hearing should proceed.

Pursuant to a decision made on 27 February 2014, the "Tribunal de Pequena Instância Criminal de Lisboa" (court of Lisbon for minor criminal offences) scheduled a date (31 March 2014) to resume the court hearing for debate and judgement and decided to bar all offences imputed to one former Director of BCP, due to the statute of limitations. In what specifically concerns BCP, the "Tribunal de Pequena Instância Criminal de Lisboa" (court of Lisbon for minor criminal offences) decided to bar two administrative offences imputed to it, (alleged forging of accounting records) due to the statute of limitations.

The court hearing for debate and judgement was resumed in the Tribunal de Pequena Instância Criminal de Lisboa (court of Lisbon for minor criminal offences) that decided to bar all offences imputed to one former Director of BCP due to the statute of limitations. By a sentence issued on 29 August 2014, all the defendants were sentenced for the infractions they were charged with. The fine initially applied to BCP by Banco de Portugal was reduced in 1.000.000 Euros.

On 13 October, 2014 BCP appealed from the sentence and also did the remaining defendants. They are currently waiting for a decision from Tribunal da Relação.

2. On July 2009, the Bank was notified of the accusation brought about by the Public Prosecutor in a criminal process against five former members of the Board of Directors of the Bank, related mainly to the above mentioned facts, and to present in this process a request for an indemnity.

Considering this notification, and although considering as reproduced the contents of the defence presented in the above mentioned administrative proceedings, the Bank decided, in order to avoid any risk of a future allegation of loss of the right to an indemnity that may occur if no recourse is presented in this process, to present legal documentation claiming: (i) the recognition of its right, in a later period namely following the final identification of the facts, to present a separate process in civil courts requesting an indemnity and (ii) additionally and cautiously, if the right to the request of a separate indemnity process in civil courts is not recognized, a civil indemnity according to the facts and terms mentioned in the accusation, if they are proven.

On 19 July 2011 the Bank was notified of the decision of the 8ª Vara Criminal de Lisboa (8th Lisbon criminal court section) that recognized that the Bank could present an eventual request for civil indemnity separately. One of the Defendants appealed this decision to the Court of Appeals, which was admitted by the first instance court but has a merely devolutive effect, being passed to the higher court only with the eventual appeal of the first instance Court's sentence.

Through a sentence issued on 2 May 2014, three of the four defendants were sentenced to suspended prison sentences (to 2 years) and to the payment of fines amounting to Euros 300,000 and 600,000 for the market manipulation crime, with the disqualification for the exercise of banking functions and publication of the sentence in a widely-read newspaper. The defendants appealed to the Lisbon Court of Appeal.

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, has filed an action for Euros 75,735,026.50 against the Bank in order to obtain (i) the acknowledgement that a 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) 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 related represented by a promissory note (held by the company) acting as security.

BANCO COMERCIAL PORTUGUÊS, S.A.
Notes to the Individual Financial Statements
31 December, 2014

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 82,253,962.77 Euros. Thus, the proceeding mentioned above is suspended

4. In 2012, the Portuguese Competition Authority initiated an administrative proceeding relating to competition restrictive practices. During the investigations, in 6 March 2013, several searches were conducted of Bank's premises, as well as to at least 8 other credit institutions, where documentation was seized in order to verify signs of privileged commercial information in the Portuguese banking market.

The Portuguese Competition Authority has declared the administrative proceeding 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. Until today, the Bank was not charged and did not receive a notice of an illicit act. If the Competition Authority would make a final decision considering that the Bank developed anti-competition activities, the Bank could be sentenced to pay a fine (within the limits set forth by law that foresees a maximum amount equivalent to 10% of the consolidated annual business volume registered in the year prior to the making of the decision). Notwithstanding, such a decision may be contested in court.

5. On October 20, 2014, Bank Millennium Poland was notified of a class action against the Bank that aims to assess the "illicit" enrichment of the Bank taking into account certain clauses in mortgage loans agreements in CHF. Customers question a set of clauses notably on the bid-offer spread between PLN and CHF for conversion of credits. At this point the process is still on a very early stage but there is the expectation that it will be a long process and may result in additional processes.

Resolution Fund

On 3 August 2014, the Bank of Portugal has adopted a set of measures within the scope of the resolution process of Banco Espírito Santo, SA, which included the capitalization of Euro 4.9 billion of a new entity called Novo Banco using the Resolution Fund ("FR"). Depending on the selling price of the Novo Banco, which must occur within a period of two years, the FR may suffer losses or gains over the amount placed in this entity. As a participant in the Resolution Fund, together with other banks domiciled in Portugal, if the FR suffers losses, the Bank may be asked to perform extraordinary contributions to the future FR, which will be reflected as a charge in the income statement.

52. Sovereign debt of European Union countries subject to bailout

As at 31 December 2014, the Bank's exposure to sovereign debt of European Union countries subject to bailout is as follows:

Issuer / Portfolio	2014					
	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

In May 2014, ended the period of the adjustment program agreed in 2011 between the Portuguese Government and Troika (European Central Bank, International Monetary Fund and European Commission), so Portugal is no longer subject to bailout from this date.

As at 31 December 2013, the Bank's exposure to sovereign debt of European Union countries subject to bailout, is as follows:

Issuer / Portfolio	2013					
	Book value Euros '000	Fair value Euros '000	Fair value reserves Euros '000	Average interest rate %	Average maturity Years	Fair value measurement levels
Portugal						
Financial assets held for trading	180,612	180,612	-	4.58%	5.0	1
Financial assets available for sale	3,677,731	3,677,731	81,386	2.75%	1.6	1
Held to maturity financial assets	1,837,108	1,859,094	-	4.44%	4.5	n.a.
	<u>5,695,451</u>	<u>5,717,437</u>	<u>81,386</u>			
Greece						
Held to maturity financial assets	1,768	1,768	-	-	-	1
	<u>1,768</u>	<u>1,768</u>	<u>-</u>			
	<u>5,697,219</u>	<u>5,719,205</u>	<u>81,386</u>			

The value of the securities includes the respective accrued interest.

BANCO COMERCIAL PORTUGUÊS, S.A.
Notes to the Individual Financial Statements
31 December, 2014

The Bank's exposure registered in the balance Loans and advances to customers and Guarantees and future commitments, as at 31 December 2013, related to sovereign risk of the European Union countries subject to bailout is presented as follows:

	2013	
	Loans and advances to customers Euros '000	Guarantees and future commitments Euros '000
Portugal	963,268	13,085

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 doesn't hold substantially all the risks and rewards.

Considering that it does not hold control and doesn't 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 transfers					
	2014			2013		
	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	210,962	292,644	81,682	210,962	292,644	81,682
Fundo Reestruturação Empresarial FCR	83,201	83,212	11	79,435	79,446	11
FLIT	403,833	369,342	(34,491)	189,538	263,039	73,501
Vallis Construction Sector Fund	235,185	235,656	471	231,738	232,209	471
Fundo Recuperação FCR	294,630	232,173	(62,457)	284,199	202,173	(82,026)
Fundo Aquarius FCR	102,681	106,736	4,065	-	-	-
Discovery Real Estate Fund	113,247	138,187	24,940	111,737	130,527	18,790
	<u>1,443,739</u>	<u>1,457,950</u>	<u>14,221</u>	<u>1,107,609</u>	<u>1,200,038</u>	<u>92,429</u>

BANCO COMERCIAL PORTUGUÊS, S.A.
Notes to the Individual Financial Statements
31 December, 2014

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

As at 31 December 2013, the amount of assets received in such transactions are comprised of:

	2013					
	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	275,046	-	275,046	-	-	275,046
Fundo Reestruturação Empresarial FCR	82,696	-	82,696	-	-	82,696
FLIT	181,417	65,645	247,062	(4,154)	(65,645)	177,263
Vallis Construction Sector Fund	207,632	34,610	242,242	-	(34,610)	207,632
Fundo Recuperação FCR	183,169	70,637	253,806	(17,018)	(70,637)	166,151
Discovery Real Estate Fund	131,390	-	131,390	-	-	131,390
	1,061,350	170,892	1,232,242	(21,172)	(170,892)	1,040,178

The junior securities correspond to supplementary capital contributions in the amount of Euros 112,857,000 (31 December 2013: Euros 136,282,000), as referred in note 30 and Participation units in the amount of Euros 35,441,000 (31 December 2013: Euros 34,610,000) 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:

	Received value Euros '000	Impairment Euros '000	Net value Euros '000
Fundo Recuperação Turismo FCR	27,450	27,450	-
Fundo Recuperação FCR	14,555	14,555	-
Fundo Aquarius FCR	19,094	18,513	581
	<u>61,099</u>	<u>60,518</u>	<u>581</u>

BANCO COMERCIAL PORTUGUÊS, S.A.
Notes to the Individual Financial Statements
31 December, 2014

54. List of subsidiary and associated companies of Banco Comercial Português, S.A.

As at 31 December 2014, the Banco Comercial Português S.A. subsidiary companies are as follows:

Subsidiary companies	Head office	Share capital	Currency	Activity	% held
Bank Millennium, S.A.	Warsaw	1,213,116,777	PLN	Banking	65.5
Banco de Investimento Imobiliário, S.A.	Lisbon	17,500,000	EUR	Banking	100.0
BCP Capital - Sociedade de Capital de Risco, S.A.	Oeiras	2,000,000	EUR	Venture capital	100.0
BCP International B.V.	Amsterdam	18,000	EUR	Holding company	100.0
BCP Investment B.V.	Amsterdam	620,774,050	EUR	Holding company	100.0
Millennium bcp Participações, S.G.P.S., Sociedade Unipessoal, Lda.	Funchal	25,000	EUR	Holding company	100.0
Bitalpart, B.V.	Rotherdam	19,370	EUR	Holding company	100.0
BCP África, S.G.P.S., Lda.	Funchal	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	47,756,956	BRL	Financial Services	100.0
Millennium bcp Gestão de Activos - Sociedade Gestora de Fundos de Investimento, S.A.	Oeiras	1,000,000	EUR	Investment fund management	100.0
Millennium bcp - Prestação de Serviços, A.C.E.	Lisbon	331,000	EUR	Services	78.0
Millennium bcp Teleserviços - Serviços de Comércio Electrónico, S.A.	Lisbon	50,004	EUR	Videotex services	100.0
Servitrust - Trust Management Services S.A.	Funchal	100,000	EUR	Trust services	100.0
Millennium bcp Imobiliária, S.A.	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.	Oeiras	5,000	EUR	Real-estate company	52.7

(*) Companies classified as non-current assets held for sale.

BANCO COMERCIAL PORTUGUÊS, S.A.
Notes to the Individual Financial Statements
31 December, 2014

As at 31 December 2014, 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	103,689,744	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 and services	25.0
UNICRE - Instituição Financeira de Crédito, S.A.	Lisbon	10,000,000	EUR	Credit cards	31.7
Quinta do Furão - Sociedade de Animação Turística e Agrícola de Santana, Lda.	Funchal	1,870,492	EUR	Tourism	31.3
Flitptrell III, S.A.	Lisbon	50,000	EUR	Tourism	50.0

As at 31 December 2014, 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

As part of the Group's strategy to strengthen the capital ratios, following the Board of Directors strategy to address the new challenges imposed by the current prudential rules of ECB, throughout 2015, the Group decided to sell part of its portfolio of Portuguese public debt securities previously accounted for in the Held to maturity portfolio. This decision to sell the referred securities led to the reclassification, on the date of the change of intention, of the total public debt securities portfolio accounted for in the portfolio of securities held to maturity to the available for sale portfolio, in accordance with IAS 39 which based on its characteristics and definition of the standard (IAS 39 AG 22), did not imply the tainting of the remaining portfolio.

Similarly, and in line with this strategy, the Bank at the end of March 2015 sold 15.41% of the share capital of the company Bank Millennium S.A. (Poland) through the accelerated placement of 186,979,631 common shares at the unit value of PLN 6.65. After this sale the Group continues to hold a majority stake of 50.1% in the capital of the Bank Millennium S.A. (Poland).

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.

Declaration of Compliance

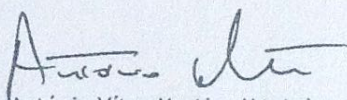
DECLARATION OF COMPLIANCE

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 2014, (ii) the individual and consolidated income statements for the year ended on 31 December 2014, (iii) the individual and consolidated statement of changes in equity and cash flow statement for the year ended on 31 December 2014, (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 2014, 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 2014 were approved by the Board of Directors on 10 April 2015.

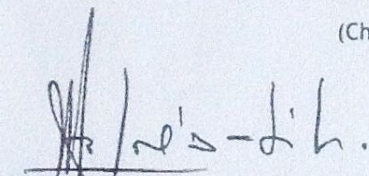
Furthermore, it is also declared that the management report of BCP faithfully presents the evolution of the business, performance and situation of the Bank and companies included in the consolidation perimeter and contain a description of the principal risks and uncertainties facing them. The management report was approved by the Board of Directors on 10 April 2015.

Porto Salvo, 10 April 2015

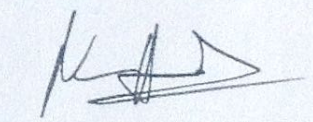


António Vítor Martins Monteiro

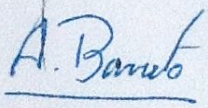
(Chairman)



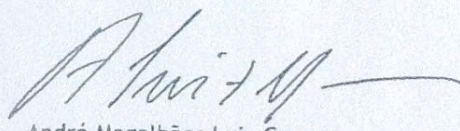
Carlos José da Silva
(Vice-Chairman)



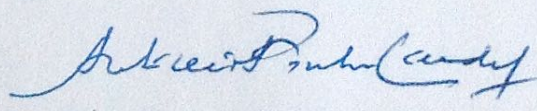
Nuno Manuel da Silva Amado
(Vice-Chairman)



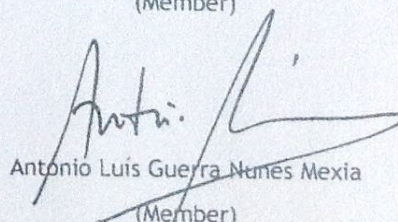
Álvaro Roque de Pinho Bissaia Barreto
(Member)



André Magalhães Luiz Gomes
(Member)

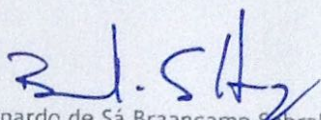


António Henriques de Pinho Cardão
(Member)

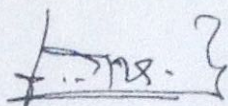


António Luís Guerra Nunes Mexia
(Member)

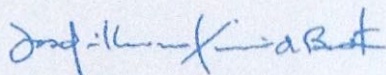
Administração



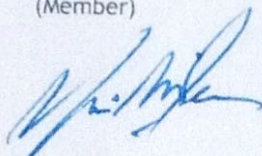
Bernardo de Sá Braancamp Sobral Sotomayor
(Member)



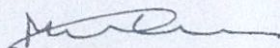
João Bernardo Bastos Mendes Resende
(Member)



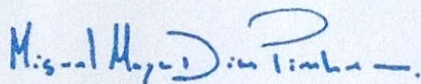
José Guilherme Xavier de Basto
(Member)



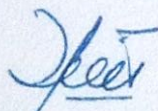
José Rodrigues Jesus
(Member)



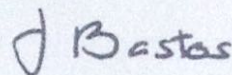
Maria da Conceição Mota Soares de Oliveira Callé
Lucas
(Member)



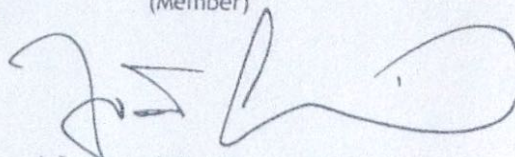
Miguel Maya Dias Pinheiro
(Member)



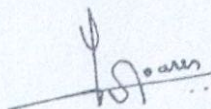
Rui Manuel da Silva Teixeira
(Member)



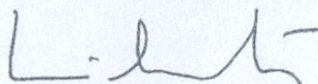
Jaime de Macedo Santos Bastos
(Member)



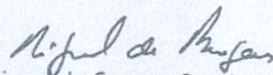
João Manuel de Matos Loureiro
(Member)



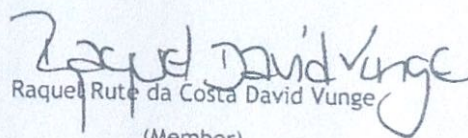
José Jacinto Iglésias Soares
(Member)



Luís Maria França de Castro Pereira Coutinho
(Member)



Miguel de Campos Pereira de Bragança
(Member)



Raquel Rute da Costa David Vunge
(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 2014, its annual report on its supervisory functions, in compliance with the provisos of article 423-F (g) of the Portuguese Companies Code.

Under the terms of the applicable legal and regulatory provisos and of the Articles of Association, the Committee is responsible for:

- a) Calling the General Meeting of Shareholders, whenever the Chairman of the Board of the General Meeting fails to do so when he/she should;
- b) Verifying if the accounting processes and valuation criteria adopted by the Bank lead to a correct valuation of assets and results.
- c) Accessing call notices and minutes of the meetings of the Executive Committee and taking part in the meetings of that Committee wherein the Bank's annual accounts are appraised;
- d) Verifying the regularity of the books, accounting records and documents supporting them;
- e) Verifying the accuracy of the financial statements;
- f) Monitoring the preparation and disclosure of financial information;
- g) Supervising the audit of the Bank's annual report and financial statements;
- h) Drawing up the report on its supervisory functions and issuing an opinion on the annual report and accounts and on the proposals presented by the directors, clearly stating its concurrence with the contents of the legal certification of accounts, if that is the case;
- i) Supervising the efficiency of the risk management system, of the internal control system and of the internal audit system and issuing a prior opinion on the entity appointed by the Bank to assess the adequacy and efficiency of the internal control system;
- j) Proposing to the General Meeting the election of the chartered accountant and of the external auditor and supervising their independence;

Comissão de Auditoria

Banco Comercial Português, S.A.

- k) Issuing an opinion on the remuneration of the external auditor, ensuring compliance with the rules for the provision of additional services, ensuring that the external auditor has all the conditions to exercise its activity and assessing its performance every year;
- l) Receiving the communications stating irregularities reported by shareholders, Bank employees or others and issuing an opinion on the regulations for the internal communications of irregularities;
- m) Suspending directors and appointing substitute directors under the terms of the law and of the articles of association;
- n) Issuing an opinion on the technical and professional profile of the candidates for the position of Head of Internal Audit of the Bank, if requested;
- o) Issuing an opinion on the share capital increases resolved by the BoD;

Besides all the powers and duties attributed to it by the law or by the articles of association, the Audit Committee is also responsible for:

- a) Issuing prior opinions on contracts entered into between the Bank and the members of corporate bodies, under the terms of article 397 of the Companies Code and of the articles of association;
- b) Issuing a prior opinion on the credit operations, regardless of their form 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 quarterly information to the Board of Directors (BoD), in writing, on the work carried out and conclusions reached and draws up an annual report on its activities to be presented to the Chairman of the BoD.

II - Activities carried out

Comissão de Auditoria
Banco Comercial Português, S.A.

In the undertaking of its activities, the Committee held regular meetings with the Chief Financial Officer, the Chartered Accountant and External Auditor, the Risk Officer, the Compliance Officer, the Head of Internal Audit and the Head of Studies, Planning and ALM Division.

Apart from that, in 2014, the Committee met with members of the Bank's Executive Committee and, based on the power held by it for summoning any Manager it wishes to hear, met with the Heads of the Divisions for Accounting and Consolidation, Accounting and Consolidation, Legal & Litigations Division, Human Resources Division, Tax Advisory, International Strategic Research and with the Company Secretary. The Committee also met with the Chairman of the General Meeting and with one Director of Millennium bcp Gestão de Ativos.

During the 2014, the Audit Committee met 24 times, having drawn the minutes of all the meetings. Moreover, by invitation, the members of the Committee participated in the meetings of the Risk Evaluation Committee.

For the effective undertaking of its functions, the Audit Committee requested and obtained all the data and clarifications relevant for that purpose, which included the opportune and appropriate monitoring of the compliance with the articles of association and with the applicable legal and regulatory provisions, meeting no obstacles to its actions.

The Committee 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

Comissão de Auditoria

Banco Comercial Português, S.A.

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 an unanimous favourable opinion to the terms of the project for the increase of the share capital made in July 2014, and to the terms of the respective report foreseen in nr. 3 of article 298 of the Companies Code in accordance with the terms and conditions presented to it by the Executive Committee.

Deferred tax Assets

The Committee appraised the issues to be debated at the Extraordinary General Meeting of Shareholders convoked to approve the accession of the Bank to the special regime applicable to deferred tax assets foreseen in Law 61/2014 of 26 August.

Operation in Romania

The Committee followed the process for the sale of Banca Millennium, an operation owned by Group BCP (Group) in Romania.

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.

Comissão de Auditoria

Banco Comercial Português, S.A.

The Committee also regularly monitored the situation of the Group's largest credit exposures and impairments as well as the application of the recommendations resulting from the inspections to the Bank's credit portfolio, coordinated by Banco de Portugal, within the scope of the Special Inspections Programme (SIP) pursuant to the Financial Aid Programme and the *On-site Inspection Program* (OIP) carried out by PricewaterhouseCoopers & Associados SROC, Lda . It also followed-up the development and the results of the *Asset Quality Review* (AQR) and of the *Stress tests*, coordinated at an European level by the European Central Bank (ECB).

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 financial turbulence that occurred in 2014 with Banco Espírito Santo and Grupo Espírito Santo, the Committee was always informed on the Group BCP's exposure to those entities and on its impact on the financial system.

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 2014, and with reference to 2013, the Committee issued an opinion on the Bank's Annual Report. In the beginning of 2015, and with reference to 2014, 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 2014, 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 2014.

Comissão de Auditoria

Banco Comercial Português, S.A.

The Committee also appraised the Group Budget for 2015, examining the assumptions used, the earnings and activity indicators forecast, the risk factors, the market shares, investments and the evolution of own funds.

Opinion on the appointment of the Head of the Audit Department

The Committee issued an opinion on the technical and professional profile of the new Head of Internal Audit of the Bank and of the Group.

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 Banco de Portugal in June 2014.

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 Instruction nr. 46/2012 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.

Comissão de Auditoria

Banco Comercial Português, S.A.

It also appraised the Report on Credit Concentration Risk, with information as of 31 December 2013, drawn up under the terms of Instruction 5/2011 of Banco de Portugal and the 2013 Report also sent to Banco de Portugal regarding the "Internal Capital Adequacy Assessment Process (ICAAP)" .

It assessed the Activity Plan of the Internal Audit for 2014, as well as the 2013 activity report and the 2014 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.

It assessed and issued a favourable opinion on the evolution plan proposal made by the Audit Department for 2014-2016, on the major strategic action prospects and on the goals of the Audit Division for the above mentioned period of time.

The committee also followed the main alterations made in the legal regime for the prevention of money laundering and terrorism financing introduced by Notice 5/2013 of Banco de Portugal and in the program for the accession of Group Millennium bcp to the Foreign Account Tax Compliance Act (FATCA).

The Committee received ongoing information on all legislative and regulatory main alterations.

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 and issued a favourable opinion on the 2013 Market Discipline Report that incorporates the information requirements set forth in Notice 10/2007 of Banco de Portugal.

The Committee assessed the result of the evaluation of the Internal Audit competences of the Group made by external consultants as well as the recommendations made and monitored its application.

Comissão de Auditoria
Banco Comercial Português, S.A.

The Committee was regularly informed on the correspondence exchanged between the Bank and supervision authorities and followed the transition of the banking supervision from Banco de Portugal to the Single Supervisory Mechanism (SSM) of the ECB.

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 2013, carried out by the Statutory Auditor and External Auditor. Throughout 2014, 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 2015, it analysed the conclusions of the audit work on the 2014 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 took cognisance of the 2014 fees proposal presented by KPMG & Associados - SROC, S.A., for audit services to the Bank and Group regarding the audit of the individual and consolidated financial statements.

The Committee appraised the proposals for contracting additional services to be provided by the External Auditor, within the scope of the Policy for the Approval of Audit Services provided by External Auditors.

The Committee supervised the independence of the Statutory Auditor and of the External Auditor. It also assessed, throughout the year in a continuous manner, their performance, having concluded that both adequately exercised their duties. This conclusion was supported by a formal assessment of the independence and performance made by the Committee in

Comissão de Auditoria

Banco Comercial Português, S.A.

the beginning of 2015, which included, notably, surveys especially designed for that purpose and the independence confirmation statement provided by the auditors.

Process for the appointment of the Statutory Auditor and of the External Auditor for the triennial 2014/-2016

After making an in-depth analysis of the benefits and disadvantages of rotating the Statutory Auditor (ROC) and of the current External Auditor, the Committee proposed to the General Meeting of Shareholders of the Bank held on 30 May, the maintenance of KPMG & Associados, SROC, S.A., in the exercise of those functions during the triennial 2014-2016.

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 thirty-four credit operations that were presented to the BofD. The Committee also issued an opinion on four other contracts established with entities related with members of the BoD and qualified shareholders.

Receipt of communications stating irregularities reported by shareholders, employees or others

The Commission appraised and issued a favourable opinion on the Regulations for the Communication of Irregularities (whistleblowing).

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

Comissão de Auditoria
Banco Comercial Português, S.A.

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, 17 April 2015

João Matos Loureiro (Chairman)

José Xavier de Basto (Member)

Jaime Santos Bastos (Member)

José Rodrigues de Jesus (Member)

Comissão de Auditoria
Banco Comercial Português, S.A.

Opinion of the Audit Committee

**OPINION OF THE AUDIT COMMITTEE
ON THE 2014 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 2014 drawn up by the Executive Committee and the Legal Certifications of the Accounts and Audit Reports prepared by KPMG & Associados - SROC, S.A., on the individual and consolidated financial statements, which were issued without reservations or emphases.
2. The Audit Committee monitored the drawing up of the Annual Report as well as the final version approved by the Executive Committee. In order to prepare the opinion given herein, the Audit Committee met with the Executive Committee, with the Chief Financial Officer, with those in charge of the competent divisions of the Bank, particularly the Accounting and Consolidation Division, the Audit Division, the Risk Office, the Compliance Office, the Research, Planning and ALM Division, the Company Secretary, as well as with the Statutory Auditor and External Auditor, requesting all the information and clarifications relevant to its functions, which included the timely and appropriate monitoring of the compliance with the articles of association and with the applicable legal provisos.
3. The underwriters declare to the best of their knowledge that the financial information analyzed was drawn up in compliance with the applicable accounting standards, giving a true and fair view of the assets and liabilities, of the financial situation and of the earnings of the Bank and of the companies consolidated by it, and that the annual report truthfully shows the evolution of the business, the performance and position of the Bank and of the companies consolidated by it, containing a description of the main risks and uncertainties faced by them.
4. Considering the result of the work carried out, the Audit Committee concurs with

Comissão de Auditoria

Banco Comercial Português, S.A.

the contents of the Legal Certifications of Accounts and Audit Reports made by KPMG & Associados - SROC, S.A. and issues a favourable opinion on the Bank's Annual Report, which includes the financial statements, on an individual and consolidated basis, of the financial year ended on the 31 December 2014, approved on 17 April 2015 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 2014;
 - b) The proposal made by the Board of Directors for the appropriation of the net losses computed in the 2014 individual balance sheet, amounting to 684 423 927,08 Euros for Retained Earnings.

Lisbon, 17 April 2015

João Matos Loureiro (Chairman)

José Xavier de Basto (Member)

Jaime Santos Bastos (Member)

José Rodrigues de Jesus
(Member)

Comissão de Auditoria
Banco Comercial Português, S.A.

External Auditors' Report



**KPMG & Associados - Sociedade de Revisores
Oficiais de Contas, S.A.**
Edifício Monumental
Av. Praia da Vitória, 71 - A, 11º
1069-006 Lisboa
Portugal

Telephone: +351 210 110 000
Fax: +351 210 110 121
Internet: www.kpmg.pt

CONSOLIDATED AUDITORS' REPORT

(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, 2014 of **Banco Comercial Português Group** which comprise the consolidated balance sheet as at 31 December, 2014 (showing total assets of 76,360,916 thousand Euros and total equity attributable to the equity holders of the Bank of 4,212,536 thousand Euros, including a net loss attributable to the equity holders of the Bank of 226,620 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 financial position of the group companies included in the consolidation, the consolidated results of its operations, the consolidated comprehensive income, the consolidated changes in equity and the consolidated cash flows;
 - b) 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.

- 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.

dv

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, 2014, 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, 17 April 2015



KPMG & Associados
Sociedade de Revisores Oficiais de Contas, S.A. (n. 189)
represented by
Ana Cristina Soares Valente Dourado (ROC n. 1011)



**KPMG & Associados - Sociedade de Revisores
Oficiais de Contas, S.A.**
Edifício Monumental
Av. Praia da Vitória, 71 - A, 11º
1069-006 Lisboa
Portugal

Telephone: +351 210 110 000
Fax: +351 210 110 121
Internet: www.kpmg.pt

AUDITORS' REPORT

(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, 2014 of **Banco Comercial Português, S.A.** which comprise the balance sheet as at 31 December, 2014 (showing total assets of 57,406,596 thousand Euros and total equity of 2,876,388 thousand Euros, including a net loss of 684,424 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.

- 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.

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, 2014, 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, 17 April 2015



KPMG & Associados

Sociedade de Revisores Oficiais de Contas, S.A. (n.º 189)

represented by

Ana Cristina Soares Valente Dourado (ROC n.º 1011)



**KPMG & Associados – Sociedade de Revisores
Oficiais de Contas, S.A.**
Edifício Monumental
Av. Praia da Vitória, 71 - A, 11º
1069-006 Lisboa
Portugal

Telephone: +351 210 110 000
Fax: +351 210 110 121
Internet: www.kpmg.pt

Independent Limited Assurance Report

**(This Report is a free translation to English from the Portuguese version
In case of doubt or misinterpretation the Portuguese version will prevail.)**

**To the Board of Directors of
Banco Comercial Português S.A.**

Introduction

1. We have been engaged by the Board of Directors of Banco Comercial Português S.A. (“Bank”) to provide limited assurance on the sustainability information included in the Annual Report (“the Report”) of Bank for the year ended 31 December 2014.

Responsibilities

2. The Board of Directors of Bank is responsible for:
 - The preparation and presentation of the sustainability information included in the Report in accordance with the Sustainability Reporting Guidelines (G3.1) of the Global Reporting Initiative (GRI), as described in “Methodology notes” of the chapter “Annexes” of the Report, and the information and assertions contained within it;
 - Determining the Bank objectives in respect of sustainable development performance and reporting, including the identification of stakeholders and material issues, in accordance with the principles of inclusiveness, materiality and response of AA1000APS (2008); and
 - Establishing and maintaining appropriate performance management and internal control systems from which the reported performance information is derived.
3. Our responsibility is to carry out a limited assurance engagement and to express a conclusion based on the work performed. We conducted our assurance engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements other than Audits or Reviews of Historical Financial Information, issued by the International Auditing and Assurance Standards Board of the International Federation of Accountants. This Standard requires that we comply with the applicable ethical requirements, including independence requirements, and that the work is planned and performed to obtain limited assurance if nothing came to our attention that causes us to conclude that the sustainability information included in Annual Report for the year ended 31 December 2014, is not free of material misstatement.

Scope

4. A limited assurance engagement on a sustainability report consists in inquiries, primarily of persons responsible for the preparation of the information presented in the Report, and applying analytical and other evidence gathering procedures, as appropriate. These procedures included:
 - Interviews with the responsible persons to understand the processes implemented in Bank to identify material issues for the relevant stakeholders of Bank;
 - Interviews with relevant staff, at corporate and business units, responsible for providing the sustainability information in the Report;
 - Comparing the information presented in the Report to corresponding information in the relevant underlying sources to determine whether all the relevant information contained in underlying sources has been included in the Report; and
 - Reading the information presented in the Report to conclude if it is in line with our overall knowledge of, and experience with, the sustainability performance of Bank.
5. The extent of evidence gathering procedures performed in a limited assurance engagement is substantially less in scope than a reasonable assurance engagement or an audit conducted in accordance with International Standards on Auditing, and therefore a lower level of assurance is provided. Consequently, it does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit or a reasonable assurance engagement. Accordingly, we do not express an audit opinion and do not express a reasonable assurance conclusion on the Report.

Independence

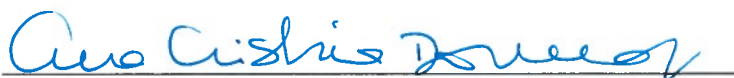
6. In the course of our work we accomplished with the standards applicable in the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants.
7. We consider that the evidence obtained is sufficient and appropriate to support our conclusion.

Conclusion

8. Based on the procedures performed, as described above, nothing has come to our attention that causes us to believe that the sustainability information included in the Report of Bank for the year ended 31 December 2014 is not presented fairly, in all material respects with:
 - The alignment of Bank with the principles of inclusiveness, materiality and response of AA1000APS (2008); and
 - The compliance with the Sustainability Reporting Guidelines (G3.1) of the Global Reporting Initiative (GRI) as described in "Methodology notes" in the "Annexes" of the Report.

9. Our limited assurance report is made solely to Bank in accordance with the terms of our engagement. Our work has been prepared only with the objective of reporting to Bank those matters for which we were engaged in this limited assurance report and for no other purpose. We do not accept or assume responsibility to any third party than Bank for our work, for this limited assurance report, or for the conclusions we have reached.

Lisbon, 17 April 2015



KPMG & Associados,
Sociedade de Revisores Oficiais de Contas, S.A. (n.º 189)
Represented by
Ana Cristina Soares Valente Dourado (ROC n.º 1011)

Corporate Governance Report

Introduction	415
PART I - COMPULSORY INFORMATION ON SHAREHOLDER STRUCTURE, ORGANISATION AND CORPORATE GOVERNANCE	423
A. SHAREHOLDER STRUCTURE	423
I. <i>Capital Structure</i>	423
II. <i>Shares and Bonds Held</i>	424
B. GOVERNING BODIES AND COMMISSIONS	427
I. <i>GENERAL MEETING</i>	427
a) Composition of the Board of the General Meeting	427
b) Exercise of Voting Rights	427
II. <i>MANAGEMENT AND SUPERVISION</i>	427
a) <i>Composition</i>	427
Board of Directors	430
Executive Committee	433
b) <i>Functioning</i>	435
c) <i>Committees and commissions within the management or supervisory body and delegated directors</i>	439
III. <i>INSPECTION</i>	441
a) Composition	441
b) Operation	441
c) Competence and duties	442
IV. <i>STATUTORY AUDITOR</i>	442
V. <i>EXTERNAL AUDITOR</i>	443
C. INTERNAL ORGANISATION	445
I. <i>Articles of Association</i>	445
II. <i>Communication of Irregularities</i>	446
III. <i>Internal control and risk management</i>	447
A) Risk Office	447
B) Compliance Office	447
C) Audit Division	448
IV. <i>Investor Support</i>	451
a) Composition of the Investor Relations Division	451
b) Duties of the Investor Relations Division	451
c) Type of information provided by the Investor Relations Division	452
d) Investor Relations Division contact information	453
V. <i>Website</i>	453
D. REMUNERATIONS	454
I. <i>Competence for determination</i>	454
II. <i>Remuneration Committee/Remuneration and Welfare Board</i>	454
III. <i>Structure of remunerations</i>	455
IV. <i>Disclosure of remunerations</i>	458
V. <i>Agreements with remunerative implications</i>	459
VI. <i>Plans for the attribution of shares or stock options</i>	459
E. Transactions with related parties	459
I. <i>Control mechanisms and procedures</i>	459
II. <i>Elements relative to business</i>	460
PART II - ASSESSMENT OF CORPORATE GOVERNANCE	461
ANNEX I	462
Curricula Vitae of the Members of the Board of Directors of Banco Comercial Português, S.A.	462
<i>Non-Executive Members of the Board of Directors</i>	462
<i>Members of the Board of Directors (Members of the Audit Committee)</i>	469
<i>Executive Members of the Board of Directors</i>	472
ANNEX II	481
Curricula Vitae of the Members of the Remuneration and Welfare Board of Banco Comercial Português, S.A.	481

INTRODUCTION

Banco Comercial Português, S.A., (hereinafter Company, Bank, BCP or Millennium bcp) prepares its Corporate Governance Report in compliance with the legal rules and regulations in force, observing the best practices and recommendations. The present Corporate Governance Report relative to the financial year of 2014 was prepared in conformity with the Securities Code, CMVM Regulation 4/2013, the Recommendations of the Corporate Governance Code, and the General Regime for Credit Institutions and Financial Companies. In this regard, and in line with CMVM Recommendations, it will complement the Declaration of Compliance below with references to information found in the report.

The Table below illustrates compliance with these CMVM Recommendations.

CMVM recommendations	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.	There are no mechanisms with these features	
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.	Partially compliant	Item 13
I.5. Defensive measures should not be adopted if they imply payments or the incurrance 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

CMVM recommendations	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 and Executive Committee, 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 e) Nomination and Compensation Committee.
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	Items 27 d)

CMVM recommendations	Declaration of Compliance	Information with reference to the Corporate Governance Report
<p>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.</p>	Compliant	<p>Items 21 - Board of Directors and Audit Committee and 27 a) Commission for Risk Assessment</p>
<p>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.</p>	Compliant	<p>Items 17, and 26 A</p>
<p>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.</p> <p>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:</p>	Compliant	<p>Items 17, 18 and 26 A</p>
<p>a. Having been employed at a company which has been in a controlling or group relationship in the last three years;</p>	Compliant	<p>Items 17 and 18</p>
<p>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;</p>		
<p>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;</p>		
<p>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;</p>		
<p>e. Being the holder of a qualifying stake or representative of a shareholder with qualifying stakes.</p>		

CMVM recommendations	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.	Compliant	Item 26 A and C.V. Annex I
II.2.2. The supervisory body should be the main point 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

CMVM recommendations	Declaration of Compliance	Information with reference to the Corporate Governance Report
<p>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.</p>	Compliant	Item 21 - Audit Committee, Item 50 and 51
II.3. ESTABLISHMENT OF REMUNERATIONS		
<p>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.</p>	Compliant	Item 67 and C.V. Annex I
<p>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.</p>	Compliant	Item 67
<p>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:</p>		
<p>a) Identification and explanation of the criteria for determination of the remuneration to be attributed to the members of the governing bodies;</p>	Compliant	Item 69
<p>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;</p>	Compliant	Item 69 and 80.1
<p>c) Information on the payability or non-payability of amounts relative to dismissal or termination of duties of directors.</p>	Compliant	Item 80
<p>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.</p>	Not applicable	

CMVM recommendations	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	Item 69 and Item 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	Item 69 and Item 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	(Item 69 and Item 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	(Item 69 and Item 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)

CMVM recommendations	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 art. 20 of the Securities Code, should be conducted under regular market conditions.	Compliant	Item 21 - Audit Committee, Item 10 and Item 91

CMVM recommendations	Declaration of Compliance	Information with reference to the Corporate Governance Report
<p>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.</p>	Compliant	<p>Item 21 - Audit Committee and Board of Directors, Item 19 paragraph 4 (material limit), Item 10 and Item 91</p>
VI. INFORMATION		
<p>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.</p>	Compliant	<p>www.millenniumbcp.pt/Institucional/</p>
<p>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.</p>	Compliant	<p>Items 56 to 58</p>

PART I - COMPULSORY INFORMATION ON SHAREHOLDER STRUCTURE, ORGANISATION AND CORPORATE GOVERNANCE

A. SHAREHOLDER STRUCTURE

I. Capital Structure

1. The Bank's share capital amounts to Euros 3,706,690,253.08, corresponding to 54,194,709,415 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. In accordance with information provided by Interbolsa, as at 31 December 2014, the number of shareholders of Banco Comercial Português amounted to 189,805.

The Bank's shareholder structure continues very scattered, with six shareholders owning more than 2% of the share capital. Of these, only two have a stake above 5%. Overall, the shareholders holders of qualified shareholdings represent 34.62% of the capital.

It is worth noting the increase of non-institutional shareholders, who represented 36.6% of the capital at the end of 2013 and, as at 31 December 2014, represented 44%.

In terms of geographical distribution, we must point out the weight of the shareholders in Portugal, representing 50% of the total of shareholders.

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

3. As at 31 December 2014, Banco Comercial Português, S.A. held no treasury shares in portfolio, and neither were any BCP shares purchased or sold for its own portfolio during the year. However, as at 31 December 2014, 24,280,365 BCP shares held by customers were recorded under the heading "Treasury Shares" (as compared with 76,664,387 shares as at 31 December 2013), for which impairment evidence exists. These shares were therefore, in light of and in compliance with IAS 39, recorded under this account heading.

4. Banco Comercial Português is not a party in agreements that might be enforced, altered or terminated, in the event of transition of control, a public takeover bid, or change of composition of the governing bodies.

5. Article 26 of the Bank's Articles of Association establishes a limitation to voting rights by determining that votes cast by a single shareholder and related entities, under the terms of number 1 of article 20 of the Securities Code, corresponding to more than 20% of the votes of the total share capital, should not be counted. The Bank believes that this provision seeks to assure that small and medium-sized shareholders are thus able to exert greater influence on decisions that might be submitted to the General Meeting.

6. The Bank has direct and public knowledge that a shareholders' agreement was concluded on 19 July 2013 between Interoceânico-Capital, SGPS, S.A. and Allpar S.E., a company incorporated under Austrian law. This agreement aimed, namely, at concerted action in the exercise of voting rights at the General Meeting. Based on the aforesaid agreement, Banco de Portugal attributed qualifying capacity to Allpar, S.E during the financial year of 2014. After the year end and in March 2015, the Bank was notified of the termination of this agreement.

II. Shares and Bonds Held

7. Under the terms of the Securities Code, the qualifying stakes in the Company's share capital as of 31 December 2014, indicating the percentage share capital and imputable votes, and the source and reasons of imputation, are translated in the following Table:

31 December 2014				
Shareholder	Nr. of Shares	% Share capital	% voting rights	Source and reasons for imputation
Sonangol - Sociedade Nacional de Combustíveis de Angola, EP	10,534,115,358	19.44%	19.44%	Purchase
Total of Sonangol Group	10,534,115,358	19.44%	19.44%	
Bansabadell Holding, SL	2,644,643,445	4.88%	4.88%	Purchase
BANCO DE SABADELL, S.A.	350,219,968	0.65%	0.65%	Purchase
Total of Sabadell Group	2,994,863,413	5.53%	5.53%	
EDP -Imobiliária e Participações, S.A	1,087,268,954	2.01%	2.01%	Purchase
EDP Pensions Fund	373,431,822	0.69%	0.69%	Purchase
Members of the management and supervisory bodies	7,752,755	0.01%	0.01%	Purchase
Total of EDP Group	1,468,453,531	2.71%	2.71%	
Interoceânico - Capital, SGPS, S.A.	1,199,549,296	2.21%	2.21%	Purchase
ALLPAR SE	162,450,000	0.30%	0.30%	Shareholders
Members of the management and supervisory bodies	5,610,890	0.01%	0.01%	Purchase
Total of Interoceânico Group	1,367,610,186	2.52%	2.52%	
BlackRock	1,308,152,656	2.41%	2.41%	Purchase
Total of BlackRock*	1,308,152,656	2.41%	2.41%	
Ageas Insurance International, N.V.	437,113,737	0.81%	0.81%	Purchase
Ocidental - Companhia de Seguros de Vida, S.A.	652,087,518	1.20%	1.20%	Purchase
Total of Ageas	1,089,201,255	2.01%	2.01%	
Total of Qualified Shareholders	18,762,396,399	34.62%	34.62%	

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

8. The number of shares and bonds held by the members of the management and control bodies, and people closely related to them, as at 31 December 2014, is presented in the following Table:

Shareholders/Bondholders	Securities	Nr. of Securities as at		Type of Deal and Number of Securities Traded			Price per unit in Euros
		31/12/2013	31/12/2014	Purchases	Sales	Date	
Members of the Board of Directors and People Closely Related To Them							
Members of the Board of Directors							
António Vítor Martins Monteiro (1)	BCP Shares	6,589	18,119	11,530		24/07/2014	0.065
	BCP Shares	414,089	1,165,812	751,723		24/07/2014	0.065
Carlos José da Silva	Bonds BCP Ret Sem Cresc III/12EUR 3/2013	300	300				
Nuno Manuel da Silva Amado	BCP Shares	1,003,297	2,824,650	1,821,353		24/07/2014	0.065
			3,824,650	1,000,000		30/12/2014	0.0655
Álvaro Roque de Pinho de Bissaia Barreto	BCP Shares	0	0				
André Magalhães Luiz Gomes	BCP Shares	19,437	53,451	34,014		24/07/2014	0.065
António Henriques de Pinho Cardão (2)	BCP Shares	281,034	772,843	491,809		24/07/2014	0.065
António Luís Guerra Nunes Mexia	BCP Shares	4,120	11,330	7,210		24/07/2014	0.065
Bernardo de Sá Braamcamp Sobral Sottomayor	BCP Shares	0	0				
César Paxi Manuel João Pedro (a)	BCP Shares	0	0				
Jaime de Macedo Santos Bastos	BCP Shares	1,468	4,037	2,569		24/07/2014	0.065
João Bernardo Bastos Mendes Resende	BCP Shares	0	0				
João Manuel de Matos Loureiro	BCP Shares	4,793	13,180	8,387		24/07/2014	0.065
	BCP Shares	4,951	13,615	8,664		24/07/2014	0.065
José Guilherme Xavier de Basto	Bonds BCP Mill Rend Sem	5	5				
José Jacinto Iglésias Soares	BCP Shares	384,002	1,056,004	672,002		24/07/2014	0.065
José Rodrigues de Jesus	BCP Shares	0	0				
Luís Maria França de Castro Pereira Coutinho	BCP Shares	822,123	2,260,838	1,438,715		24/07/2014	0.065
Maria da Conceição Mota Soares de Oliveira Callé Lucas	BCP Shares	100,001	275,002	175,001		24/07/2014	0.065
Miguel de Campos Pereira de Bragança	BCP Shares	623,813	1,715,485	1,091,672		24/07/2014	0.065
Miguel Maya Dias Pinheiro	BCP Shares	601,733	1,092,366	490,633		24/07/2014	0.065
Raquel Rute da Costa David Vunge	BCP Shares	0	0				
		134,687		235,702		24/07/2014	0.065
Rui Manuel da Silva Teixeira (3)	BCP Shares			200,000		30/07/2014	0.112
			170,389			30/07/2014	0.112
People closely related to members of the Board of Directors							
Isabel Maria V Leite P Martins Monteiro (1)	BCP Shares	5,311	14,605	9,294		24/07/2014	0.065
Maria da Graça dos Santos Fernandes de Pinho Cardão	BCP Shares	10,485	28,833	18,348		24/07/2014	0.065
Maria Helena Espassandim Catão (3)	BCP Shares	1,000	1,750	750		24/07/2014	0.065

(a) Renounced to the position of member of the Bank's Board of Directors, effective on 15 October 2014.

The number of shares and bonds held by the Bank's senior management, in the meaning of article 248-B of the Securities Code, as at 31 December 2014, is presented in the following Table:

Shareholders/Bondholders	Securities	Nr. of Securities as at		Type of Deal and Number of Securities Traded			Price per unit in Euros
		31/12/2013	31/12/2014	Purchases	Sales	Date	
Senior Managers and People Closely Related To Them							
Senior Managers							
Ana Isabel dos Santos de Pina Cabral (1)	BCP Shares	74,550	182,953	108,403		24/07/2014	0.065
Dulce Maria Pereira Cardoso Mota Jorge Jacinto	BCP Shares	82,031	143,335	61,304		24/07/2014	0.065
Fernando Manuel Majer de Faria	BCP Shares	624,219	1,757,406	1,133,187		24/07/2014	0.065
Filipe Maria de Sousa Ferreira Abecasis	BCP Shares	0	0				
José Miguel Bensliman Schorch da Silva Pessanha	BCP Shares	20,879	20,879	0			
	BCP Shares	31,509	88,999	57,490		24/07/2014	0.065
	Bonds BCP Mill Rend Trim Nov 09/14	5	0		5	31/10/2014	Reimbursement
Mário António Pinho Gaspar Neves	Certificate BCP Stox Basic Resources		0		610	14/02/2014	4.255
	Certificate BCPI S6P 500		193	193		24/11/2014	
	Certificate BCPI Eurostox 50		187	187		24/11/2014	
Pedro Manuel Rendas Duarte Turras	BCP Shares	25,207	69,410	44,203		24/07/2014	0.065
Rui Pedro da Conceição Coimbra Fernandes	BCP Shares	0	0				
People Closely Related							
José Manuel de Vasconcelos Mendes Ferreira (1)	BCP Shares	4,577	12,586	8,009		24/07/2014	0.065

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

On the date of the last renewal of this authorisation, granted at the General Meeting held on 31 May 2012, the capital was 3,000,000,000 Euros, having been partially increased in October 2012 to the value of 500,000,000 Euros.

The General Meeting held on 30 May 2014 approved the reduction of the share capital by 2,035,000,000 Euros for loss coverage. This reduction was undertaken without altering the existing number of shares or equity. Upon implementation of this reduction, the share capital fell to 1,465,000,000 Euros, corresponding to 19,707,167,060 registered book-entry shares with no par value, fully underwritten and paid-up.

Still in 2014, and in the use of this granted authorisation, the Board of Directors, after having obtained a favourable opinion from the Audit Committee, deliberated a share capital increase through new cash entries, to be subscribed by the shareholders in the exercise of their legal preemptive right, in the amount of 2,241,690,253.08 Euros. After the increase was recorded on 24 July 2014, the share capital came to 3,706,690,253.08 Euros, corresponding to 54,194,709,415 registered book-entry shares with no par value, which is the current amount today.

The Board of Directors may thus, in the use of the abovementioned authority granted in 2012 and valid until 30 May 2017, deliberate a share capital increase with preemptive right for shareholders, by 258,309,746.20 Euros (see article 4 and 5 of the Articles of Association).

Should the Bank, on the date scheduled for the end of the State investment, 29 June 2017, hold debts for any core tier 1 equity instruments (ISE), the equity debt amount shall be converted into ordinary shares on that date, and the number of shares to be converted shall be equal to the equity debt amount of said 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 2014, nor on the date of preparation of this report, under Law 60-A/2008, of 20 October.

The General Meeting held on 15 October 2014 approved the adherence to the special regime applicable to deferred tax assets (DTA), as set forth in Law 61/2014, dated 26 August.

10. 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.

During 2014, the Audit Committee issued twenty-eight prior opinions related to eight operations of assignment and renewal of credit lines and limits, and twenty 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 abovementioned 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 the operations conducted, in spite of being of no relevant economic value, were supported by technical opinions issued by the Audit Division, analysed by the Audit Committee, and submitted to the Board of Directors.

In 2014 the company had no records of any significant relations of a commercial nature with holders of qualifying stakes.

B. GOVERNING BODIES AND COMMISSIONS

I. GENERAL MEETING

a) Composition of the Board of the General Meeting

11. The Board of the General Meeting is composed of:

Chairman: António Manuel da Rocha e Menezes Cordeiro (Independent)

Vice-Chairman: Manuel António de Castro Portugal Carneiro da Frada (Independent)

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

The Chairman and Vice-Chairman of the Board were elected at the General Meeting held on 30 May 2014 for the three-year period 2014/2016, and are holding the third continuous term of office.

The mandate began at the date of the election referred to above, and will end on 31 December 2016. Although the members of the Board have been elected for a fixed term, they will remain in office until the election of new members, which is scheduled to occur at the Annual General Meeting to be held before the end of May 2017.

b) Exercise of Voting Rights

12. Under the Bank's Articles of Association, each share corresponds to one vote. Those who are shareholders up to zero hours of the fifth trading day prior to the date of the General Meeting may participate therein, directly or through representation.

On these issues, see items 5 and 14.

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

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

13. Please see item 5.

14. The Bank's Articles of Association require a qualified majority of three quarters of the votes cast for approval of decisions on merger, demerger and transformation of the company. Concerning the resolution on the dissolution of the Company, a majority corresponding to three quarters of the paid-up capital is required.

II. MANAGEMENT AND SUPERVISION

a) Composition

15. Banco Comercial Português, S.A has adopted, 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, elected directly at the General Meeting.

16. The members of the Board of Directors are elected at the General Meeting. In the event of cooptation to fill vacant positions, the coopted members complete the terms of office currently underway. Elections are plural and conducted by lists, with indication by the proposing shareholders, and votes are cast based on said 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.

17. 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, which was elected at the General Meeting held on 28 February 2012, to perform duties during the three-year period 2012/2014, was initially composed of twenty members, with the following alterations having taken place in the meantime:

(i) Under the Bank's recapitalisation operation, and in conformity with the provisions in article 14, number 2, of Law 63-A/2008 of 24 November (amended and republished by Law 4/2012 of 11 January) and in number 2 of the Annex to Order 8840-B/2012, of 28 June, the State appointed, on 4 December 2012, as its representatives to the Bank's Board of Directors, Bernardo de Sá Braamcamp Sobral Sottomayor and José Rodrigues de Jesus, both as non-executive directors, with the former being a member of the Remuneration and Welfare Board, the Commission for Nominations and Remunerations, and the Commission for Commission for Risk Assessment, and the latter a member of the Audit Committee;

(ii) In 2013 Pedro Maria Caláinho Teixeira Duarte resigned from the position of Vice-Chairman and member of the Bank's Board of Directors and Remuneration and Welfare Board;

(iii) In 2013 António Manuel Costeira Faustino resigned from the position of member of the Bank's Board of Directors;

(iv) In 2014 César Paxi Manuel João Pedro resigned from the position of member of the Bank's Board of Directors;

(v) On 15 October 2014 Raquel Rute da Costa David Vunge was coopted to perform duties during the mandate underway for the 2012/2014 term-of-office.

As at 31 December 2014 the Board of Directors was composed of eighteen members (eleven non-executive, and seven executive members) to complete the three-year mandate initiated on 28 February 2012 and ended on 31 December 2014; however, the directors will remain in office until the Elective General Meeting is held in May 2015. The Board of Directors is also composed of two members appointed by the State on 4 December 2012 to perform duties until the Bank's recapitalisation operation is completed, scheduled to occur on 29 June 2017.

18. On 1 March 2012 the Board of Directors appointed, from among its members, an Executive Committee under the terms of article 407, number 3 and 4 of the Companies Code and article 35 of the Bank's Articles of Association, composed of seven of its members. 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, - Item 18.1, the member of the Board of Directors who is not associated to any specific group of interests in the company, nor is under any circumstance which might affect the impartiality of their 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:

a. Not having been employed at the Bank or a company which has been in a controlling or group relationship with the Bank in the last three years;

b. Not having, in the last three years, rendered services or established significant commercial relations with the Bank or a company which has been in a controlling or group relationship with the Bank, whether directly or as a partner, director or manager of a legal person;

c. Not having received remuneration paid by the Bank or a company which has been in a controlling or group relationship with the Bank, apart from the remuneration arising from the performance of directorship duties;

d. Not being the spouse or living in non-marital cohabitation, parent or similar in a straight line and until the 3rd degree, inclusively, in the collateral line, of directors or natural persons directly or indirectly holding qualifying stakes;

e. Not being the holder of a qualifying stake or representative of a shareholder with qualifying stakes.

The number of members of the Board of Directors who under the provisions described in Recommendation II.I.7. are considered independent, guarantee to the non-executive members of the Board of Directors an effective ability to monitor, supervise and assess in a constructive, impartial and considered way the activities of executive directors and members.

Excluding the two directors appointed by the State and the executive members, seven out eleven members of the Board of Directors are independent, i.e. 63.6% of the non-executive directors are independent, and the company finds that the proportion of independent directors against the total number of directors is more than appropriate, taking into account the adopted governance model, the company size, its shareholder structure, and the respective free float. See the table shown in item 26 a).

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

20. There are no usual and significant family or commercial relations between the members of the Board of Directors with shareholders to whom stakes above 2% of the voting rights are imputable. According to the table presented in item 7 herein, the shareholders owning stakes above 2% are legal persons. Under these terms, and by nature, no family relations exist between members of the Board of Directors and shareholders with a stake above 2%; in addition, no family relations exist between members of the Board of Directors of the Bank, and members of the Board of Directors of shareholders with a stake above 2%.

The members of the Board of Directors who have professional relations with shareholders to whom a qualified stake greater than 2% of the voting rights is imputable are listed in the following Table:

Professional Relation of the Members of the Board of Directors (BoD) of BCP with Shareholders owning more than 2% of Voting Rights.

Member of the BoD of BCP	Professional Relation	Shareholder owning more than 2% of Voting Rights
Carlos José da Silva	Chairman of the Board of Directors of Interoceanico Capital SGPS, S.A.	Interoceânico Capital SGPS, S.A.
António Luís Guerra Nunes Mexia	Chairman of the Executive Board of Directors of EDP - Energias de Portugal	EDP - Energias de Portugal, S.A. (Group EDP)
César Paxi Manuel João Pedro (*)	Senior Manager at Sonangol, E.P.	Sonangol - Sociedade Nacional de Combustíveis de Angola, E.P. (Group Sonangol)
João Bernardo Bastos Mendes Resende	Member of the BoD of Banco Urquijo (Group Banco Sabadell)	Group Banco Sabadell
Raquel Rute da Costa David Vunge (**)	Senior Manager at Sonangol, E.P.	Sonangol - Sociedade Nacional de Combustíveis de Angola, E.P. (Group Sonangol)

(*) Renounced to the position of member of the Bank's Board of Directors, effective on 15 October 2014.

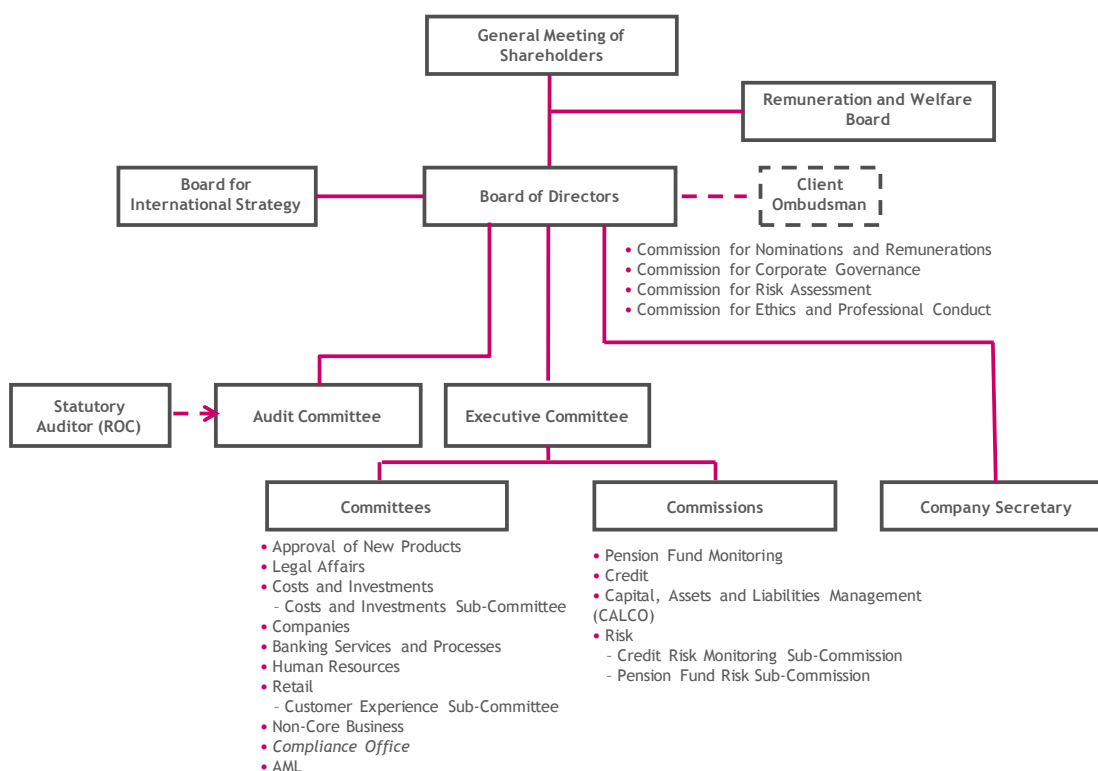
(**) Co-opted at the BoD meeting held on 15 October 2014, to replace and fulfil the term of office of Mr. César Paxi Manuel João Pedro, who renounced to it. Beginning of functions - 16 December 2014

21. Pursuant to the corporate governance model adopted by the Bank - the one-tier model - the structure includes a Board of Directors, under which there is an Audit Committee, composed solely of non-executive members and an Executive Committee to which the Board of Directors has delegated the Bank's current management.

The Board of Directors has appointed four specific commissions, whose essential purpose is the permanent monitoring of certain specific 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 Committees that, besides two or more Executive Directors, are composed of first line Directors who report to them.

The Diagram below represents the Bank's Corporate Governance Model structure during 2014:



Board of Directors

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

During the exercise of their functions, the directors use their competences, qualifications and professional experience to ensure, in a permanent and responsible way, a sound 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 bear duties of zeal, care and loyalty, reflecting high standards of diligence inherent to a careful and orderly manager, critically analysing the decisions made 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 exercise of their functions, except when the Board of Directors sees the need to internally or publicly disclose its deliberations, or when such disclosure is imposed by law or by a decision of an administrative authority or of a court of law.

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 competence for itself:

- Convene general meetings;
- Approve the proposals to be submitted to the General Meeting that are the responsibility of the management body, namely the proposed appropriation of net income;
- Resolve on the change of head office and on share capital increases, in accordance with the law and the articles of association;
- Approve mergers, demergers and other transformation of the company;

- Decide on, in accordance with the law and the articles of association, the issue of shares or other securities which imply or might imply increases to the Bank's share capital, establishing the conditions for the issue and all of the operations permitted by law, abiding by any limits set by the General Meeting;
- Delegate to a member or various members, to the extent permitted by law, management powers on certain matters of administration and representation, for specific actions, and delegate powers to specialised committees and commissions;
- Delegate to an Executive Committee designated by it, under the terms set forth in article 407, numbers 3 and 4 of the Companies Code, and article 35 of the Articles of Association, composed of a minimum of six and a maximum of nine of its members, the day-to-day management of the Bank, under the terms and within the scope of the deliberation, its expansion or reduction;
- Ensure that the Bank has efficient systems for internal control, risk management and internal audit;
- Define and resolve on any changes to the Group's business structure, deliberating on important extensions or reductions of the structure and of the Group's activity;
- Define the general policies and strategy for the Bank and the Group;
- Approve the annual and multiannual budgets and follow-up their implementation;
- Approve the Annual Report at both individual and consolidated levels;
- Assess the Bank's governance model on an annual basis, with the support of the Commission for Corporate Governance;
- Appoint, among other Heads, one head of investors relations, one risk officer, one compliance officer, one head of audit division and one group treasurer, providing them with autonomy and the necessary means for the exercise of the respective function;
- Appoint the Company Secretary and respective Alternate;
- Appoint the Client Ombudsman;
- Resolve, through the Commission for Nominations and Remunerations, on the attribution or termination of duties of all the employees with managerial status who report directly to the Board of Directors or to any of its committees or commissions, including the Executive Committee, as well as all members of governing bodies indicated by the Bank;
- Resolve, through the Audit Committee, on credit granting operations to members of governing bodies, holders of stakes above 2% of the Bank's share capital, calculated pursuant to article 20 of the Securities Code, as well as individuals or companies related to them; and, (ii), deliberate on the acquisition of supplies and services from the entities mentioned in (i), if the material limit of award exceeds 100,000 euros per year per group of listed suppliers, or if not previously budgeted;
- Co-opt directors to fill in vacancies that may occur;
- To hire and replace the external auditor, on a proposal from the Audit Committee;

Delegation of powers by the Board of Directors does not prevent this corporate body from deliberating on the same issues, nor do they exclude, under legal terms, the responsibility of other directors for possible losses caused by acts or omissions occurred during the exercise of functions 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, where the lists proposed to the Board of Directors must detail the individual members who will be part of the Audit Committee and indicate the respective Chairman.

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

The Audit Committee was elected at the General Meeting held on 28 February 2012 for the three-year period 2012-2014, and was vested with the competence pursuant to article 423-F of the Companies Code and its own Regulations.

The Regulations of the Audit 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 quarterly basis, in writing, on the work developed and on the conclusions reached, prepares an annual report on its supervisory activity, and issues opinions on the management report, the financial statements for the year, and the proposals presented by the management, declaring expressly its agreement with the contents of the legal certification of accounts, as the case may be. Regular meetings are held with the external auditors and the statutory auditor. 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, Risk Officer, Compliance Officer and Head of Internal Audit, the Coordinating Director of the Studies and Planning and Asset and Liability Management Division, and has the power to summon any Coordinating Director it wishes to hear.

The Audit Committee approves the contractual conditions, including remunerative of the Statutory Auditor and of the External Auditors, ensuring compliance with the rules related to the rendering of additional services and that the external auditor has conditions to conduct his activity, assessing his performance on an annual basis.

Without prejudice to the hierarchical relationship held with the Executive Committee, the Internal Audit Division and the 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.

Apart from the competence referred to above, the Audit Committee is also entrusted with the following:

- Supervision of the process of preparation and disclosure of the financial information and review of accounts in the documents presenting the Bank's accounts;
- Control of the efficacy of the risk management system, internal control system and audit system, issuing a prior opinion on the entity appointed by the Bank to assess the adequacy and efficacy of the internal control system;
- Proposed appointment of the statutory auditor and external auditors at the General Meeting, and supervision of their independence;
- Receipt of communications of irregularities submitted by the Bank's employees or other entities;
- Issue of a prior opinion on contracts concluded between the Bank and members of governing bodies;
- Issue of a prior opinion on the engagement of provision of services 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 with members of the management body, either directly or via representatives;
- Issue of a prior opinion on credit concession operations, regardless of the form adopted, to (i) members of governing bodies, (ii) holders of a stakes above 2% of the Bank's share capital and (iii) natural or legal persons related to them.

During 2014, the Audit Committee was composed as follows:

Chairman: João Manuel de Matos Loureiro (Independent)

Members: Jaime de Macedo Santos Bastos (Independent)

José Guilherme Xavier de Basto (Independent)

José Rodrigues de Jesus (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 Commission for Nominations and Remunerations,

All of 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 bodies, and to efficiently supervise their activities. All of the members of this committee have appropriate knowledge, competences and experience to clearly understand and monitor the risk strategy.

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

During 2014, the Audit Committee held twenty-four meetings.

The attendance level of the Audit Committee meetings by each of its members is shown in the following Table:

Members of the Audit Committee	Attendance %
João Manuel de Matos Loureiro	100.0%
Jaime de Macedo Santos Bastos	96.0%
José Guilherme Xavier de Basto	100.0%
José Rodrigues de Jesus (1)	100.0%

(1) Director appointed by the government for the duration of the state aid to increase own funds.

Executive Committee

On 1 March 2012, and under the terms of article 407 of the Companies Code and article 35 of the Bank's Articles of Association, the Board of Directors appointed an Executive Committee, composed of seven of its members, established its mode of operation and delegated to this committee the day-to-day management of the Bank.

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

As at 31 December 2014 the distribution of these areas of special responsibility was as follows:

Nuno Amado (NA)

Office of the Chairman of the Executive Committee	(MM)
Communications Division	(MM)
Human Resources Division	(IS)

Miguel Maya (MM)

Risk Office	(MB)
Credit Division	(MB)
Rating Division	(MB)
Retail Recovery Division	(MB)
Specialised Recovery Division	(MB)
Real-Estate Business Division	(MB)
Specialised Monitoring Division	(MB)

Miguel Bragança (MB)

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)
International Division	(MM)

Rui Manuel Teixeira (RMT)

Retail Banking Division - North	(LPC)
Retail Banking Division - Centre North	(LPC)
Retail Banking Division - Centre South	(LPC)
Retail Banking Division - South	(LPC)
Retail Marketing Division	(LPC)
Quality and Network Support Division	(LPC)
Private Banking Division	(LPC)
Millennium Gestão de Ativos	(LPC)
Direct Banking Division	(LPC)
Residents Abroad Division	(LPC)
Banque Privée BCP (Switzerland)	(LPC)
Millennium bcp Bank & Trust	(LPC)

Luís Pereira Coutinho (LPC)

Companies Banking Division -North	(RMT)
Companies Banking Division - Centre	(RMT)
Companies Banking Division - South	(RMT)
Companies Products Marketing Division	(RMT)
Companies Marketing Division	(RMT)
ActivoBank	(RMT)
Bank Millennium (Poland)	(RMT)
Recapitalization Private Equity Fund	(RMT)

Conceição Lucas (CL)

Corporate Division	(IS)
Large Corporate Division	(IS)
Investment Banking Division	(IS)
International Strategic Research	(IS)
Banco Millennium Angola (Angola)	(IS)
Millennium BIM (Mozambique);	(IS)
Asian Desk	(IS)
Millennium bcp Ageas	(IS)

Iglésias Soares (IS)

Operations Division	(CL)
IT Division	(CL)
Procurement Division	(CL)
Legal and Litigation Advisory Division	(MM)
Compliance Office	(CL)
Audit Division	(CL)

The Company Secretary sends to 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 convenes and conducts the respective meetings, has the casting vote, and in addition to direct accountability for the respective areas of responsibility, has the following duties:

- Ensure that all information is provided to the members of the Board of Directors relative to the activity and deliberations of the Executive Committee;
- Assure compliance with the limits to the delegation of management powers and with the decisions that should be considered strategic due to their specific features;
- Coordinate the activities of the Executive Committee, distributing among its members the preparation or follow-up of issues appraised or decided upon by this committee, chairing its meetings and monitoring the execution of its deliberations.

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. 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 their election or appointment, and are available on the internal portal and on the Bank's website at the following address:

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

23. During 2014, the Board of Directors held thirteen meetings and its secretarial services were administered by the Company Secretary; minutes of all the meetings were taken.

The attendance level of the Board of Directors meetings by each of its members is shown in the following Table:

Non-Executive Members of the Board of Directors (BoFD)		Attendance including Representation %
António Vítor Martins Monteiro		100
Carlos José da Silva		92.3
Álvaro Roque de Pinho Bissaia Barreto		100
André Magalhães Luíz Gomes		92.3
António Henriques de Pinho Cardão		100
António Luís Guerra Nunes Mexia		38.5
Bernardo de Sá Braamcamp Sobral Sottomayor (1)		100
César Paxi Manuel João Pedro (2)		81.8
Jaime de Macedo Santos Bastos		100
João Bernardo Bastos Mendes Resende		100
João Manuel de Matos Loureiro		100
José Guilherme Xavier de Basto		100
José Rodrigues de Jesus (1)		100
Raquel Rute da Costa David Vunge (3)		100
Executive Members of the Board of Directors [Executive Committee (EC)]		Attendance including Representation %
Nuno Manuel da Silva Amado		100
Miguel Maya Dias Pinheiro		100
Miguel de Campos Pereira de Bragança		100
Rui Manuel da Silva Teixeira		100
Luis Maria França de Castro Pereira Coutinho		100
Maria da Conceição Mota Soares de Oliveira Callé Lucas		100
José Jacinto Iglésias Soares		100

(1) appointed by the government for the duration of the state aid to increase own funds.

(2) Renounced to the position effective on 15 October 2014.

(3) On 15 October 2014, Ms. Vunge was coopted by the Board of Directors. She began to exercise her duties as member of the BoFD on 16 December 2014.

During 2014, the Executive Committee held fifty-four meetings and its secretarial services were administered by the Company Secretary; minutes of all the meetings were taken.

The attendance level of the Executive Committee meetings by each of its members is shown in the following table:

Members of the Executive Committee (EC)	Attendance including Representation %
Nuno Manuel da Silva Amado	96.3
Miguel Maya Dias Pinheiro	92.6
Miguel de Campos Pereira de Bragança	92.6
Rui Manuel da Silva Teixeira	92.6
Luis Maria França de Castro Pereira Coutinho	88.9
Maria da Conceição Mota Soares de Oliveira Callé Lucas	85.2
José Jacinto Iglésias Soares	96.3

24. The Board of Directors, using the competence vested by article 37 (1) of the Articles of Association and article 11 of its Regulations, has constituted specialized committees and commissions, to which it attributed the duty of monitoring certain specific matters on a permanent basis. For this purpose it established, among others, the Commission for Nominations and Remunerations.

The Commission for Nominations and Remunerations is composed of five non-executive directors, with one member being appointed by the State for the period of enforcement of the public investment.

The Commission for Nominations and Remunerations is responsible for assessing the individual and collective performance of the members of the Board of Directors, including the executive directors, in the preparation and transmission to the Board of Directors of recommendations or opinions about the appointment of new members of the Executive Committee, and employees with managerial status who report directly to the Board of Directors.

25. The Commission for Nominations and Remunerations assesses the performance of the executive and non-executive directors, according to the following criteria:

- Qualification, theoretical training and practical experience;
- Capacity to apply the competences acquired in previous positions;
- Diligence in the performance of the respective duties with the necessary dedication of time and attention;
- Risk perception and decision-making capacity;
- Showing loyalty and weighing up of the interests of the company and all its stakeholders in his/her actions;
- Strategic vision, independence, transparency and suitability;
- Assessment of aptitude and performance on a continuous basis.

26. According to the assessment that has 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 to 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 and Members of the Audit Committee

(Information as at 31 December 2014)

Members of the Board of Directors (BoD) of BCP	Positions in BCP	Positions held in Other Companies of the Group	Positions held in Other Companies outside the Group:	Other Relevant Activities	Qualification	Cumulation of Positions (art. 33 of the LFCIFC)
António Vítor Martins Monteiro	Chairman of the BoD	Chairman of the Board of Curators of Fundação Millennium bcp	Non-Executive Member of the BoD of Banco Privado do Atlântico - Angola (appointed by BCP)	Chairman of the Board of Curators of Fundação Luso-Brasileira	Independent	Compliant
	Chairman of the Com. for Ethics and Professional Conduct	Chairman of the International Board of Fundação Millennium bcp (inherently)	Member of the BoD of Banco Sabadell, as representative of Banco Comercial Português SA	Chairman of the Advisory Board of Gulbenkian's Partnerships for Development Programme		
	Chairman of the Com. for Corporate Governance		Non-Executive Member of the BoD of SOCO International, Plc			
Carlos José da Silva	Vice-Chairman of the BoD	Member of the Board of Curators of Fundação Millennium bcp	Chairman of the BoD of Banco Privado Atlântico Chairman of the BoD of Banco Privado Atlântico Europa	Chairman of the BoD of Angola Management School	Not Independent	Compliant
	Chairman of the Com. for Nominations and Remunerations		Chairman of the BoD of Interoceânico Capital SGPS, S.A. Vice-Chairman of the BoD of Sociedade Baía de Luanda			
Álvaro Roque de Pinho Bissala Barreto	Member of the BoD		Chairman of the Board of Directors of Tejo Energia, S.A.	Member of the Senior Board of Fundação Bissaya Barreto	Independent	Compliant
	Member of the Commission for Nominations and Remunerations		Non-Executive Director of Nutrinveste - Soc. Gestora de Part. Sociais, S.A.	Chairman of the Board of the General Meeting of Prime Drinks, S.A.		
	Member of the Com. for Ethics and Professional Conduct					
André Magalhães Luiz Gomes	Member of the BoD		Partner at Cuatrecasas, Gonçalves Pereira & Associados, Sociedade de Advogados, R.L.	Chairman of the Board of the General Meeting of FGA Capital Instituição Financeira de Crédito, S.A.	Independent	Compliant
	Member of the Commission for Corporate Governance		Member of the BoD of Fundação de Arte Moderna e Contemporânea - Coleção Berardo	Chairman of the Board of the General Meeting of FGA Distribuidora Portugal, S.A.		
			Member of the BoD of Bacalhão - Vinhos de Portugal, S.A.	Chairman of the Board of the General Meeting of Fiat Group Automobiles Portugal, S.A.		
				Chairman of the Board of the General Meeting of Rentipar Financeira, SGPS, S.A.		
				Chairman of the Board of the General Meeting of Quinta do Carmo - Sociedade Agrícola S.A.		
				Chairman of the Board of the General Meeting of Explorer Investments, Sociedade Capital de Risco S.A.		
António Henriques de Pinho Cardão	Member of the BoD			Member of the Economists Association	Independent	Compliant
	Member of the Com. for Risk Assessment			Member of the Chartered Accountants Association		
	Chairman of the Com. for Ethics and Professional Conduct		(Holds no position)			
	Member of the Commission for Nominations and Remunerations					
António Luís Guerra Nunes Mexia	Member of the BoD		Chairman of the Executive Board of Directors of EDP - Energias de Portugal		Not Independent	Compliant
	Member of the Com. for Corporate Governance					
Bernardo de Sá Braamcamp Sobral Sottomayor (1)	Member of the BoD		Partner at ANTIN-Infrastructure Partners		Not Independent	Not applicable (art.33, nr. 5 of the LFCIFC)
	Member of the Commission for Nominations and Remunerations		Chairman of the Board of Directors of Andasol-1 Central Termosolar Uno, S.A.			
	Member of the Com. for Risk Assessment		Chairman of the Board of Directors of Andasol-2 Central Termosolar Uno, S.A.			
	Member of the Remuneration and Welfare Board					
César Paxi Manuel João Pedro (2)			Head of the Legal Dept. of Group Sonangol		Not Independent	Compliant
João Bernardo Bastos Mendes Resende	Member of the BoD Chairman of the Com. for Risk assessment		Member of the BoD of Banco Urquijo (Group Banco Sabadell)		Not Independent	Compliant
Raquel Rute da Costa David Vunje (3)	Member of the BoD		Member of the Board of		Not Independent	Compliant
Members of the Audit Committee						
Jaime de Macedo Santos Bastos	Member of the BoD		Statutory Auditor in several companies		Independent	Compliant
	Member of the Audit Committee					
João Manuel de Matos Loureiro	Member of the BoD		Professor at the School of Economics of the University of Porto	Researcher for the Centre for Economics and Finances of the University of Porto (CEF.UP)	Independent	Compliant
	Chairman of the Audit Committee		Professor at the University of Porto Business School	Member of the Board of Representatives at the School of Economics of the University of Porto		
				Member of the General Board of UPBS (University of Porto Business School)		
				Head of the Post Graduate Degree in Company Management of the Porto Business School		
José Guilherme Xavier de Basto	Member of the BoD		Member of the BoD and Audit Committee of Portugal Telecom, SGPS, S.A.	Chairman of the Audit Board of the Portuguese Tax Association	Independent	Compliant
	Member of the Audit Committee			Chairman of the General Meeting of the Portuguese Tax Advisers Association		
	Member of the Commission for Nominations and Remunerations			Member of the Research Office of the Chartered Accountants Association		
José Rodrigues de Jesus (1)	Member of the BoD		Member of the Board of Auditors of Mota-Engil, S.G.P.S., S.A.		Not Independent	Not applicable (art.33, nr. 5 of the LFCIFC)
	Member of the Audit Committee	Member of the Board of Auditors of Millenniumbcp Ageas Grupo Segurador S.G.P.S., S.A.	Member of the Board of Auditors of Germen - Moagem de Cereais, S.A.			
			Member of the Audit Board of Labesfal - Laboratórios Almiro, S.A.			

(1) Directors appointed by the government for the duration of the state aid to increase own funds.

(2) Renounced to the position, effective on 15 October 2014.

(3) Co-opted at the BoD meeting held on 15 October 2014, to replace and fulfill the term of office of Mr. César Paxi Manuel João Pedro. Beginning of functions - 16 December 2014

B - Executive Members of the Board of Directors

(Information as at 31 December 2014)						
Members of the Board of Directors (BoD) (Executive)	Current Positions in BCP	Positions held in Other Companies of the Group	Positions held in Other Companies outside the Group:	Other Relevant Activities	Qualification	Cumulation of Positions (art. 33 of the LFCIC)
Nuno Manuel da Silva Amado	Vice-Chairman of the BoD and Chairman of the EC	Member of the Board of Curators of Fundação Millennium bcp	Member of the Management of APB - Associação Portuguesa de Bancos, representing Banco Comercial Português, S.A.	Member of the Institut International D'Etudes Bancaires	Executive	Compliant
		Vice-Chairman of the Supervisory Board of Bank Millennium, S.A. (Poland)	Member of the Supervisory Board of EDP - Energias de Portugal, S.A.	Member of the Board of Auditors of Fundação Bial		
				Chairman of the Advisory Board of Centro Hospitalar do Oeste		
Miguel Maya Dias Pinheiro	Member of the BoD and Vice-Chairman of the EC	Chairman of the BoD of Interfundos - Gestão de Fundos de Investimento Imobiliário, S.A.	Member of the Supervisory Board of Portugal Capital Ventures-Sociedade de Capital de Risco, S.A. representing Banco Comercial Português, S.A.		Executive	Compliant
		Chairman of the BoD of Banco Millennium Angola, S.A. (Angola)				
		Manager of BCP África, SGPS, Lda.				
Miguel de Campos Pereira de Bragança	Member of the BoD and Vice-Chairman of the EC	Vice-Chairman of the BoD of BIM - Banco Internacional de Moçambique, S.A.			Executive	Compliant
		Chairman of the BoD of Banco de Investimento Imobiliário, S.A.				
		Manager of Millennium bcp Participações, SGPS, Sociedade Unipessoal, Lda.				
Rui Manuel da Silva Teixeira	Member of the BoD and of the EC	Manager of BCP África, SGPS, Lda.			Executive	Compliant
		Member of the Supervisory Board of Bank Millennium, S.A. (Poland)				
		Chairman of the BoD of Banque Privée BCP (Suisse)				
Luís Maria França de Castro Pereira Coutinho	Member of the BoD and of the EC	Chairman of the BoD of Millennium bcp Gestão de Activos - Sociedade Gestora de Fundos de Investimento, S.A.	Member of the BoD of UNICRE - Instituição Financeira de Crédito, S.A., as representative of Banco Comercial Português, S.A.	Vice-Chairman of the Board of the General Meeting of Porto Business School	Executive	Compliant
		Member of the Supervisory Board of Bank Millennium, S.A. (Poland)	Member of the Remunerations and Welfare Board of SIBS, SGPS, S.A.			
		Chairman of the BoD of Banque Privée BCP (Suisse)	Member of the Remunerations and Welfare Board of SIBS Forward Payment Solutions, S.A.			
Mário da Conceição Mota Soares de Oliveira Callé Lucas	Member of the BoD and of the EC	Chairman of the BoD of Banco ActivoBank, S.A.			Executive	Compliant
		Member of the Board of Directors of Millennium bcp Ageas Grupo Segurador, SGPS, S.A.				
		Member of the Board of Directors of Ocidental - Companhia Portuguesa de Seguros de Vida, S.A.				
José Jacinto Iglésias Soares	Member of the BoD and of the EC	Member of the Board of Directors of Pensões Gere - Soc. Gestora de Fundos de Pensões, S.A.			Executive	Compliant
		Member of the Board of Directors of BCP Capital - Soc. de Capital de Risco, S.A.				
		Member of the Supervisory Board of Bank Millennium, S.A. (Poland)				
José Jacinto Iglésias Soares	Member of the BoD and of the EC	Vice-Chairman of the BoD and Chairman of the Audit Board of Millennium bcp Ageas Grupo Segurador, SGPS, S.A.			Executive	Compliant
		Vice-Chairman of the BoD and Chairman of the Audit Board of Ocidental - Companhia Portuguesa de Seguros de Vida, S.A.				
		Vice-Chairman of the BoD and Chairman of the Audit Board of Pensões Gere- Sociedade Gestora de Fundos de Pensões, S.A.				
José Jacinto Iglésias Soares	Member of the BoD and of the EC	Manager of BCP África, SGPS, Lda.			Executive	Compliant
		Member of the Board of Directors of BCP Capital - Soc. de Capital de Risco, S.A.				
		Member of the BoD of BIM - Banco Internacional de Moçambique, S.A.				
José Jacinto Iglésias Soares	Member of the BoD and of the EC	Member of the Supervisory Board of Bank Millennium, S.A. (Poland)			Executive	Compliant
		Member of the BoD of Banco Millennium Angola, S.A.				
		Chairman of the BoD of Millennium bcp Prestação de Serviços, ACE	Non-Executive Director of SIBS, SGPS, S.A.			
José Jacinto Iglésias Soares	Member of the BoD and of the EC		Non-executive Director of SIBS Forward Payment Solutions, S.A.		Executive	Compliant
			Member of the Remunerations Committee of UNICRE - Instituição Financeira de Crédito, S.A.			
			Vice-Chairman of the General Board of Associação Industrial Portuguesa - Câmara de Comércio e Indústria, representing Banco Comercial Português, S.A.			
José Jacinto Iglésias Soares	Member of the BoD and of the EC		Member of the General Board of AEM - Associação de Empresas Emitentes de Valores Mobiliários Cotados, representing Banco Comercial Português, S.A.		Executive	Compliant
			Member of the General Board of IPCG - Instituto Português de Corporate Governance, representing Banco Comercial Português, S.A.			
			Alternate Member of CEPES - CES - Conselho Económico e Social			

c) Committees and commissions within the management or supervisory body and delegated directors

27. 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 performance of the duties that are legally and statutorily entrusted to it, appointed four other specialised committees and commissions, responsible for monitoring specific matters, which are identified as follows:

a) Commission for Commission for Risk Assessment- Is composed of three to five non-executive members of the Board of Directors, appointed by this body.

All of the members of this commission have appropriate knowledge, competences and experience to understand and monitor the risk strategy, as confirmed by the respective curricula attached to the present report.

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

Advise the Board of Directors on appetite for risk and the general current and future risk strategy to be adopted by the Bank;

Assist the management body in supervising the execution of the risk strategy and the global levels of credit risk, of capital and liquidity management and of market, liquidity and operational risk management, to ensure that the risk-taking is compatible with the objectives defined, with the financial resources available and with the approved strategies for the development of the Group:

Analyse whether the conditions of the products and services offered to customers take into consideration the business model and the risk strategy of the Bank, and submit to the Board of Directors a rectification plan when said analysis finds that such conditions fail to appropriately reflect the risks;

Check if the incentives established in the compensation policy of the credit institution take into consideration the risk, capital, liquidity and the expected results. The Risk Assessment Committee, during the year covered by this Report, did not exercise this competence because no incentives were assigned due to the enforcement of the public investment to reinforce the Bank's own funds;

Determine the type, amount, format and frequency of risk information they shall have access to.

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

During 2014, the Risk Assessment Committee was composed as follows:

Chairman: João Bernardo Bastos Mendes Resende

Members: António Henriques de Pinho Cardão

Bernardo de Sá Braamcamp Sobral Sottomayor

The Regulations of the Commission 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) Commission for Commission for Ethics and Professional Conduct- This commission is responsible for assessing the compliance function and, concomitantly, appraising compliance with the ethical principles for professional conduct stated in the various internal regulations, preparing, upon deliberation and request of the Board of Directors, opinions on the Code of Conduct and other documents defining business ethical principles.

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

During 2014, the Commission for Ethics and Professional Conduct was composed as follows:

Chairman: António Vítor Martins Monteiro

Members: Álvaro Roque de Pinho de Bissaia Barreto

António Henriques de Pinho Cardão

The Regulation of the Commission for 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) Commission for Corporate Governance - This Commission is responsible for the permanent assessment and monitoring of corporate governance matters, namely issuing the Board of Directors with recommendations on policies, rules and procedures required for compliance with the applicable legal, regulatory and statutory requirements, as well as best national and international practices in corporate governance aimed at contributing to the pursuit of the company's social responsibility and sustainability objectives, including, among others, principles and values to safeguard customer interests, social solidarity and environmental protection.

Using the competences mentioned above, it assisted the Board of Directors in the evaluation of the systems for the identification and resolution of conflicts. Within this scope, it also informs this corporate body on any situations or occurrences that, in its view, are able to configure a non-compliance with the established corporate governance rules. It also collaborates in the preparation of the Annual Report of Corporate Governance.

This Commission had logistic and technical support from the Company Secretary's Office.

During 2014, the Commission for Corporate Governance was composed as follows:

Chairman: António Vítor Martins Monteiro

Members: António Luís Guerra Nunes Mexia

André Magalhães Luís Gomes

The Regulations of the Commission for Corporate Governance are available on the Bank's website, on the page with the following address:

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

d) Commission for Nominations and Remunerations - On this matter, see the information presented in item 24 of this Report.

This Commission had logistic and technical support from the Company Secretary's Office.

In 2014 the Commission 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

José Guilherme Xavier de Basto

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

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

28. 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:	Luís Maria França de Castro Pereira Coutinho
	Rui Manuel da Silva Teixeira
	Maria da Conceição Mota Soares de Oliveira Callé Lucas
	José Jacinto Iglésias Soares

29. The competence of each specialised committee and commission created within the Board of Directors is 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.

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

Commission for Ethics and Professional Conduct - On this matter, see the information presented in item 27. b).

Commission for Corporate Governance - On this matter, see the information presented in item 27.d).

Commission for Nominations and Remunerations - On this matter, see the information presented in item 24.

III. INSPECTION

a) Composition

30 to 32. See the information presented in item 21. - Audit Committee.

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

b) Operation

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

35. On this matter, see the information presented in item 21. - Audit Committee and item 23.

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

c) Competence and duties

37. The Bank follows the 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 2006/43/EC of the European Parliament and of the Council, of 17 May 2006 (8th Directive) and the Recommendation of the European Union, of 16 May 2002. And, at a national level, the commercial legislation, the supervision rules issued by Banco de Portugal, information disclosed by the Audit Supervision National Board, the recommendations and regulations of the Portuguese stock market regulator (CMVM) and stipulations, as specifically applicable, in the Statute of the 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 chartered accountant and of the external auditor, notably in what regards the provision of additional services."

The Audit Committee, as a supervisory body of the Group, has promoted the adoption of rules that assure the independence of the external auditors in relation to the Group's other bodies and, at the same time, avoid possible creation of situations of conflicts of interest within the entity providing the Group's legal review of accounts or audit services, producing preventative mechanisms of approval of additional services and fees.

In view of the principles presented in the national and international regulations, through the rules concerning "Policies of Approval of Services provided by External Auditors", the Group endorses and systematises a series of rules relative to:

- (i) Classification of services provided by external auditors, namely Legal Review and Audit Services, Other Reliability Assurance Services, Tax Advisory Services and Services Other than Legal Review of Accounts or Audit;
- (ii) Definition of the set of services that are not Legal Review or Audit Services, which the external auditor is forbidden from providing to any entity of the Group;
- (iii) Definition of the set of services that are not related to Legal Review or Audit, which may be provided to the Group under specifically stipulated circumstances;
- (iv) Approval by the Audit Committee of the services to be provided by external auditors, with the creation of differentiated authorisation rules according to the type of services in question; and
- (v) Provision to the Audit Committee of internal control information on the established principles and guidelines.

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

IV. STATUTORY AUDITOR

39. The permanent Statutory Auditor is KPMG & Associados - Sociedade de Revisores Oficiais de Contas, S.A., represented by its partner Ana Cristina Soares Valente Dourado, ROC number 1011. The alternate Statutory Auditor is Jean-Éric Gaign, ROC no. 1013, individually.

40. The Statutory Auditor was elected at the General Meeting held on 30 May 2014, to perform duties during the three-year period 2014/2016, with the mandate ending on 31 December 2016. As is the case with all other members of the Bank's Governing Bodies, the Statutory Auditor is also bound to remain in office up to the General Meeting which proceeds with the election of a new Statutory Auditor.

The Statutory Auditor has performed duties at the Bank since its incorporation (1985). However, the Bank has observed the maximum period of performance of review duties through the appointment or rotation of statutory auditors, who in this term of office, represent KPMG & Associados - Sociedade de Revisores Oficiais de Contas, S.A. Taking this rotation into consideration, the company's representative began to exercise functions for the first time at the General Meeting held on 18 April 2011 for the 2011/2013 term of office, being thus in her second term.

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 which explicitly weighed up the conditions of independence of the auditor and the advantages and costs of its replacement.

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

V. EXTERNAL AUDITOR

42. The Bank's external auditor is KPMG Associados, SROC, SA (KPMG), represented permanently by its partner Ana Cristina Soares Valente Dourado, ROC, number 1011 and alternately by Jean-Éric Gaign, ROC number 1013. The auditor has been registered at the CMVM since 22/12/2004 under number 9093.

43. The Group's External Auditor has performed duties at the Bank since the beginning of its activity. However, the Bank has observed the maximum period of seven years, counted from its appointment, for the performance of duties, through the appointment or rotation of partner auditors.

44. At the time of the election of the external auditor and respective statutory auditor, the Audit Committee issued and submitted to the General Meeting, which elected the auditor, a substantiated opinion which weighed up the requirements of independence of the Auditor, namely with respect to the provision of additional services and the advantages and costs of its replacement. Since the General Meeting approved this proposal by a majority of 99.80% 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 preventative mechanisms of approval of services and remunerations.

Along the same lines, the Group's document entitled "Policy of Approval of Services provided by the External Auditors", notes that the independence of the auditors can be assured, from a functional point of view and in the objective context of its professional relations with the Group, by observing three major prohibitive principles:

- Of personal interest - the principle that the external auditor cannot have any own financial interest nor be subject to situations which might lead to conflicts of interests with its main duty;
- Of self-review - the principle that the external auditor does not carry out tasks that might be considered management tasks, and, therefore, cannot carry out management tasks or tasks of the responsibility of the management, nor cannot carry out audit tasks on its own work; 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.

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 be necessarily preceded by the approval of the Audit Committee. The provision of services by the external auditors, which are not included in legal review and audit services, involves two different models, according to the type of services to be provided:

- In the case of the provision of any other services by the external auditors, be it Other Services for Reliability Guarantee, Tax Advisory Services or Other Services, these shall be object of a specific approval by the Audit Committee prior to the entering into the respective contract; the approval proposal shall be forwarded to the Group Head of Compliance, directly in case of domestic operations or through the local compliance officers, in case of operations outside Portugal.

- Services other than legal review and audit are considered authorised after being subject to ratification of the Audit Committee, through proposal of the Group's Compliance Office submitted at the meeting of the month immediately after the receipt of the request for the provision of services.

The application for ratification or approval of the services requested by any area of the Bank or any international operation must necessarily be accompanied by an opinion of the Group's Compliance Office, pursuant to the contracting policy in force, including a duly substantiated recommendation of ratification, approval or refusal.

At the time of the election of the external auditor and respective partner statutory auditor, the Audit Committee issues and submits to the General Meeting, which elects the auditor, a substantiated opinion which weighs up the requirements of independence of the Auditor, namely with respect to the provision of additional services and the advantages and costs of its replacement.

45. The Audit Committee is, under the terms of the Bank's Articles of Association, the body responsible for assessing the quality of the services rendered by the external auditor and respective statutory auditor, where this assessment highlights the professionalism of the auditors, transparency, ethics, quality control and good performance. The Audit Committee regularly monitors the activity of the external auditor and respective partner statutory auditor, in particular appraising the conclusions of the audit of the financial statements, on an individual and consolidated basis, analysing the conclusions of the Desktop Review of the financial statements of the 1st and 3rd quarters and the Limited Review of the six-monthly interim financial statements, and holds meetings with them whenever necessary. The Audit Committee 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 supervised the independence of the Statutory Auditor and External Auditor and also assessed their performance over the financial year, in a continuous manner, having concluded that their duties were performed adequately.

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

Tax Advisory Services - services provided to the Group in the review of the tax obligations of the different companies in Portugal and abroad.

Services other than legal review - Includes the fees charged by KPMG relative to services other than legal review, which are permitted in accordance with the defined rules of independence and subject to monitoring by the Audit Committee.

With regard to the approval of the contracting of these services and indication of the reasons for their contracting, Millennium bcp maintains a very strict policy of independence in order to prevent any conflicts of interest in the use of the services of its external auditors. As auditor of the BCP Group, KPMG complies with the rules on independence defined by the Group, including those established by the 8th Directive of the European Commission, partially transposed into the Portuguese Legislation by Decree-Law 224/2008, of 20 November, in addition to the rules on independence defined by KPMG, through application of the International Standards on Auditing issued by the International Federation of Accountants.

In order to safeguard the independence of the Auditor, and the national and international good practices and standards, the Bank's Audit Committee has approved a series of regulatory principles, as described below:

- KPMG and the companies or legal persons belonging to it ("Network") cannot provide services to the Bank or Group, which are deemed forbidden. Although the general principle is considered that the independence of the external auditors can be affected by the provision of services to the Group that are different from those related to legal review or audit, the Audit Committee has identified a series of services that may be rendered by the external auditors, without placing their independence in question. These services are authorised by the Group's Compliance Office and subject to ratification of the Audit Committee;

- 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. The amount of the annual remuneration paid by the Company and/or legal persons in controlling or group relations, to the auditor and other natural or legal persons belonging to the same network, detailed with their respective percentages, is reflected in the following table:

Amounts charged in 2014									
Company	Euros					%			
	Audit	Other Reliability Assurance Services	Tax Advisory Services	Other Services	Total	Audit	Other Reliability Assurance Services	Tax Advisory Services	Other Services
1) Services charged by KPMG in Portugal (2014)									
Banco Comercial Português, S.A.	1,699,280	874,310	4,515	527,635	3,105,740	54.7%	28.2%	0.1%	17.0%
Banco de Invest. Imobiliário, S.A.	53,410	30,865			84,275	63.4%	36.6%		
Millennium bcp Gestão Activos - SGFI, S.A.	53,560	5,920			59,480	90.0%	10.0%		
Banco ActivoBank, S.A.	32,260	13,000			45,260	71.3%	28.7%		
Millennium BCP Bank & Trust (Cayman)	30,940	2,515			33,455	92.5%	7.5%		
Millennium BCP - Prestação Serviços, ACE	30,070				30,070	100.0%			
Millennium bcp Imobiliária, S.A.	19,460				19,460	100.0%			
BCP Finance Bank Limited (Cayman)	13,710	2,515			16,225	84.5%	15.5%		
Interfundos - Gest. Fund. Inv. Imob. S.A.	10,620	2,515			13,135	80.9%	19.1%		
BCP Finance Company Limited (Cayman)	7,965	2,280			10,245	77.7%	22.3%		
BCP Capital Soc. Capital Risco	6,630	2,515			9,145	72.5%	27.5%		
Servitrust - Trust and Management Services, S.A.	5,305				5,305	100.0%			
Millennium BCP Participações Financeiras, SGPS, Soc. Unipessoal, Lda.	5,305				5,305	100.0%			
Imabida - Imobiliária da Arrábida, S.A.	4,425				4,425	100.0%			
BCP África SGPS	4,425				4,425	100.0%			
Millennium bcp - Serviços de Comércio Eletrónico, S.A.	1,765				1,765	100.0%			
Total	1,979,130	936,435	4,515	527,635	3,447,715	57.4%	27.2%	0.1%	15.3%

Company	Euros					%			
	Audit	Other Reliability Assurance Services	Tax Advisory Services	Other Services	Total	Audit	Other Reliability Assurance Services	Tax Advisory Services	Other Services
2) Services charged by KPMG outside Portugal (2014)									
Bank Millennium, S.A. (Polónia)	60,000	87,328		32,530	179,858	33.4%	48.6%		18.1%
Millennium BIM, S.A. (Moçambique)	160,156	20,983		94,176	275,315	58.2%	7.6%		34.2%
SIM - Seguradora Internacional de Moçambique, SARL	5,740				5,740	100.0%			
Banco Millennium Angola, SA	176,280	9,400		194,489	380,169	46.4%	2.5%		51.2%
Banque Privée BCP (Suisse), S.A.	91,100	43,454	33,808		168,362	54.1%	25.8%	20.1%	
Millennium Bank, S.A. (Roménia)	62,175	45,000			107,175	58.0%	42.0%		
BCP Holdings (USA) Inc.	21,225		32,154		53,379	39.8%		60.2%	
QPR Properties Kft. (Hungria)	6,635				6,635	100.0%			
QPR Prague A.S. (República Checa)	8,405				8,405	100.0%			
BCP Investment, B.V. (Holanda)	1,880				1,880	100.0%			
BitalPart, B.V. (Holanda)	1,880				1,880	100.0%			
ALO Investments (Holanda) *	23,010				23,010	100.0%			
Total	618,486	206,165	65,962	321,195	1,211,808	51.0%	17.0%	5.4%	26.5%

* Ex BCP International B.V.

Services charged by KPMG in 2014	Euros			%	
	Audit (Audit/Other Reliability Assurance Services)	Other (Tax Advisory/Other Services)	Total	Audit (Audit/Other Reliability Assurance Services)	Other (Tax Advisory/Other Services)
Total	3,740,216	919,307	4,659,523	80.3%	19.7%

Note: the amounts shown for this period correspond to the invoices received for payment regarding services provided by KPMG in 2014.

C. INTERNAL ORGANISATION

I. Articles of Association

48. The article 24 of the Bank's Articles of Association establishes the requirement of a constitutive quorum of over one third of the share capital for the General Meeting to be able to deliberate on first call.

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

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

II. Communication of Irregularities

49. The Bank pursues a culture of responsibility and compliance, preventing conflicts of interests and recognising the importance of an appropriate structure of communication and processing of irregularities as a corporate good practice instrument and implements the adequate means for the reception, handling and record of irregularities allegedly committed by members of the corporate bodies and employees of the Bank and of the companies part of Group BCP.

The actions and omissions considered as irregularities are those, with malicious intent or negligent, related with the management, the accounting organization and the internal supervision of the Bank, that, seriously, may:

- Violate the law, regulations and other rules in effect;
- Endanger the assets of the Bank, shareholders and clients;
- Damage the reputation of BCP.

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/Pages/governacao.aspx>

In compliance with said policy, the employees, agents, commissionaires or any other person that renders services, either permanently or occasionally, to the Bank or to any entity of the Group, the shareholders and any other people, are able to communicate irregularities.

Employees have the duty to report to the Audit Committee any irregularity occurred that they have knowledge of -this duty particularly befalls on employees in controlling positions or who work in internal audit, risk management or compliance areas.

The communication of irregularities can be made by any means of written communication, addressed to: - Comissão de Auditoria - Av.^a Prof. Dr. Cavaco Silva (TagusPark), Edifício1, 2744-002 Porto Salvo, or to the e-mail address: comunicar.irregularidade@millenniumbcp.pt.

The Audit Committee, supported by its secretariat, is responsible for managing the communication of irregularities system and for ensuring that the communications remain confidential.

Once a communication is received, the Audit Committee will develop the diligences that it deems necessary to assess the existence of sufficient grounds to begin an investigation and it may establish a prior contact with the author of the communication, if known. If there are sufficient grounds, the Audit Committee will develop all necessary investigations to become totally aware of all facts and it may request the support of the Audit Division, Risk Office, of the Compliance Office and of any other Bank's divisions or areas.

Once the investigation is over, the Audit Committee will make a report to, internally, transmit its conclusions so that the measures appropriate for the resolution of the irregularity may be adopted and the respective sanction, applied, if any. It must also report its conclusions to external entities whenever the respective involvement in the specific situation so justifies.

The communications received, as well as the reports originated by them are mandatorily kept in paper or other long-lasting support enabling their full reproduction for a minimum period of five years, pursuant to the provisos of article 120 of the Legal Framework for Credit Institutions and Financial Companies (LFCIFC).

The confidential nature of the communications is guaranteed and the same may not serve as grounds for the institution of any disciplinary, civil or criminal proceedings nor the adoption of legally forbidden discriminatory practices.

During the financial year to which this report refers, no communication of irregularities was recorded.

III. Internal control and risk management

50. The internal control system of the BCP Group is based on an appropriate control environment, a risk framework system, and enables the identification, assessment, follow-up and control of the risks to which the Group is exposed, an efficient information and communication system, and an effective monitoring process that permits assuring the adequacy and efficacy of the actual internal control system. In this context, pursuant to the objectives defined in Banco de Portugal Notice 5/2008, Banco Comercial Português has established the risk management, compliance and internal audit functions, performed by the Compliance Office, Risk Office and Audit Division, respectively, endowing them with the technical and human resources that enable them to establish effective and efficient processes to identify, manage, control, monitor and communicate risks and mechanisms that are appropriate to the internal control, both in the Bank and in the Group.

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

- Respect for all the applicable legal or regulatory provisions;
- Efficient performance of the activity; 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 item 54.

In the performance of its duties, the Risk Officer relates with the Board of Directors, on which it depends, as well as with the Audit Committee and the Risk Assessment Committee.

Risk Officer: José Miguel Bensliman Schorcht da Silva Pessanha

B) Compliance Office

The principal mission of the Compliance Office is to strive for the adoption, by all the Group's Institutions, of the internal and external rules governing their respective activity, in order to contribute to mitigate the risk imputed to these Institutions of penalties or accommodate the significant material losses or damage to reputation.

In performing the duties entrusted by the law or other legal source that have been attributed by the Bank's statutory bodies, the Compliance Office makes decisions, with a binding enforcement for its receivers, aimed at the regulatory compliance of the different business areas.

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

The Compliance Office intervenes and actively participates in the Employee training policy, namely through compliance training actions ministered to the entire Group, the maintenance of strong knowledge on compliance issues, in particular on Prevention of Money Laundering and Combat of the Financing of Terrorism (BCFT), and the development of a culture of internal control within the Group.

The Group Head of Compliance performs his duties in an independent, continuous and effective manner, being responsible for, namely:

- Defining the appropriate compliance tools for the communication and information process, the regulatory monitoring process, the principles of definition of policies and guidelines, in proactive and preventative action and in risk assessment, namely in the control and monitoring of the materialisation of compliance risks, prevention of money laundering and combat of the financing of terrorism, and reputation risk in all the Group's entities, aimed at the alignment of concepts, practices and objectives in these matters;
- Assuring the adoption of the policies, principles and procedures of the Compliance Office, by all the Group's international operations, with a local Compliance Officer being appointed for each operation;
- Establishing a profile for the Employees of the parent company's compliance areas, their branches and subsidiaries;
- Coordinating, as a form of assuring legal compliance relative to money laundering and financing of terrorism, and the monitoring of the Group's branches and subsidiaries, duties which have been entrusted to two working parties: the AML Committee and Compliance Committee.

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

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

Group Head of Compliance: 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:

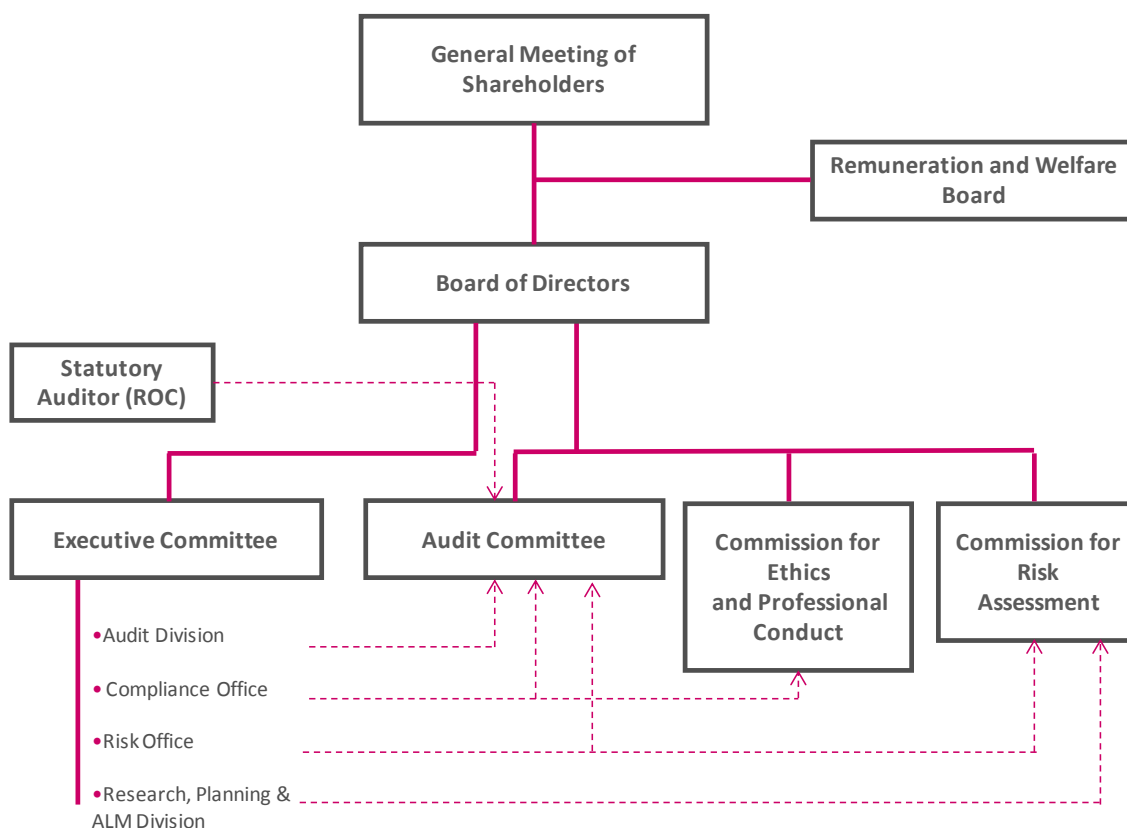
- The risks are duly identified and managed, and the implemented controls are correct and proportional to the risks;
- The system of assessment of the Bank's capital is adequate in relation to its level of exposure to risk;
- The operations are recorded correctly and the operational, financial and managerial 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 acquired economically, used efficiently and protected adequately;
- The programmes, plans and objectives defined by the management are followed;
- The different governing bodies interact in an adequate, and efficient manner;

- The activity of the Audit Division contributes to the pursuit of the objectives defined in Bank of Portugal Notice 5/2008 for the internal control system of institutions covered by the General Framework for Credit Institutions and Financial Companies, ensuring the existence of:
 - An adequate control environment;
 - A solid risk management system;
 - An efficient information and communication system; and
 - An effective monitoring process.

The head of the Audit Division is appointed by the Board of Directors, and reports hierarchically to the Executive Committee and functionally to the Audit Committee.

Head: Rui Manuel Pereira Pedro.

51. The hierarchical and/or functional dependence of the Audit Division, Compliance Office and Risk Office on the other bodies or committees of the company is reflected in the following map:



52. Simultaneously with the areas with Risk Internal Control System management duties - the Risk Office and Compliance Office- and the area with monitoring duties - the Bank's Audit Division- there is an information and communication system which supports decision-making and control processes, both at an internal and external level, of the competence of the Accounting and Consolidation Division and Research, Planning and Assets and Liabilities Management Division, which ensures the existence of substantive, current, timely and reliable information, enabling an overall and encompassing view of the financial situation, development of activity, compliance with the defined strategy and objectives, identification of the institution's risk profile, and performance and prospects of evolution of the emerging markets.

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

Hence, the Risk Office, Compliance Office, Accounting and Consolidation Division, Research, Planning and ALM Division and Audit Division ensure the implementation of the procedures and means required to obtain all the relevant information for the information consolidation process at a Group level, both of accounting nature and relative to support to the management and risk monitoring and control, which should cover, namely:

- The definition of the contents and format of the information to be reported by the entities included in the consolidation perimeter, in accordance with the accounting policies and guidelines defined by the management body, as well as the dates when the reporting is required;
- The identification and control of intra-Group operations; 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:

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

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

53. On this issue, see the information provided in the Annual Report for 2013, Chapter on Risk Factors.

54. On this issue, see the information provided in the Annual Report for 2013, Chapter on Risk Management.

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

Hence, the management body of Banco Comercial Português, namely through its Executive Committee, Audit Committee and Risk Assessment Committee:

- Defines and reviews the overall objectives and specific objectives for each functional area, with respect to the risk profile, decision levels and degree of tolerance relative to risk;
- Approves policies and procedures which are specific, effective and adequate for the identification, assessment, monitoring and control of the risks to which the institution is exposed, ensuring their implementation and compliance;
- Verifies the compliance with the risk tolerance levels and risk management policies and procedures, assessing their efficacy and continuous adequacy to the institution's activity, so as to enable the detection and correction of any failings;
- Ensures that the risk management activities have sufficient independence, status and visibility and are subject to periodic reviews;
- Issues opinions on the reports prepared by the Risk Management and Compliance units, namely, on the recommendations for the adoption of corrective measures;
- Ensures the effective implementation of its guidelines and recommendations so as to introduce corrections and/or improvements in the Risk Management System.

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

Regarding the Internal Control System foreseen in Notice 5/2008 of Banco de Portugal and article 245-A, number 1, subparagraph m) of the Securities Code, the responsibilities of the supervisory body, the Audit Committee and Statutory Auditor, are as follows:

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

IV. Investor Support

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

a) Composition of the Investor Relations Division

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

b) Duties of the Investor Relations Division

The main duties of the Investor Relations Division are:

- Promotion of comprehensive, rigorous, transparent, efficient and available relations with investors and analysts, as well as with the financial markets in general and respective

regulatory entities, namely with respect to the disclosure of privileged information and mandatory information, including the coordination and preparation of the Bank's report and accounts

- Monitoring the update of the evolution of the shareholder structure;
- Representation of the Bank in conferences and other types of events targeting debt or shares investors;
- 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 2014, as in previous years, the Bank pursued broad activity related to communication with the market, adopting the recommendations of the Portuguese Securities Market Commission (CMVM) and the best international practices in terms of financial and institutional communication.

In compliance with its legal and regulatory reporting obligations, the Bank discloses information on its results and business activity on a quarterly basis. Press conferences and conference calls with Analysts and Investors were held, which were attended by members of the Board of Directors.

It also discloses the Annual Report, the half-yearly reports and financial statements quarterly information, and publishes all the relevant and mandatory information through the information disclosure system of the Securities Market Commission.

In 2014, the Bank issued over 1,000 press releases, of which 41 were related to privileged information.

The Bank participated in various events in 2014, having attended 13 conferences and 10 roadshows in Europe and the USA, where it gave institutional presentations and held one-to-one meetings with investors.

Over the course of 2014 more than 500 meetings with investors were held, which continues to show the interest of investors in the Bank.

In order to deepen relations with its shareholder base, the Bank maintained a telephone line to support shareholders, free of charge and available from 9h00 to 19h00, every business day.

The relations with Rating Agencies consisted in the annual Meetings (Moody's on 17 February, S&P on 27 March, Fitch on 16 April, and DBRS on 22 September), relationship Meetings (Moody's on 21 November, Scope Ratings on 4 June and Dagong on 18 November), in 14 conference calls on results and 4 conference calls with the four rating agencies to present a Strategic Plan update, in addition to replies to requests for quarterly information and the review of 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, 2744-002 Porto Salvo, Portugal

E-mail: investors@millenniumbcp.pt

The company's website: www.millenniumbcp.pt

57. The Bank's representative for market relations is Rui Pedro da Conceição Coimbra Fernandes, who is also Head of the Investor Relations Division.

58. During 2014, the Bank received, essentially via email and telephone, different information requests from shareholders and investors. Such requests were all handled and replied to, mostly within two business days.

V. Website

59. The Bank's website address is as follows:

www.millenniumbcp.pt

60. The information on the company, its capacity as a public company, head office and all other information mentioned in article 171 of the Companies Code is available on the Bank's website, on the page with the following direct address:

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

61. The Bank's Articles of Association and the operational regulations of the governing bodies, specialised committees and commissions of the Board of Directors, and of the Committees, Commissions and Sub commissions 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>

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

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

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

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

63. The information on the documents presenting the accounts, accessible during five years, is available on the Bank's website, on the page with the following address:

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

The calendar of corporate events is published at the end of every year, relative to the following year, and covers the dates of the General Meeting and of 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. In addition to a specific page created every year on the portal (www.millenniumbcp.pt), the call notice for the general meeting and all the subsequent preparatory information related to it are also available on the Bank's website, on the page with the following address:

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

65. The historical records with the deliberations taken at the Company's General Meetings, the share capital represented and results of the voting, relative to the preceding five years are available on the Bank's website, on the page with the following address:

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

D. REMUNERATIONS

I. Competence for determination

66. The Remuneration and Welfare Board, under the competence delegated, for the three-year period of 2012/2014, by the General Meeting, is the competent body to determine the remuneration of the governing bodies, including that of the members of the Executive Committee and the terms of the supplementary pensions due to retirement, old age or invalidity of executive directors.

The Remuneration and Welfare Board, is also competent to submit, to the Bank's Annual General Meeting, a statement on the remuneration policy of the Bank's governing bodies, pursuant to the rules and taking into account the applicable recommendations.

Under its objective to contribute to the development of talent management in the Millennium BCP Group, the Commission for Nominations and Remunerations approves the technical and professional profile of the job applications addressed to the Company, as well as promotions due to merit, and is the body responsible for establishing the remuneration policy of heads of units and directors, pursuant to number 3 of article 248-B of the Securities Code that it submits to the General Meeting.

Having as addressees the Remuneration and Welfare Board and the Commission for Nominations and Remunerations, the Internal Audit Division conducted a specific audit on compensations that, during 2014, were paid to members of the different governing bodies and Coordinating Directors, having certified their regularity and appropriateness relative to the resolutions adopted by the governing bodies with power to adopt such decisions.

II. Remuneration Committee/Remuneration and Welfare Board

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

The General Shareholder's Meeting held on 30 May 2014 approved the reduction of the composition of this body from five to four members, and appointed José Manuel Archer Galvão Teles as chairman of the Remuneration and Welfare Board.

As at 31 December 2014, the composition of the Remuneration and Welfare Board was as follows:

Chairman: José Manuel Archer Galvão Teles

Members: Manuel Soares Pinto Barbosa

José Luciano Vaz Marcos

Bernardo de Sá Braamcamp Sobral Sottomayor (nomeado pelo Estado para o período de vigência do investimento público para o reforço de fundos próprios.

All of the members of the Remuneration and Welfare Board are independent from the members of the management board and, with the exception of Bernardo de Sá Braamcamp Sobral Sottomayor, are also independent in relation to the Company as confirmed by the respective curricula attached to the present report.

Manuel Soares Pinto Barbosa is a member of the Remuneration and Welfare Board, with knowledge and experience with regard to matters of remuneration policy, as seen in his academic curriculum.

The Remuneration and Welfare Board, with a view to developing its competence in line with the best international practices on matters of remuneration, contracted Mercer Portugal Lda. (Marsh McLennan), a leading worldwide company in human resources and specialized technical advisory services, in order to obtain a series of guideline principles for the definition of the remuneration policy of the members of the corporate bodies and material risk takers of the Group's different companies, in conformity with the guidelines disclosed by the national and international regulators, in particular the EBA (European Banking Authority).

At the time of the contracting of Mercer Portugal, Lda. promoted by the Remuneration and Welfare Board, the Board of Directors together with the Remuneration and Welfare Board deliberated to request this firm to analyse the remuneration policy of the Bank's first line Directors, in order to ensure the coherence of the policies to be implemented. Since Mercer doesn't provide any other service to the Board of Directors, it is the company's understanding that the respective contract for advising on the validation of the compensation policy for both members of the corporate bodies and first line directors, guarantees policy coherence and fairness.

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

68. Both the members of the Remuneration and Welfare Board and the Commission for Nominations and Remunerations [Item 27.e)] are people who, due to their professional experience and curriculum (see Annex I and II), assure suitable knowledge and profile with regard to matters of remuneration policy.

III. Structure of remunerations

69. In line with the Bank's recapitalisation plan involving public investment, established in article 9 of Law 63 A/2008 of 24 November, in its current version, Banco Comercial Português is bound, during the public investment period, by article 12 of Implementing Order 150-A/2012 of 17 May, therefore, and regardless of the remuneration policy of its management bodies approved by the General Meeting held on 31 May 2012, the aggregate remuneration of the members of the management and supervisory bodies was stipulated at 50% of the average remuneration received by the members of these bodies in 2010 and 2011, with no variable remuneration being paid.

Thus, and for the duration of the plan, expected to be in effect 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 30 May 2014, with a binding character, the Remuneration Model of the Board of Directors, including the Executive Committee, transcribed below, which was approved by 99.84% of the votes cast, and where the meeting was attended by shareholders or their representatives holding 44.35% of the share capital.

“Composition of the Remuneration

a) Board of Directors

Under the terms of article 15 of BCP's Articles of Association, the remuneration of the directors should be established for each director individually, taking into account, namely, the Bank's medium and long term interests and the non-encouragement of excessive risk-taking.

Taking into consideration the provisions in article 9 of Banco de Portugal Notice 10/2011, and in article 15 number 1 of BCP's Articles of Association, the non-executive members of BCP's Board of Directors earn a fixed remuneration, paid 12 times a year, the value of which is presently determined pursuant to article 12, number 2 of Implementing Order 150-A/2012, with the remuneration of the non-executive members of the Board of Directors appointed by the Portuguese State having been defined by the Order 15463-A/2012, of the Minister of State and Finance.

The remuneration of the members of the Executive Committee may be composed of a fixed component and a variable component, pursuant to article 8 of Banco de Portugal Notice 10/2011 and article 15, number 1 of BCP's Articles of Association, and in view of the limitations presented in item XI of the annex to Decree-Law 104/2007, introduced by article 4 of Decree-Law 88/2011:

i. Fixed Annual Remuneration

The fixed component of the remuneration of the executive members of the Board of Directors is:

Paid 14 times a year

Determined pursuant to the criteria established in article 12, number 2 of Implementing Order 150-A/2012.

ii. Variable Remuneration

Under the terms of article 15, number 2 of the Company's Articles of Association, the sum of the variable portions of the remuneration of the different directors cannot exceed 2% of the distributable profit for the year.

In view of the provisions in article 12 of Implementing Order 150-A/2012, the present decision was taken not to pay any variable remuneration during the period while the Bank is subject to the programme of capitalisation using public investment, whose termination is foreseen for 30 June 2017.

iii. Benefits

The existing practice in terms of health insurance, credit card and mobile telephone remains in effect, where the Executive Committee is responsible for the respective authorisation.

Company vehicles do not fall under the competence of the Remuneration and Welfare Board, hence the limits to their value shall be determined by the Executive Committee, taking into account the practice followed by other credit institutions of equivalent size.

No other cash benefits are attributed to the members of the Executive Committee, which are not provided for herein.

iv. Social security and supplements

Under the terms of article 17 of BCP's Articles of Association, approved at the General Meeting held on 28 February 2012:

- "1. Directors benefit from the applicable social security system, on a case-by-case basis.*
- 2. Directors are also entitled to a supplementary retirement pension due to old age or invalidity, where the Bank may take out insurance contracts in their favour.*
- 3. Upon taking up office and through agreement with each director, the insurance contract may be replaced by contributions to a defined contribution pension fund.*
- 4. The amount of the Bank's contributions, under the two preceding numbers, is established annually by the Remuneration and Welfare Board.*
- 5. The Bank does not undertake additional charges related supplementary retirement pensions after the termination of duties of each director.*
- 6. The taking of effect of the right to a supplementary retirement pension due to old age or invalidity depends on the beneficiary retiring, under the applicable social security system.*
- 7. Upon retirement, the beneficiary may select the redemption of the capital.*
- 8. In the case of the death before retirement, the right to the reimbursement of the accumulated capital is maintained, in accordance with the applicable contractual or legal provisions."*

v. Other aspects

The members of the Executive Committee shall receive no additional compensations for the performance of their duties other than those disclosed herein.

Since the remuneration of the members of the Executive Committee intends to compensate their duties performed at BCP directly and at companies related with BCP (namely companies in controlling or group relations with BCP), or governing bodies to which they have been appointed by indication or in representation of the Bank, the net value of the remunerations received annually for such duties by each member of the Executive Committee shall be deducted from the respective value of the Annual Fixed Remuneration. It is the duty and responsibility of each executive member of the Board of Directors to disclose any additional compensation which they have received, for the effect of the procedure established above.

Members of the Executive Committee shall not conclude any risk hedging or risk transfer contracts relative to any deferred component which might minimise the effects arising from the risk inherent to the established remuneration system.

No compensation or indemnification was paid or is owed to members of the management body due to the termination of their appointment during the financial year.

b) Supervisory bodies

As noted above, taking into consideration the provisions in article 9 of Banco de Portugal Notice 10/2011, the members of the Audit Committee earn a fixed remuneration, paid 12 times a year, the value of which is presently determined pursuant to article 12, number 2 of Implementing Order 150-A/2012.» 12, number 2 of Implementing Order 150-A/2012.”

70. to 75. In view of the first paragraph of item 69, these items are not applicable to Banco Comercial Português throughout the duration of the State intervention period.

76. The System of Retirement due to old age or invalidity of the members of the Executive Committee is currently defined in article 17 of the Memorandum of Association, transcribed below, and in the Implementation Regulations, with the documents having been approved at the General Meeting held on 28 February 2012.

“1. Directors benefit from the social security system applicable on a case-by-case basis.

2. Directors are also entitled to a supplementary retirement pension due to old age or invalidity, where the Bank may take out insurance contracts in their favour.

3. Upon taking up office and through agreement with each director, the insurance contract may be replaced by contributions to a defined contribution pension fund.

4. The amount of the Bank’s contributions, under the two preceding numbers, is established annually by the Remuneration and Welfare Board.

5. The Bank does not undertake additional charges related to supplementary retirement pensions after the termination of duties of each director.

6. The taking of effect of the right to a supplementary retirement pension due to old age or invalidity depends on the beneficiary retiring, under the applicable social security system.

7. Upon retirement, the beneficiary may select the redemption of the capital.

8. In the case of death before retirement, the right to the reimbursement of the accumulated capital is maintained, in accordance with the applicable contractual or legal provisions.”

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

IV. Disclosure of remunerations

77. The annual value of the remuneration earned, in aggregated and individual form, by the members of the Company's management bodies is presented in the following table:

Members of the Board of Directors	BCP (€)	Other Companies (€)	Total (€)	Income tax withheld (€)	Notes
António Vítor Martins Monteiro	90,000.00	0.00	90,000.00	37,329.00	
Carlos José da Silva	67,500.00	0.00	67,500.00	16,872.00	
Álvaro Roque de Pinho Bissaia Barreto	24,999.96	0.00	24,999.96	9,009.00	
André Magalhães Luíz Gomes	24,999.96	0.00	24,999.96	5,985.00	
António Henriques de Pinho Cardão	24,999.96	0.00	24,999.96	9,852.00	In 2014, he received a retirement pension paid by BCP amounting to 297.186,96 € (income tax withheld: 120.783,00 €) - a)
António Luís Guerra Nunes Mexia	0.00	0.00	0.00	0.00 b)	
Bernardo de Sá Braamcamp Sobral Sottomayor	90,000.00	0.00	90,000.00	22,500.00	
João Bernardo Bastos Mendes Resende	30,000.00	0.00	30,000.00	7,500.00	
César Paxi Manuel João Pedro	16,666.64	0.00	16,666.64	4,160.00	Presented his renunciation on 22 Ju
Raquel Rute da Costa David Vunge	3,125.01	0.00	3,125.01	279.00	Appointed on 15 Oct-2014
	372,291.53	0.00	372,291.53	113,486.00	

a) Earns a retirement pension as a retired employee from BCP

b) Does not earn any remuneration in Group BCP

Members of the Audit Committee	BCP (€)	Other Companies (€)	Total (€)	Income tax withheld (€)	Comments
João Manuel de Matos Loureiro	67,500.00	0.00	67,500.00	24,357.00	
José Guilherme Xavier de Basto	35,105.64	0.00	35,105.64	10,532.00	Received 105,64 € as remun. in kind - Kms
Jaime de Macedo Santos Bastos	35,000.04	0.00	35,000.04	10,500.00	
José Rodrigues de Jesus	67,500.00	12,000.00	79,500.00	24,267.00 c)	
	205,105.68	12,000.00	217,105.68	69,656.00	

c) Receives other remunerations as member of the Board of Auditors of Millennium Ageas

Members of the Executive Committee	BCP (€)	Other Companies (€)	Total (€)	Income tax withheld (€)
Nuno Manuel da Silva Amado	362,129.50	23,029.82	385,159.32	166,051.00
Miguel Maya Dias Pinheiro	308,127.40	0.00	308,127.40	139,384.00
Miguel de Campos Pereira de Bragança	283,419.57	24,707.83	308,127.40	125,458.00
José Jacinto Iglésias Soares	269,611.58	0.00	269,611.58	119,333.00
Luís Maria França de Castro Pereira Coutinho	239,222.03	30,389.55	269,611.58	100,046.00
Maria da Conceição Mota Soares Oliveira Callé Lucas	258,208.21	11,403.37	269,611.58	115,345.00
Rui Manuel da Silva Teixeira	258,208.21	11,403.37	269,611.58	114,715.00
	1,978,926.50	100,933.94	2,079,860.44	880,332.00

78. In view of the provisions of the remuneration policy of the 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 he/she has 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, when they occurred.

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

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

81. See the table of item 77.

81.1. In accordance with the provisions of Notice nr. 10/2011 of Banco de Portugal of 9 January 2012, relating to the information to disclose within the scope of the Corporate Governance Report, Banco Comercial Português, S.A., discloses the following information:

The Bank did not mention in the remuneration policy the fixed and variable components of the remuneration, nor the maximum ceilings for each component or the way the payment of the variable

remuneration is made to or the criteria underlying the attribution of this component since it complies with the rules on remuneration of the Recapitalization Plan underway. Please see the information disclosed in the first paragraph, item 69;

Currently there are no mechanisms preventing the use by the members of the management body of remuneration or liability insurances or any other risk hedging mechanisms to minimise the risk alignment effects inherent to their type of remuneration;

The Bank did not pay any remuneration in the form of portion of the profits or payment of bonuses;

The Bank did not attribute any non-cash benefit.

82. In defining the compensation of the elected members of the Board of the General Meeting, the Remuneration and Welfare Board took into consideration, for the mandate that began in May 2014, the amounts paid for this position by the major listed companies headquartered in Portugal, and similar in size to BCP, having defined the annual compensation of the Chairman of the Board of the General Meeting at 42,000 Euros.

V. Agreements with remunerative implications

83. No contractual limitations are currently established for compensation payable for dismissal without fair cause.

84. There are no agreements between the Company and members of the management board and directors, pursuant to number 3 of article 248-B of the Securities Code, which establish indemnities in the event of resignation, dismissal without fair cause or termination of employment relations following a change in the control of the company..

VI. Plans for the attribution of shares or stock options

85 - 88 - Currently, there are no plans with these features, hence, this chapter is not applicable.

E. TRANSACTIONS WITH RELATED PARTIES

I. Control mechanisms and procedures

89. The members of the governing bodies, 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.

90. In 2013, the Audit Division and Audit Committee of the Board of Directors controlled all the proposed operations of credit and the contracting of products or services relative to the members of the management and supervisory bodies and shareholders with stakes greater than 2% of the Banks' share capital and entities related to them, of a total value of 3 billion Euros.

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

II. Elements relative to business

92. On this issue, see the information provided in the Annual Report for 2013, in appraisal 51 of the Notes to the Consolidated Financial Statements.

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), the Bank observes, for the financial year to which this Report refers, the CMVM Corporate Governance Code, CMVM Regulation 4/2013, available on the CMVM's website, on the page with the following address:

<http://www.cvm.pt/>

2. The declaration of compliance with the recommendations of the Corporate Governance Code, which the Bank deliberated to endorse, is presented in the Introduction to the present Report.

ANNEX I

CURRICULA VITAE OF THE MEMBERS OF THE BOARD OF DIRECTORS OF BANCO COMERCIAL PORTUGUÊS, S.A.

(Regarding the positions held simultaneously in other companies, in and outside the Group, and other relevant activities performed, see table 26 of this Report)

Non-Executive Members of the Board of Directors

(Detailed curricula are available at the Bank's website, 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 in the Bank

- Chairman of the Board of Directors
- Chairman of the Commission for Corporate Governance
- Chairman of the Commission for Ethics and Professional Conduct
- Chairman of the Board of Curators of the Fundação Millennium bcp

Direct Responsibilities

- Supporting Office of the Board of Directors
- Company Secretary's Office
- Fundação Millennium bcp
- Ombudsman Office

Positions inside the Group

- Chairman of the Board of Curators of the Fundação Millennium bcp
- Chairman of the International Board of Fundação Millennium bcp (by inherent functions)

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
- Member of the Board of Directors of Banco Sabadell, representing Banco Comercial Português S.A.
- Member of the Board of Curators of the Luso-Brasileira Foundation
- Chairman of the Advisory Board of the Gulbenkian Programme Partnerships for Development

Academic and Specialized qualifications

- Licentiate Degree in Law from Lisbon University.

- Passed the admission contest for embassy attaché positions, opened on 11 September 1967

Professional experience in the last 10 years relevant to the position

- 2001/2004 and 2006/2009 - Ambassador of Portugal in France and Portugal's Representative at the European Space Agency (ESA)
- 2002/2009 - Member of the Ambassadors Forum of the Portuguese Agency for Investment
- 2004/2005 - Minister of Foreign Affairs and of the Portuguese Communities;
- 2005/2006 - High Commissioner of the UN for the Elections in the Ivory Coast
- 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 working party created by the Prime Minister for the internationalisation and development of the Portuguese economy
- April 2011/February 2012 - Chairman of the Supervisory Board and Member of the Remuneration and Welfare Board of Banco Comercial Português S.A.
- February 2012/October 2012 - Chairman of the Board of Directors of the Fundação Millennium bcp

Carlos José da Silva

Personal details

Date of birth: 6 January 1966

Nationality: Angolan

Positions held in the Bank

- Vice-Chairman of the Board of Directors
- Chairman of the Commission for Nominations and Remunerations

Positions held in the Group

- Member of the Board of Curators of the Fundação Millennium bcp

Positions held outside the Group

- Chairman of the Board of Directors of Banco Privado Atlântico
- Chairman of the Board of Directors of Banco Privado Atlântico Europa
- Deputy Chairman of the Board of Directors of Sociedade Baía de Luanda
- Chairman of the Board of Directors of Interoceânico Capital, SGPS
- Chairman of the Board of Directors of Angola Management School

Academic and Specialized qualifications

- Licentiate Degree in Legal Sciences from the Law School of Lisbon University

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, and Founder of Banco de Investimento Privado in Angola
- Since 2009 - Founder and Chairman of Banco Privado Atlântico Europa

- Since 2010 - Vice-Chairman of Sociedade Baía de Luanda
- Since 2010 - Chairman of Interoceânico Capital, SGPS, S.A.
- Since 2010 - Chairman of Angola Management School
- Until 28 February 2012 - Member of the Supervisory Board of Banco Comercial Português, S.A.
- 28 February 2012/19 October 2012 - Vice-Chairman of the Board of Directors of the Fundação Millennium bcp

Álvaro Roque de Pinho de Bissaia Barreto

Personal Details

Date of birth: 1 January 1936

Nationality: Portuguese

Positions held in the Bank

- Member of the Board of Directors
- Member of the Commission for Nominations and Remunerations
- Member of the Commission for Ethics and Professional Conduct

Positions held outside the Group

- Chairman of the Board of Directors of TEJO ENERGIA, S.A.
- Non-executive director of NUTRINVEST - Soc. Gestora de Participações. Sociais, S.A.
- Chairman of the Board of the General Meeting of PRIME DRINKS, S.A.

Academic and Specialized 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 10 years relevant to the position

- From 1990 to 2014 - Non executive Director of MELLOL - Sociedade Gestora de Participações Sociais, S.A.
- Since 1995 - Member of Senior Council of Fundação Bissaya-Barreto
- 2004/2005 - Minister of State, Economic Activities and Labour
- 2006/2012 - Non-executive director of SAIP - Sociedade Alentejana de Investimento e Participações, SGPS, S.A.
- From 2006 to 2013 - Chairman of the Board of the General Meeting of Paço de Maiorca, Promoção e Gestão de Equipamentos Hoteleiros
- 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 Commission for Risk Assessment of Banco Comercial Português, S.A.

André Magalhães Luíz Gomes

Personal Details

- Date of birth: 20 February 1966
- Nationality: Portuguese

Positions held in the Bank

- Member of the Board of Directors
- Member of the Commission for Corporate Governance

Positions held outside the Group

- Partner of Cuatrecasas, Gonçalves Pereira & Associados, Sociedade de Advogados, R.L.
- Member of the Board of Directors of the Modern and Contemporary Art Foundation - Berardo Collection
- Member of the Board of Directors of Bacalhôa - Vinhos de Portugal, S.A.
- Sole Director of Imobiliária de São Joaquim 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 Quinta do Carmo - Sociedade Agrícola S.A.
- Chairman of the Board of the General Meeting of Explorer Investments, Sociedade Capital de Risco S.A.
- Chairman of the Board of the General Meeting of Explorer Investments, SGPS S.A.
- Chairman of the Board of the General Meeting of Atena Equity Partners - Sociedade Capital de Risco

Academic and Specialized qualifications

- Licentiate degree in Law from the Law School of Lisbon University

Professional experience in the last 10 years relevant to the position

- Until 30 December 2011 - Member of the Board of Directors of Metalgest - Sociedade de Gestão, S.G.P.S. 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 Fundação Millennium bcp
- Until 28 February 2013 - Manager of Discovery Portugal Real Estate Fund
- Until 9 September 2013 - Sole Director of Imobiliária 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 Matiz 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 in the Bank

- Member of the Board of Directors
- Member of the Commission for Risk Assessment
- Member of the Commission for Ethics and Professional Conduct
- Member of the Commission for Nominations and Remunerations

Academic and Specialized qualifications

- Licentiate Degree in Finance from Instituto Superior de Ciências Económicas e Financeiras

Professional experience in the last 10 years relevant to the position

- March 2002/March 2005 - Member of Parliament as an independent member of parliament of the Parliament Group of PSD, under an exclusivity regime.
- 2005/2012 - Economist, self-employed: consultancy, preparation of economic and financial studies, corporate valuations.
- 2006/2012 - Chairman of the Board of Auditors of the company Vila Galé, S.A.
- 2009/2012 - Member of the Board of Auditors of companies of the Monte & Monte Group and namely, of the holding, Monte & Monte, SGPS, S.A.
- April 2011/February 2012 - Member of the Supervisory Board of Banco Comercial Português S.A.
- 28 February 2012/19 October 2012 - Member of the Board of Directors of the Fundação Millennium bcp
- Member of the Economists Association
- Member of the Statutory Auditors Association

António Luís Guerra Nunes Mexia

Personal details

Date of birth: 12 July 1957

Nationality: Portuguese

Positions held in the Bank

- Member of the Board of Directors
- Member of the Commission for Corporate Governance

Positions held outside the Group

- Chairman of the Board of Directors of EDP-Energias de Portugal, SA.

Academic and Specialized qualifications

- Licentiate Degree in Economics from Geneva University (Switzerland)
- 1979/1981 - Guest lecturer at the Department of Economics of Geneva University
- 1982/1995, Lecturer of the postgraduate course of European Studies at Universidade Católica and Regent at Universidade Nova and Universidade Católica

Professional experience in the last 10 years relevant to the position

- 2008/2012 - Member of the Supervisory Board of Banco Comercial Português, S.A., having formerly been a member of the Senior Board of this Bank
- 28 February 2012/19 October 2012 - Member of the Board of Directors of the Fundação Millennium bcp

Bernardo de Sá Braamcamp Sobral Sottomayor

Personal details

Date of birth: 18 May 1973

Nationality: Portuguese

Positions held in the Bank

- Member of the Board of Directors
- Member of the Commission for Nominations and Remunerations
- Member of the Commission for Risk Assessment
- Member of the Remunerations and Welfare Board

Positions held outside the Group

- Partner of ANTIN-Infrastructure Partners
- Chairman of the Board of Directors of Andasol-1 Central Termosolar Uno, S.A.
- Chairman of the Board of Directors of Andasol-2 Central Termosolar Dos, S.A.

Academic and Specialized qualifications

- Licentiate Degree in Economics from Faculdade Nova de Lisboa
- Specialisation in Econometrics, International Economics and Monetary Economics
- British Chevening Scholarship attributed by the British Council for post-graduation studies in the United Kingdom (not used).
- Investment Management Certificate - qualification required by the Financial Services Authority for the exercise of the financial duties in the City of London

Professional experience in the last 10 years relevant to the position

- 2000/2013 - Director of the Business Analysis Office (Mergers and Acquisitions) at EDP - Energias de Portugal
- 2004/2006 - Director - European Team of Utilities in Citigroup - Corporate Finance and Mergers and Acquisitions
- 2006/2013 - Managing Director at Deutsche Bank - RREEF Infrastructure

João Bernardo Bastos Mendes Resende

Personal details

Date of birth: 16 July 1963

Nationality: Portuguese

Positions held in the Bank

- Member of the Board of Directors
- Chairman of the Commission for Risk Assessment

Positions held outside the Group

- Since 2009 - Member of the Board of Directors of Banco Urquijo (Banco Sabadell Group)

Academic and Specialized 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 Corporate Management from Instituto de Estudos Superiores da Empresa (IESE).

Professional experience in the last 10 years relevant to the position

- 2002/2009 - Member of the Commercial Committee of Banco Sabadell
- Member of the Governing Board of the Institute of Economic Studies
- Member of the Spanish Institute of Financial Analysts
- Member of the Governing Board of the Spanish Securities Market Association
- Member of the Board of Directors of Cajastur Servicios Financieros
- From 28 February 2012 to 19 October 2012 -Member of the Board of Directors of Fundação Millennium bcp

Raquel Rute da Costa David Vunge

Personal details

Date of Birth: 30 June 1967

Nationality: Portuguese

Positions held in the Bank

- Member of the Board of Directors

Positions held outside the Group

- Member of the Board of Directors of Galp Energia, SGPS, S.A.

Academic and Specialized qualifications

- Licentiate Degree in Business Management from ISG - Instituto Superior de Gestão (Lisboa)

Professional experience in the last 10 years relevant to the position

- 2001/2010 - Head of the Central Treasury Department of Sonangol, E.P.
- 2010/2012 - Head of Finance of Sonangol, E.P.
- 2012/2013 - Executive Director and CFO of Sonangol, E.P.

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 in the Bank

- Member of the Board of Directors
- Chairman of the Audit Committee

Positions held outside the Group

- Professor at the School of Economics of Porto
- Member of the Council of Representatives of the School of Economics of Porto
- Professor at Porto Business School and Coordinator, in that School, of the postgraduate course in Corporate Management
- Researcher at the Economics and Finance Centre of Porto University (CEF-UP)
- Member of the General Board of UPBS (University of Porto Business School)

Academic and Specialized qualifications

- Licentiate Degree in Economics, from the School of Economics of Porto University.
- Doctorate in Economics (specialisation in International Macroeconomics and Finance), from Gothenburg University, Sweden

Professional experience in the last 10 years relevant to the position

- 2000/2008 - Head of the MBA in Finance from the School of Economics of Porto Business School
- 2002/2008 - Chairman of the Pedagogic Council of the School of Economics of Porto;
- 2007/2008 - Coordinator of the Budgeting per Programs Committee, Ministry of Finance
- 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 - Chairman of the Audit Committee of Banco Comercial Português, S.A.
- 29 May 2009/28 February 2012 - Chairman of the Board of Auditors of Banco ActivoBank, S.A.
- 22 March 2010/28 February 2012 - Chairman of the Board of Auditors of Banco BII - Banco de Investimento Imobiliário, S.A.
- 28 February 2012/19 October 2012 - Member of the Board of Directors of the Fundação Millennium bcp

Jaime de Macedo Santos Bastos

Personal details

Date of birth: 26 November 1956

Nationality: Portuguese

Positions held in the Bank

- Member of the Board of Directors
- Member of the Audit Committee

Positions held outside the Group

- Statutory Auditor of several companies

Academic and Specialized qualifications

- Licentiate degree in Business Administration from Universidade Católica Portuguesa
- From 1986 to 1990 - Assistant Professor at Universidade Católica Portuguesa
- Various post-graduation courses

Professional experience in the last 10 years relevant to the position

- 2007/2012 - member of the Board of Auditors of Cimpor - Cimentos de Portugal
- 28 February 2012/19 October 2012 - Member of the Board of Directors of the Fundação Millennium bcp

José Guilherme Xavier de Basto

Personal details

Date of birth: 19 November 1938

Nationality: Portuguese

Positions held in the Bank

- Member of the Board of Directors
- Member of the Audit Committee
- Member of the Commission for Nominations and Remunerations

Positions held outside the Group

- Since 2007 - non-executive director of Portugal Telecom, SGPS, S.A., being a member of its Audit Committee
- Chairman of the Supervisory Board of the Portuguese Fiscal Association
- Chairman of the General Meeting of the Portuguese Tax Consultants Association
- Member of the Research Office of the Chartered Accountants Association

Academic and Specialized qualifications

- Licentiate Degree in Law from Coimbra University
- Additional Course of Political and Economic Sciences
- 1961/1974 - Professor of Political Economics and >Tax Law at the School of Law of Coimbra University

- From 1974 until retirement in 2004 lectured on Taxation and Tax Harmonisation at the School of Economics of Coimbra University
- Published books and articles on taxation and fiscal law, particularly on VAT and personal income tax

Professional experience in the last 10 years relevant to the position

- 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 Financial Matters Committee of Banco Comercial Português, S.A.
- 28 February 2012/19 October 2012 - Member of the Board of Directors of the Fundação Millennium bcp

José Rodrigues de Jesus

Personal details

Date of birth: 16 October 1944

Nationality: Portuguese

Positions held in the Bank

- Member of the Board of Directors
- Member of the Audit Committee

Positions held outside the Group

- Member of the Audit Board of Millenniumbcp Ageas Grupo Segurador S.G.P.S., S.A.
- From 2012 - Member of the Board of Auditors of Mota-Engil, S.G.P.S., S.A.
- From 2012 - Member of the Board of Auditors of Germen - Moagem de Cereais, S.A.
- From 2014 - Member of the Board of Auditors of Labesfal - Laboratórios Almiro, S.A.

Academic and Specialized qualifications

- Licentiate Degree in Economics, from the School of Economics of Porto University.
- 1968/2005 - Associate Professor at the School of Economics of Porto
- Currently, lecturer in EGP-UPBS postgraduate courses, School of Business Management of Porto

Professional experience in the last 10 years relevant to the position

- 1974/2012 - Economist, Consultant and Member of the Supervisory Boards of Finibanco Holding, S.G.P.S., 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 in 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

Positions held in the Group

- Member of the Board of Curators of the Fundação Millennium bcp
- Vice-Chairman of the Supervisory Board of Bank Millennium, S.A. (Poland).

Positions held outside the Group

- Member of the Management of APB - Associação Portuguesa de Bancos, representing Banco Comercial Português, S.A.
- Member of the General and Supervisory Board of EDP - Energias de Portugal, S.A.
- Member of Institut International D'Etudes Bancaires
- Member of the Board of Auditors of the Bial Foundation
- Chairman of the Advisory Board - Centro Hospitalar do Oeste

Academic and Specialized qualifications

- Licentiate degree in Business Administration from ISCTE (Higher Education Institute of Labour and Business Studies)
- Advanced Management Programme from INSEAD, Fontainebleau

Professional experience in the last 10 years relevant to the position

- 1997/2006 - Member of the Executive Committee and of the Board of Directors of Banco Santander de Negócios Portugal
- 2005/2006 - Deputy Chairman of the Executive Committee and Member of the Board of Directors of Banco Santander Totta, S.A.
- 2005/2006 - Deputy Chairman of the Executive Committee and Member of the Board of Directors of Banco Santander Totta, S.G.P.S.
- August 2006/January 2012 - Deputy Chairman of the Board of Directors of Portal Universia Portugal

- August 2006/January 2012 - Director-General and Member of the Management Committee of Banco Santander Central Hispano
- August 2006/January 2012 - Chairman of the Executive Committee and Deputy Chairman of the Board of Directors of Banco Santander Totta, S.A.
- August 2006/January 2012 - Chairman of the Executive Committee and Deputy Chairman of the Board of Directors of Banco Santander Totta, SGPS
- 28 February 2012/19 October 2012 - Vice-Chairman of the Board of Directors of the Fundação Millennium bcp.

Miguel Maya Dias Pinheiro

Personal details

Date of birth: 16 June 1964

Nationality: Portuguese

Positions held in the Bank

- Member of the Board of Directors
- Vice-Chairman of the Executive Committee

Direct Responsibilities

- Specialised Monitoring Division
- Credit Division
- Real Estate Business Division
- Rating Division
- Retail Recovery Division
- Specialised Recovery Division
- Risk Office

Positions held in the Group

- Chairman of the Board of Directors of Interfundos - Gestão de Fundos de Investimento Imobiliário, S.A.
- Manager of BCP África, SGPS, Lda.
- Member 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.

Positions held outside the Group

- Member of the Supervisory Board of Portugal Capital Ventures - Sociedade de Capital de Risco S.A., representing Banco Comercial Português, S.A.

Academic and Specialized qualifications

- Licentiate Degree in Business Administration 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 10 years relevant to the position

- 2003/2005 - Banco Comercial Português/Servibanca - Director-General, responsible for the Contact Centre (Internet, Phone Banking and Customer Care Centre operations)
- 2005/September 2007 - Director-General of Banco Comercial Português, S.A., member of the Retail Executive Committee and Head of the Innovation and Commercial Promotion Division at BCP
- February 2005/September 2007 - Director of Millenniumbcp Gestão de Fundos de Investimento, S.A.
- March 2005/September 2007 - Chairman of the Board of Directors of Millenniumbcp Teleserviços, Serviços de Comercio Electrónico, S.A.
- March/October 2007 - Manager of AF Internacional, S.G.P.S. 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.
- From 3 November 2009 to 19 October 2012 - Member of the Board of Directors of the Fundação Millennium bcp.

Miguel de Campos Pereira de Bragança

Personal details

Date of birth: 25 June 1966

Place of birth: Lisbon

Nationality: Portuguese

Positions held in the Bank

- Member of the Board of Directors
- Vice-Chairman of the Executive Committee

Direct responsibilities

- Tax Advisory Division
- Accounting and Consolidation Division
- Research, Planning and ALM Division
- Management Information Division
- Investor Relations Division
- International Division
- Treasury and Markets Division

Positions held in the Group

- Chairman of the Board of Directors of Banco de Investimento Imobiliário, S.A.
- Manager of the company Millennium bcp Participações, SGPS, Sociedade Unipessoal, Lda.

- Manager of BCP África, SGPS, Lda.
- Member of the Supervisory Board of Bank Millennium, S.A. (Poland)

Academic and Specialized qualifications

- Licentiate degree in Business Administration from Universidade Católica Portuguesa
- INSEAD, Fontainebleau, MBA programme. Henry Ford II Prize, awarded each year to students who complete the year with the highest average

Professional experience in the last 10 years relevant to the position

- 2000/2006 - Director, responsible for the Finance, Accountancy and Management Control, Marketing and Product areas at Banco Santander Totta and Santander Totta SGPS
- 2007/2008 - Executive Director responsible for the area of Marketing Products, having accumulated, since June, the responsibility for the Telephone Channel, Internet and Business Banking areas at Abbey National PLC (presently Santander UK)
- 2008/February 2012 - Director responsible for the Finance, Accountancy and Management Control, Marketing and Products areas at Banco Santander Totta, S.A., Santander Totta SGPS
- 28 February 2012/19 October 2012 - Member of the Board of Directors of the Fundação Millennium bcp.

Rui Manuel da Silva Teixeira

Personal details

Date of birth: 4 September 1960

Nationality: Portuguese

Positions held in the Bank

- Member of the Board of Directors
- Member of the Executive Committee

Direct Responsibilities

- Direct Banking Division
- Quality and Network Support Division
- Retail Marketing Division
- Private Banking Division
- Foreign Residents Division
- Retail Division - Centre South
- Retail Division - Centre North
- Retail Division - North
- Retail Division - South
- Millennium bcp Bank & Trust
- Banque Privée BCP (Switzerland)
- Millennium Gestão de Ativos

Positions held in the Group

- Chairman of the Board of Directors of Millennium bcp Gestão de Activos - Sociedade Gestora de Fundos de Investimento, S.A.

- Member of the Supervisory Board of Bank Millennium, S.A. (Poland)
- Chairman of the Board of Directors of Banque Privée BCP (Suisse), S.A.

Positions held outside the Group

- Member of the Board of Directors of UNICRE - Instituição Financeira de Crédito, S.A., representing Banco Comercial Português, S.A.
- Member of the Remuneration and Welfare Board of SIBS, SGPS, S.A. and SIBS Forward Payment Solutions, S.A.
- Deputy Chairman of the Board of the General Meeting of Porto Business School

Academic and Specialized qualifications

- Licentiate degree in Electrotechnical Engineering from the Faculty of Engineering of Porto University
- Specialisation Course in Industrial Management from INEGI of FEUP

Professional experience in the last 10 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 Fundação Millennium bcp.

Luís Maria França de Castro Pereira Coutinho

Personal data

Date of birth: 2 March 1962

Nationality: Portuguese

Positions held in the Bank

- Member of the Board of Directors
- Member of the Executive Committee

Direct Responsibilities

- ActivoBank
- Companies Division - Centre
- Companies Division - North
- Companies Division - South
- Companies Marketing Division

- Companies Products Marketing Division
- Bank Millennium (Poland)
- Recapitalisation Private Equity Fund

Positions held in the Group

- Chairman of the Board of Directors of Banco ActivoBank, S.A.
- Member of the Board of Directors of Millennium bcp 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 Pensões Gere - Sociedade Gestora de Fundos de Pensões, S.A.
- Chairman of the Board of Directors of BCP Capital _ Sociedade de Capital de Risco, S.A.
- Member of the Supervisory Board of Bank Millennium, S.A. (Poland)

Academic and Specialized qualifications

- 1984 - Licentiate degree in Economics from Universidade Católica Portuguesa

Professional experience in the last 10 years relevant to the position

- 2003/February 2009 - Vice-Chairman of the Executive Board of Directors of Bank Millennium, S.A. (Poland)
- May 2003 to March 2009 - Member of the Supervisory Board of Millennium Leasing Sp Zoo (Poland)
- May 2003/March 2009 - Member of the Supervisory Board of Millennium Dom Maklerski S.A. (Poland)
- May 2003/March 2009 - Member of the Supervisory Board of Millennium Lease Sp Zoo (Poland)
- 15 January 2008/28 February 2012 - Member of the Executive Board of Directors of Banco Comercial Português, S.A.
- 15 January 2008 to 19 October 2013 - Member of the Board of Directors of Fundação Millennium bcp
- 15 January 2008/January 2013 - Chairman of the Board of Directors of Banque Privée BCP (Suisse), S.A.
- February/December 2008 - Manager of BCP Participações Financeiras, SGPS, Sociedade Unipessoal, Lda.
- February 2008/March 2009 - Manager of BCP Internacional II, Sociedade Unipessoal, SGPS, Lda.
- February 2008/March 2009 - Member of the Board of Directors of Millennium bcp - Prestação de Serviços, ACE
- February 2008/December 2009 - Member of the Board of Directors of Banco Activobank (Portugal), S.A., presently Banco ActivoBank, S.A.
- May 2008/May 2010 - Vice-Chairman of the Board of Directors of Millennium Bank, S.A. (Greece)
- May 2008 to January 2015 - Chairman of the Board of Directors of Banca Millennium S.A. (Romania)
- July 2008/October 2010 - Chairman of the Board of Directors of BCP Holdings (USA), Inc. (United States of America)
- May 2010/April 2011 - Chairman of the Board of Directors of Millennium Bank, S.A. (Greece)
- April 2011/June 2013 - Member of the Board of Directors of Millennium Bank, S.A. (Greece)

Maria da Conceição Mota Soares de Oliveira Callé Lucas

Personal details

Date of birth: 24 January 1956

Nationality: Portuguese

Positions held in the Bank

- Member of the Board of Directors
- Member of the Executive Committee

Direct Responsibilities

- Investment Banking Division
- Corporate Division
- Large Corporates Division
- International Strategic Research Office
- Banco Millennium Angola (Angola)
- Eastern Desk
- Millennium bcp Ageas
- Millennium BIM (Mozambique)

Positions held in the Group

- Vice-Chairman of the Board of Directors and Chairman of the Board of Auditors of Millennium bcp Ageas Grupo Segurador, SGPS, S.A.
- Vice-Chairman of the Board of Directors and Chairman of the Board of Auditors of Ocidental - Companhia Portuguesa de Seguros de Vida, S.A.
- Vice-Chairman of the Board of Directors and Chairman of the Board of Auditors of Pensões Gere - Sociedade Gestora de Fundos de Pensões, S.A.
- Manager of BCP África, SGPS, S.A.
- 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 Supervisory Board of Bank Millennium, S.A. (Poland)
- Member of the Board of Directors of Banco Millennium Angola, S.A.

Academic and specialized 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, in 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 10 years relevant to the position

- 2002/2008 - Representative - Société Générale, Portugal
- 2008/2009 - Ifogest - Consultoria e Investimentos, S.A.
- 2009/February 2012 - Director of Banco Privado Atlântico-Europa, S.A.

- 28 February 2012/19 October 2012 - Member of the Board of Directors of the Fundação Millennium bcp
- 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.
- 28 June 2012/25 March 2013 - Member of the General Board of AEM - Associação de Empresas Emitentes de Valores Mobiliários Cotados no Mercado, representing Banco Comercial Português, S.A.
- 26 March 2012/30 June 2014 - Vice-Chairman of the Board of Directors and Chairman of the Board of Auditors 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 Board of Auditors of Ocidental - Companhia Portuguesa de Seguros, S.A.

José Jacinto Iglésias Soares

Personal details

Date of birth: 25 June 1960

Nationality: Portuguese and Angolan

Positions held in the Bank

- Member of the Board of Directors
- Member of the Executive Committee

Direct Responsibilities

- Compliance Office
- Legal & Litigation Division
- Audit Division
- Logistics & Procurement Division
- Information Technology Division
- Operations Division

Positions held in the Group

- Chairman of the Board of Directors of Millennium bcp Prestação de Serviços, ACE

Positions held outside the Group

- Non-executive Director of SIBS, SGPS, S.A. and 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 Board of Associação Industrial Portuguesa-Câmara de Comércio e Indústria, representing Banco Comercial Português, S.A.
- Member of the General Board of AEM - Associação de Empresas Emitentes de Valores Mobiliários Cotados em Mercado, in representation of Banco Comercial Português, S.A.
- Member of the General Board of IPCG - Instituto Português de Corporate Governance, in representation of Banco Comercial Português, S.A.
- Substitute member of the Plenary and of the CEPES - CES - Conselho Económico e Social (Economic and Social Council)

Academic and specialized qualifications

- Licentiate degree in Law from the Faculty of Law of Lisbon University

- Monitor at the Faculty of Law of Lisbon University
- Post-graduation in Commercial Law and Commercial Companies from Universidade Católica de Lisboa
- Corporate Senior Management Programme, AESE
- Post-graduation in Accountancy and Finance from Universidade Católica de Lisboa

Professional experience in the last 10 years relevant to the position

- 2004/2005 - Chairman of IPAD (Portuguese Institute of Support to Development)
- 2005/2007 - Director of the Legal Support Division of the Compliance Office of Banco Comercial Português, S.A.
- 2008/2009 - Managing Director of the External Relations Division of Banco Privado Atlântico (Angola)
- 2009/2011 - Executive Director of Banco Privado Atlântico - Europe, responsible for the Compliance, Legal Support and Internal Audit areas
- 18 April 2011/28 February 2012 - Member of the Executive Board of Directors of Banco Comercial Português, S.A.
- 18 April 2011/19 October 2012 - Member of the Board of Directors of the Fundação Millennium bcp

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 Manuel Archer Galvão Teles

Positions held in the Bank

- Chairman of the Remuneration and Welfare Board.

Academic and specialized qualifications

- Licentiate Degree in Law from the Faculty of Law of Universidade Clássica de Lisboa

Professional experience in the last 10 years relevant to the position

- Senior partner of Morais Leitão, Galvão Teles, Soares da Silva & Associados - Sociedade de Advogados, working as legal counsel on a full time basis since 1961
- 1996/2006, member of the Portuguese Council of State by appointment of the then President of the Republic, Jorge Sampaio
- Until April 2008, Chairman of the Board of the General Meeting and member of the Supervisory Board of EDP, and Chairman of the Board of the General Meeting of CIMPOR, SGPS
- Since 2008, Chairman of the Remuneration Committee of EDP - Energias de Portugal. S.A.
- Currently, is non-executive director of the Holding of Grupo IMPRESA, and Chairman of the Board of the General Meeting of the following companies, among others: SANTANDER TOTTA, SGPS, AUCHAN, SGPS and SONAGI, SGPS

Manuel Pinto Barbosa

Positions held in the Bank

- Member of the Remuneration and Welfare Board

Academic and specialized qualifications

- Licentiate Degree in Finance from the Economic and Financial Sciences Institute of Universidade Técnica de Lisboa
- Masters from Yale University
- Doctorate from Yale University and Aggregation from Universidade Nova de Lisboa
- Former Professor at the School of Economics of Universidade Nova de Lisboa

Professional experience in the last 10 years relevant to the position

- 1994/2006 - Member of the Executive Council of Fundação Luso-Americana
- 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 Remunerations Committee of Cimpor
- He is currently Chairman of the Board of Directors of Nova Fórum

José Luciano Vaz Marcos

Positions held in the Bank

- Member of the Remuneration and Welfare Board

Academic and specialized 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 seminars on urban issues, spatial planning and public contracting

Professional experience in the last 10 years relevant to the position

- Partner of FALM-Ferreira de Almeida, Luciano Marcos & Associados - Sociedade de Advogados, RL
- Works mainly as 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

Annual Report for 2014

© Millennium bcp

www.millenniumbcp.pt

Banco Comercial Português, S.A.,
Public Company

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

Share Capital:
3,706,690,253.08 euros

Registered at
Porto Commercial Registry
Under the Single registration and
Tax Identification number 501 525 882

Investor Relations
Av. Professor Doutor Cavaco Silva
Edifício 1 Piso 0 Ala B
2744-002 Porto Salvo
Telephone: (+351) 211 131 084
investors@millenniumbcp.pt

Communication Division
Av. Professor Doutor Cavaco Silva
Edifício 3 Piso 1 Ala C
2744-002 Porto Salvo
Telephone: (+351) 211 131 243
comunicar@millenniumbcp.pt

