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2014

Activity Report

3rd Quarter

In accordance with Article 10 of the CMVM Regulation nr.5/2008 we are pleased to transcribe the

3rd QUARTER 2014 ACTIVITY REPORT

BANCO COMERCIAL PORTUGUÊS, S.A.

a public company (Sociedade Aberta)
having its registered office at Praça D. João I, 28, Oporto, registered at the Commercial Registry of Oporto, with the single commercial and tax identification number 501 525 882 and the share capital of EUR 3,500,000,000.00.

Investor Relations
Rui Coimbra
Phone +351 211 131 084
investors@millenniumbcp.pt
rui.coimbrafernandes@millenniumbcp.pt
lmonteiro@millenniumbcp.pt

Media Contact
Erik T. Burns
Phone +351 211 131 242
Mobile +351 917 265 020
erik.burns@millenniumbcp.pt
cintia.barbas@millenniumbcp.pt

Financial Highlights

Euro million

	30 Sep. 14	30 Sep. 13	Change 14 / 13
Balance sheet			
Total assets	78,798	83,121	-5.2%
Loans to customers (gross) (1)	57,926	60,101	-3.6%
Total customer funds (1)	64,942	63,212	2.7%
Balance sheet customer funds (1)	52,885	51,263	3.2%
Customer deposits (1)	49,638	47,084	5.4%
Loans to customers, net / Customer deposits (2)	111%	122%	
Loans to customers, net / Customer deposits (3)	111%	122%	
Results			
Net income	(98.3)	(597.3)	
Net interest income	791.0	613.8	28.9%
Net operating revenues	1,722.0	1,257.3	37.0%
Operating costs	857.6	888.0	-3.4%
Loan impairment charges (net of recoveries)	874.5	618.6	41.4%
Other impairment and provisions	143.0	375.4	-61.9%
Income taxes			
Current	88.2	56.6	
Deferred	(259.0)	(195.0)	
Profitability			
Net operating revenues / Average net assets (2)	2.8%	1.9%	
Return on average assets (ROA) (4)	0.0%	-0.8%	
Income before taxes and non-controlling interests / Average net assets (2)	-0.3%	-1.0%	
Return on average equity (ROE)	-4.2%	-27.6%	
Income before taxes and non-controlling interests / Average equity (2)	-6.5%	-25.3%	
Credit quality			
Overdue and doubtful loans / Total loans (2)	9.7%	9.1%	
Overdue and doubtful loans, net / Total loans, net (2)	3.9%	3.6%	
Credit at risk / Total loans (2)	12.1%	12.3%	
Credit at risk, net / Total loans, net (2)	6.4%	7.0%	
Impairment for loan losses / Overdue loans by more than 90 days (1)	79.6%	81.6%	
Efficiency ratios (2) (5)			
Operating costs / Net operating revenues	51.9%	70.3%	
Operating costs / Net operating revenues (Portugal)	54.0%	88.8%	
Staff costs / Net operating revenues	28.9%	39.8%	
Capital			
Common equity tier I (CRD IV/CRR phased-in) (6)	12.8%	-	
Common equity tier I (CRD IV/CRR fully-implemented) (6)	10.2%	-	
Core tier I (Basel II) (2)	-	12.7%	
Tier I (Basel II) (2)	-	12.3%	
Total (Basel II) (2)	-	13.7%	
Branches			
Portugal activity	721	783	-7.9%
Foreign activity	730	738	-1.1%
Employees			
Portugal activity	8,266	8,703	-5.0%
Foreign activity	10,272	10,080	1.9%

(1) Adjusted from the effect related to the classification of Millennium bank in Romania and Millennium bcp Gestão de Activos as discontinued operations.
(2) According to Instruction from the Bank of Portugal no. 16/2004, as the currently existing version.
(3) Calculated in accordance with the definition from the Bank of Portugal.
(4) Considering net income before non-controlling interests.
(5) Excludes the impact of specific items: gains from the sale of the shareholdings associated with non-life insurance business (Euro 69.4 million in the first nine months of 2014), restructuring programme (Euro- 11.2 million in the first nine months of 2013) and legislative change related to mortality allowance (Euro 7.5 million in the first nine months of 2013).
(6) Calculated based on the Notice from BoP no. 3/95 and Law no. 61/2014 published on 26 August 2014 related with DTA. Proforma, includes the deconsolidation of the Romania operation.

RESULTS AND ACTIVITY IN THE FIRST NINE MONTHS OF 2014

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 sale of Millennium bcp's operation in Romania in the mid-term and the implementation of a new approach to the asset management business, and according to IFRS 5, the activities of Millennium bank in Romania and of Millennium bcp Gestão de Activos were classified as discontinued operations, during 2013, with the impact on results of these operations presented on a separate line item in the profit and loss account, defined as "income arising from discontinued operations". As part of this, and in accordance with the referred accounting standard, the profit and loss account was restated as at 30 September 2013, for comparative purposes. At the consolidated balance sheet level, the presentation of assets and liabilities of Millennium bank in Romania and of Millennium bcp Gestão de Activos remained in the criteria considered on the consolidated financial statements as at 30 September 2013.

However, for a better interpretation of the performance of the Group's financial indicators, and for the purposes of this analysis, some balance sheet indicators are presented on a comparable basis, that is, excluding discontinued operations – Millennium bank in Romania and Millennium bcp Gestão de Activos.

RESULTS

The **net income** of Millennium bcp was negative at Euro 98.3 million in the first nine months of 2014, comparing favourably with the net loss of Euro 597.3 million registered in the same period of 2013. This evolution was boosted by increased contribution from international activities, together with improved profitability in Portugal, supported by positive net operating revenues performance, in particular in net interest income and net trading income.

Net income in the first nine months of 2014 was positively influenced by:

- Net interest income increasing 28.9%, when compared to the same period of 2013, already influenced by the impact associated with the repayment of hybrid financial instruments to the Portuguese State (CoCos) ahead of the originally defined calendar, in the amount of Euro 2,250 million;
- Gains in net trading income related with Portuguese sovereign debt;
- The Euro 69.4 million gain related to the sale of the entire share of 49% in subsidiaries that operated exclusively in the area of non-life insurance.

In spite of the following negative effects:

- Interest expense associated with the issuance of CoCos (Euro -162.8 million in the first nine months of 2014), notwithstanding the repayments in May and August 2014;
- The liability management operations undertaken in 2011 (Euro -118.6 million);
- Impairment for loan losses charges reflecting AQR's accounting effects, in the third quarter (Euro -313.5 million);
- The results from discontinued operations (Euro -34.1 million).

In spite of the impairment for loan losses charges, net income evolution in Portugal benefited from the increases in net trading income, net interest income and other net operating income, together with a reduction of operating costs, resulting in a net income improvement of Euro 469.7 million when compared to the first nine months of 2013.

Net income associated with international activity, excluding discontinued operations, showed a year-on-year increase of 15.1%, mainly driven by net operating revenues performance, in particular net interest and commission income, in particular at the operations in Poland, Angola and Mozambique.

Net interest income amounted to Euro 791.0 million in the first nine months of 2014, an increase of 28.9% from the Euro 613.8 million in the same period of 2013, benefiting from the sustained reduction of deposits cost and already reflecting a lower level of interest expense associated with the CoCos issuance, as a result of the early repayment of Euro 400 million in May 2014 and Euro 1,850 million completed in August 2014.

Net interest income performance in Portugal, when compared with the same period of 2013, remains constrained by the unfavourable business volumes effect, determined by credit demand retraction, in spite of the commercial initiatives aiming to support sustainable business projects. Excluding the CoCos impact, net interest income in Portugal increased by Euro 65.8 million, year-on-year, boosted by the improvement in the margin on term deposits resulting from an interest rate decrease of 69 basis points on a year-on-year basis.

Furthermore, net interest income from international activity increased 19.9% in the first nine months of 2014 when compared with the same period of 2013, on the back of the 56 basis points reduction of the interest rate on term deposits, together with the increase in loan volume, reflecting the trends observed in Poland, Angola and Mozambique.

Net interest margin for the first nine months of 2014 stood at 1.46% compared with 1.08% in the same period of 2013.

AVERAGE BALANCES

Euro million

	30 Sep.14		30 Sep.13	
	Balance	**Yield %**	**Balance**	**Yield %**
Deposits in banks	3,433	1.13	4,141	1.36
Financial assets	12,766	3.41	13,375	3.43
Loans and advances to customers	55,401	3.83	57,629	3.95
Interest earning assets	**71,600**	**3.62**	**75,145**	**3.71**
Discontinued operations (1)	424		2,353	
Non-interest earning assets	9,486		9,181	
	81,510		**86,679**	
Amounts owed to credit institutions	12,437	0.70	14,547	1.06
Amounts owed to customers	48,631	1.70	46,757	2.24
Debt issued	9,310	3.85	12,112	3.74
Subordinated debt	3,766	7.39	4,326	7.55
Interest bearing liabilities	**74,144**	**2.09**	**77,742**	**2.55**
Discontinued operations (1)	345		2,425	
Non-interest bearing liabilities	3,021		2,806	
Shareholders' equity and non-controlling interests	4,000		3,706	
	81,510		**86,679**	
Net interest margin		1.46		1.08
Net interest margin (excl. cost of CoCos)		1.76		1.43

Note: Interest related to hedge derivatives were allocated, in September 2014 and 2013, to the respective balance sheet item.
(1) Includes the activity of the subsidiaries in Greece (in 2013), in Romania and of Millennium bcp Gestão de Ativos, as well as the respective consolidation adjustments.

Net commissions amounted to Euro 506.2 million in the first nine months of 2014, an increase of 2.3%, from the same period of 2013, determined by the performance of the international activity (+7.8% year-on-year).

The evolution of net commissions in the first nine months of 2014 reflects the increase registered in commissions related to financial markets (+13.8%), both in the activity in Portugal (+16.2%) and in international activity (+11.7%).

The commissions related to the banking business showed a decrease of 0.3%, mainly in the activity in Portugal, reflecting an unfavourable effect induced by legislative changes related to overdrafts commissioning, in spite of the positive effect related to the decreased cost of the guarantee granted by the Portuguese State to debt securities issued by the Bank. The same trend is expected going forward given the repurchase and full cancelation of these issues during October 2014.

Net trading income stood at Euro 357.2 million in the first nine months of 2014, from Euro 149.4 million in the same period of 2013.

The performance of net trading income reflects the evolution observed in the activity in Portugal that benefited from higher income related with Portuguese sovereign debt securities in the amount of Euro 210.8 million when compared with the same period of 2013, of which Euro 123.6 million in financial assets available for sale posted on the third quarter of 2014.

In the international activity, net trading income totalled Euro 68.9 million in the first nine months of 2014 (Euro 81.9 million in September 2013), determined by foreign exchange operations in Angola and Mozambique and derivative trading operations in Poland.

OTHER NET INCOME

Euro million

	30 Sep. 14	30 Sep. 13	Change 14/13
Net commissions	**506.2**	**494.8**	**2.3%**
Banking commissions	402.5	403.6	-0.3%
Cards and transfers	144.5	133.3	8.4%
Credit and guarantees	116.9	112.1	4.2%
Bancassurance	54.7	54.7	0.0%
Current account related	57.6	85.3	-32.5%
Commissions related with the State guarantee	(22.7)	(47.8)	-
Other commissions	51.5	66.0	-21.9%
Market related commissions	103.7	91.1	13.8%
Securities	74.8	66.3	12.9%
Asset management	28.9	24.8	16.4%
Net trading income	**357.2**	**149.4**	**-**
Other net operating income	**33.6**	**(48.7)**	**-**
Dividends from equity instruments	**5.8**	**1.7**	**-**
Equity accounted earnings	**28.2**	**46.4**	**-39.2%**
Total other net income	**931.0**	**643.5**	**44.7%**
Other net income / Net operating revenues	54.1%	51.2%	

Other net operating income totalled Euro 33.6 million in the first nine months of 2014, which compares to net losses of Euro 48.7 million in the same period of 2013. This evolution reflects the booking of a gain of Euro 69.4 million related to the disposal of the stake of 49% in subsidiaries that operated exclusively in the area of non-life insurance. In the activity in Portugal, this heading includes the contributions from the banking sector and for the resolution fund, both introduced in 2013, as well as for the deposits guarantee fund.

Dividends from equity instruments, which incorporate dividends received from investments in financial assets available for sale, and **equity accounted earnings**, totalled Euro 34.0 million in the first nine months of 2014, which compares with Euro 48.1 million in the same period of 2013. Equity accounted earnings essentially reflects the appropriation of results associated with the 49% stake in Millenniumbcp Ageas, hindered by the sale of non-life insurance business in the second quarter of 2014, in line with the focus on core activity defined in Strategic Plan.

Operating costs decreased 3.4% to Euro 857.6 million in the first nine months of 2014, from the Euro 888.0 million registered in the same period of 2013, reflecting the Strategic Plan´s defined targets, materialising the impact of the initiatives implemented focusing on rationalisation and cost containment in Portugal.

Excluding the effect of specific items, operating costs in Portugal, decreased 6.5% in the first nine months of 2014 when compared with the same period of 2013, on the back of the costs savings obtained in staff costs

(-7.3%), supported by the lower number of employees, together with the salary reduction carried out in the third quarter of 2014, and in other administrative costs (-5.3%).

In the international activity, operating costs increased 2.8% year-on-year, mainly induced by advertising related costs posted in Poland and from the increased distribution network in Angola and Mozambique.

OPERATING COSTS

Euro million

	30 Sep. 14	30 Sep. 13	Change 14/13
Staff costs	478.0	500.2	-4.4%
Other administrative costs	331.2	335.4	-1.3%
Depreciation	48.3	48.7	-0.8%
Subtotal (1)	**857.6**	**884.3**	-3.0%
Specific items			
Restructuring programme	–	11.2	
Legislative change related to mortality allowance	–	(7.5)	
Operating costs	**857.6**	**888.0**	**-3.4%**
Of which:			
Portugal activity (1)	517.0	553.2	-6.5%
Foreign activity	340.5	331.1	2.8%

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

Staff costs totalled Euro 478.0 million in the first nine months of 2014, showing a decrease of 4.4% from the same period in 2013, excluding the effect of specific items.

This performance reflects the evolution of the activity in Portugal (-7.3%), where the number of employees decreased by 437 from the end of September 2013, together with temporary salary reduction measures for employees in Portugal, in spite of the 1.4% increase in the international activity.

Other administrative costs reduced 1.3%, to Euro 331.2 million in the first nine months of 2014, compared to Euro 335.4 million registered in the same period of 2013, supported by the above-mentioned cost rationalisation initiatives, including the resizing of the distribution network in Portugal (-62 branches from 30 September 2013), under the ongoing restructuring plan, in spite of the increase in international activities (+4.1%).

Other administrative costs evolution was positively influenced by the 5.3% year-on-year decrease registered in the activity in Portugal, driven by costs associated with rents, consulting and outsourcing, regardless of the 4.1% increase in the international activity, as a result of higher advertising costs posted in Poland.

Depreciation costs stood at Euro 48.3 million, a reduction of 0.8% from the same period of 2013, mainly due to the 5.7% decrease registered in the activity in Portugal, benefitting from lower depreciation costs associated with software and equipment.

In the international activity, depreciation totalled Euro 23.7 million, a year-on-year increase of 4.9%, driven by the subsidiaries in Mozambique and Angola.

Impairment for loan losses (net of recoveries) totalled Euro 874.5 million in the first nine months of 2014, which compares with Euro 618.6 million in the same period of 2013, determined by higher provision charges, both in Portugal and in international activity, which registered increases of 44.3% and 11.2%, respectively.

In Portugal, credit impairment increase, was mainly influenced by the higher level of impairment charges posted in the third quarter, as a consequence of the AQR exercise, whose outcome is published independently. In the international activity, the credit impairment charges increase is essentially driven by charges posted by Bank Millennium in Poland.

The cost of risk, excluding discontinued operations, stood at 201 basis points, compared with 137 basis points in the first nine months of 2013, reflecting the extraordinary impairment charges registered in Portugal.

Other impairment and provisions totalled Euro 143.0 million in the first nine months of 2014, compared to Euro 375.4 million registered in the same period of 2013. This performance reflects the reduction in other provisions for liabilities and charges that included, in the first nine months of 2013, Euro 80.0 million related with the subscription of shares in Piraeus Bank, part of the sale process of Millennium bank in Greece. Additionally, it comprises the reduction in provisions for guarantees and other commitments and in impairments of other assets.

Income tax (current and deferred) amounted to Euro -170.8 million in the first nine months of 2014, compared with Euro -138.4 million posted in the same period of 2013. These taxes include current tax costs of Euro 88.2 million (Euro 56.6 million in the first nine months of 2013) and deferred tax assets of Euro 259.0 million (Euro 195.0 million in the same period of 2013).

BALANCE SHEET

Total assets reached Euro 78,798 million as at 30 September 2014 (Euro 83,121 million as at 30 September 2013), which compares with Euro 82,007 million as at 31 December 2013,reflecting loan portfolio retraction in Portugal, together with a decrease in the securities portfolio, in particular financial assets available for sale, induced by lower exposure to sovereign debt securities.

Loans to customers (gross) stood at Euro 58,352 million as at 30 September 2014, which compares with Euro 60,588 million posted in the same date of 2013.

Excluding the impact of the loans portfolio associated with the operation in Romania, classified as discontinued operation, the loans portfolio showed a reduction of 3.6% from the end of September 2013, hindered by the moderate recovery of Portuguese economy and a reduced demand for credit.

In Portugal, loans portfolio registered a contraction of 6.8%, whereas in the international activity, excluding the impact from discontinued operations, loans increased 8.9% from 30 September 2013, boosted by the evolutions observed in Poland, Angola and Mozambique. When compared with 31 December 2013, loans to customers decreased 3.0%, induced by the evolution registered in Portugal (-5.7%), while the international activity showed an increase of 7.1% in the same period.

The performance of loans to customers, from 30 September 2013, was determined by the combine effect of a retraction in loans to companies (-6.1%) and loans to individuals decrease (-1.1%), influenced by the activity in Portugal. When compared with 31 December 2013, the loans to customers portfolio in Portugal, shows a decrease of 9.1% in loans to companies and 1.8% in loans to individuals, penalised by the enduring adverse economic context, determining a lower demand for credit associated with the ongoing adjustment of indebtedness levels of the private and public sectors and to reduced private investment.

Millennium bcp continued its strategy to support Portuguese companies through the offer of integrated product and services solutions aiming to bolster growth, internationalisation and competitiveness, with an emphasis on credit lines for SMEs as well as protocol-based credit.

The structure of the loans to customers portfolio showed identical and stable levels of diversification between the end of September 2013 an 2014, with loans to companies representing around 50% of total loans to customers, as at 30 September 2014.

LOANS TO CUSTOMERS (GROSS)

Euro million

	30 Sep. 14	30 Sep. 13	Change 14/13
Individuals	**29,690**	**30,031**	**-1.1%**
Mortgage	25,819	26,577	-2.9%
Consumer	3,870	3,454	12.0%
Companies	**28,236**	**30,070**	**-6.1%**
Services	11,268	12,235	-7.9%
Commerce	3,405	3,260	4.5%
Construction	4,323	4,808	-10.1%
Other	9,240	9,767	-5.4%
Subtotal	**57,926**	**60,101**	**-3.6%**
Discontinued operations	427	487	
Total	**58,352**	**60,588**	**-3.7%**
Of which [(1)]:			
Portugal activity	44,554	47,826	-6.8%
Foreign activity	13,372	12,275	8.9%

(1) Excludes the impact from discontinued operations (Millennium bank in Romania).

Credit quality, determined by loans overdue by more than 90 days as a percentage of total loans, adjusted for discontinued operations, stood at 7.5% as at 30 September 2014, compared with 7.1% as at 31 December 2013 (7.0% as at 30 September 2013), mostly influenced by the performance of the loans to companies portfolio, hindered by the continued uncertainty and moderate recovery of the Portuguese economy, with impact on the materialisation of credit risk.

The coverage ratio for loans overdue by more than 90 days, adjusted from the effect from the operations classified as discontinued, stood at 79.6% as at 30 September 2014, from 80.1% at the end of 2013 (81.6% as at 30 September 2013) and the coverage ratio of the total loans overdue portfolio to impairments stood at 77.6% as at 30 September 2014, compared with 77.8% as at 31 December 2013 (79.2% as at 30 September 2013).

OVERDUE LOANS BY MORE THAN 90 DAYS AND IMPAIRMENTS AS AT 30 SEPTEMBER 2014

Euro million

	Overdue loans by more than 90 days	Impairment for loan losses	Overdue loans by more than 90 days /Total loans	Coverage ratio (Impairment/ Overdue >90 days)
Individuals	**890**	**857**	**3.0%**	**96.2%**
Mortgage	254	345	1.0%	136.0%
Consumer	637	512	16.5%	80.4%
Companies	**3,481**	**2,622**	**12.3%**	**75.3%**
Services	1,150	1,024	10.2%	89.0%
Commerce	406	302	11.9%	74.3%
Construction	1,200	714	27.8%	59.5%
Other	725	582	7.9%	80.3%
Subtotal [(1)]	**4,372**	**3,478**	**7.5%**	**79.6%**
Discontinued operations	50	66	11.6%	132.2%
Total	**4,421**	**3,544**	**7.6%**	**80.2%**

(1) Adjusted of the impacts associated with discontinued operations (Millennium bank in Romania).

Overdue and doubtful loans stood at 9.7% of total loans as at 30 September 2014, which compares with 9.2% posted at the end of 2013 (9.1% as at 30 September 2013) and credit at risk stood at 12.1% of total loans as at 30 September 2014, compared with 11.9% at the end of 2013 (12.3% as at 30 September 2013). As at 30 September 2014, restructured loans stood at 11.2% of total loans (9.5% as at 31 December 2013) and restructured loans not included in credit at risk stood at 7.2% of total loans, as at 30 September 2014 (6.4% as at 31 December 2013).

Total customer funds, excluding the aforementioned effect from discontinued operations, totalled Euro 64,942 million as at 30 September 2014, an increase of 2.7% from the Euro 63,212 million posted as at 30 September 2013, boosted by increased customer deposits and assets under management, both in Portugal and in the international activity, in spite of the transfer of funds associated with the rights issue completed in July 2014.

The total customer funds evolution, compared with the first nine months of 2013, benefited from the positive performance associated with:

- A 5.4% increase in customer deposits, leading to commercial gap reduction and reflecting the focus on the reinforcement of stable funding resources, that resulted in the improvement of the loan to deposit ratio to 111% as at 30 September 2014;
- Assets under management 13.5% increase, mainly in Portugal.

In the activity in Portugal, total customer funds increased 1.1%, totalling Euro 48,072 million as at 30 September 2014 (Euro 47,559 million as at 30 September 2013), on the back of the 4.3% increase in customer deposits and the 16.1% increase in assets under management, in spite of the 22.8% reduction in debt securities from the end of September 2013.

In international activity, total customer funds grew 7.8% standing at Euro 16,870 million as at 30 September 2014 (Euro 15,653 million as at 30 September 2013),determined by deposits acquisition efforts and the evolution registered for off-balance sheet customer funds, as a reflection of the favourable performance in overall international operations, in particular in Poland and Switzerland.

As at 30 September 2014, excluding discontinued operations, balance sheet customer funds represented 81% of total customer funds, with highlight on customer deposits that increased their weight in total customer funds from 74% as at 30 September 2013 to 76% as at 30 September 2014.

TOTAL CUSTOMER FUNDS

Euro million

	30 Sep. 14	30 Sep. 13	Change 14/13
Balance sheet customer funds	**52,885**	**51,263**	**3.2%**
Deposits	49,638	47,084	5.4%
Debt securities	3,247	4,179	-22.3%
Off-balance sheet customer funds	**12,057**	**11,949**	**0.9%**
Assets under management	3,561	3,137	13.5%
Capitalisation products	8,496	8,812	-3.6%
Subtotal	**64,942**	**63,212**	**2.7%**
Discontinued operations	1,836	1,782	
Total	**66,778**	**64,994**	**2.7%**
Of which [(1)]:			
Portugal activity	48,072	47,559	1.1%
Foreign activity	16,870	15,653	7.8%

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

The **securities portfolio** totalled Euro 14,052 million as at 30 September 2014, which compares with Euro 15,300 million as on the same data of 2013, representing 17.8% of total assets as at 30 September 2014, below the level registered as at 30 September 2013 (18.4% of total assets).

This change in the securities portfolio reflects the reduction of financial assets available for sale, together with financial assets held to maturity, influenced by the reduction in the portfolio of sovereign debt financial instruments.

LIQUIDITY MANAGEMENT

In the third quarter of 2014 the Bank continued to implement its 2014 Liquidity Plan, aimed at controlling funding needs, assuring a dynamic and optimised management of the portfolio of eligible assets at the European Central Bank (ECB) and also monitoring and taking advantage of opportunities in the wholesale funding market.

Accordingly, the commercial gap of the activity in Portugal, measured by the difference between net loans and balance sheet customer funds, continued its favourable trend during the third quarter of 2014, when compared either with the amount observed at the end of the second quarter (a decrease of Euro 1.4 billion) or with the amount as at 30 September of 2013 (a decrease of Euro 3.8 billion).

Regarding the composition of the wholesale funding structure, the share capital increase operation, completed in the third quarter of 2014 in the amount of Euro 2.2 billion, allowed a new early redemption of Euro 1.85 billion of core tier I capital instruments (CoCos) subscribed by the Portuguese State, increasing to Euro 2.25 billion the sum of the reimbursements of that instrument, above the goal of Euro 400 million defined in the Liquidity Plan for the year.

In addition of these transactions, until September 2014, the Bank amortised Euro 1.8 billion of medium and long term debt (from a forecasted sum of Euro 3.0 billion for the year). On the other hand, in February, the favourable evolution of market conditions justified the return of the Bank to the wholesale markets ahead of schedule, through an issue of senior debt amounting to Euro 500 million, which was initially foreseen in the third quarter of 2014.

Regarding the diversification of funding sources, another objective of the Liquidity Plan was implemented through repos with international financial institutions, collateralised by securities, which balance totaled Euro 1.2 billion at the end of September 2014.

By the end of September 2014, considering the impact of the early redemption of debt issues guaranteed by the state amounting to Euro 2.0 billion (Euro 1.8 billion after haircuts), the eligible assets with the ECB totaled Euro 17.1 billion.

During the first nine months of 2014, in spite of the redemption of Euro 4.1 billion of medium and long term debt, the combined impact of the sustained commercial gap reduction, the decrease of the portfolio of sovereign debt, the senior debt issuance and the diversification of the funding base allowed a reduction of Euro 3.3 billion of the net funding with the ECB (of which Euro 2.0 billion in the third quarter), from Euro 10.0 billion as at 31 December 2013 to Euro 6.7 billion as at 30 September 2014.

Accordingly, the liquidity buffer attained an amount of Euro 10.4 billion in at the end of September 2014, which compares favourably with the objectives stated in the Liquidity Plan.

Throughout 2014, the progressive reduction of the funding needs with the ECB allowed, for greater effectiveness and flexibility in treasury management, the early redemption of additional tranches of Long Term Refinancing Operations (LTRO) amounting to Euro 5 billion (of which Euro 2 billion in the third quarter). With an original total of Euro 12 billion, the current balance of these operations was Euro 6.0 billion at the end of September 2014.

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) that established new and more demanding capital requirements for credit institutions, with effects as from 1 January 2014.

These stricter requirements result from more narrowly defined capital and risk weighted 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 (phase-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 no lower than 7%, determining the adoption of capital conservation measures whenever this will not occur.

According to our interpretation of CRD IV/CRR to date, estimated CET1 ratios at 30 September 2014 stood at 12.8% by the standards of the phase-in, an increase of 19 basis points when compared to the 12.6% as at 30 June 2014, and 10.2% on the fully implemented rules, 4 basis points above the 10.1% of the previous quarter (proforma values considering the effects of the Law no. 61/2014, that established a special regime for the deferred tax assets, with the Notice no. 3/95 from Bank of Portugal, and the sale of the subsidiary in Romania, in both periods, as well as the effects of the share capital increase of Euro 2,242 million and the repayment of CoCos of Euro 1,850 million, accomplished in July and August 2014, respectively, in the capital ratios of June).

The performance of the proforma CET1 ratio in the third quarter of 2014 benefited from the decrease of the shortfall of impairment to expected loss, given the reinforcement of provisioning that took place, on the one hand, and the increased contribution of minority interests in foreign subsidiaries and foreign exchange reserves, following the weakening trend of the Euro in this period, on the other, despite the adverse effects related to the net loss reported in this quarter, the higher amount of deferred tax assets and the increase of risk weighted assets.

BANCO COMERCIAL PORTUGUÊS, S.A., a public company (sociedade aberta) having its registered office at Praça D. João I, 28, Oporto, registered at the Commercial Registry of Oporto, with the single commercial and tax identification number 501 525 882 and the share capital of EUR 3,706,690,253.08

SOLVENCY RATIOS (CRD IV/CRR) (*)

Euro million

	PHASED-IN		FULLY IMPLEMENTED	
	30 Sep. 14	**30 Jun. 14**	**30 Sep. 14**	**30 Jun. 14**
Own funds				
Common equity tier 1 (CET1)	5,702	5,511	4,484	4,423
Tier 1	5,702	5,511	4,538	4,474
Total Capital	**6,484**	**6,228**	**5,087**	**5,020**
Risk weighted assets	**44,456**	**43,616**	**44,037**	**43,623**
Solvency ratios				
CET1	12.8%	12.6%	10.2%	10.1%
Tier 1	12.8%	12.6%	10.3%	10.3%
Total capital	14.6%	14.3%	11.6%	11.5%

(*) Estimate: proforma values considering the effects of the Law no. 61/2014, that established a special regime for the deferred tax assets, with the Notice no. 3/95 from Bank of Portugal, and the sale of the subsidiary in Romania, in both periods, as well as the effects of the share capital increase of Euro 2,242 million and the repayment of CoCos of Euro 1,850 million, accomplished in July and August 2014, respectively, in the capital ratios of June.

SIGNIFICANT EVENTS

The reimbursement to the Portuguese State of a significant part of the Government Subscribed Core Tier 1 Capital Instruments (CoCos), after obtaining approval by the Bank of Portugal and as defined under the share capital increase operation completed in July 2014, as well as the agreement for the sale of the entire share capital of Banca Millennium in Romania, which represents a further step in implementing the measures included in BCP's Restructuring Plan, represented the most significant events in the Bank's activity in the third quarter of 2014. In October, the agreement for the sale of the entire share capital of Millennium bcp Gestão de Ativos, along with the approval of the accession to the special regime applicable to deferred tax assets by shareholders at Banco Comercial Português´s General Meeting on 15 October, represented additional steps to strengthen the Common Equity Tier 1 (CET1).

Highlights during this period include:

- Completion of the share capital increase, resulting in the issuance of 34,487,542,355 ordinary registered and book-entry shares, without nominal value, with the issuance and subscription price of Euro 0.065 each, offered to shareholders for subscription through the exercise of their pre-emptive subscription rights, following the announcement on 24 June 2014;
- Repayment of Euro 1,850 million of Common Equity Tier 1 capital instruments (CoCos) issued by the Portuguese State, after having received the authorisation 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;
- Agreement for the sale of the entire share capital of Banca Millennium (Romania) to OTP Bank for an aggregate consideration of Euro 39 million;
- On 7 October, signing of an agreement with the CIMD Group for the sale of the entire share capital of Millennium bcp Gestão de Ativos – Sociedade Gestora de Fundos de Investimento, S.A., at the price of Euro 15.75 million;
- On 15 October, following the meeting of the Board of Directors, the decision was taken to co-opt as a non executive member of the Board of Directors Raquel Rute da Costa Vunge to fill the vacancy arising from the resignation of César Paxi Manuel João Pedro;
- On 15 October, approval of the accession to the special Regime applicable to deferred tax assets, in accordance with Law no. 61/2014 of 26 August and respective annex;
- Upgrade of BCP's Viability Rating from "b" to "bb-" by Fitch Ratings Agency;
- Upgrade of BCP's long-term counterparty credit rating from "B" to "B+", affirmation of the short-term rating at "B" and upgrade of the stand-alone credit profile (SACP) from "b-" to "b" by S&P;
- Another edition of Millennium Company Days took place in Coimbra on 9 July;
- Establishment of a cooperation agreement between Millennium bcp and the Madeira Delegation of the Portuguese Association of the Disabled, aiming to boost entrepreneurship in Madeira through access to microcredit;
- Signature of an agreement between Millennium bcp Foundation and the Health Institute Dr. Ricardo Jorge, IP for financial support for a research project focused on developing an innovative therapeutic approach to a group of rare diseases, of lysosomal origin and affecting mainly children;
- Signing of a partnership agreement between the Millennium bcp Foundation and the Portuguese Association of Large Families (APFN) to strengthen the Observatory for Family-Responsible Municipalities, a body created by APFN in 2007 with the aim of promoting the municipalities as "facilitators" of reconciling family / work and the family life of citizens, especially large families;
- "Best Internet Bank" in Portugal and Poland in the category "Corporate / Institutional", awarded by Global Finance for the World's Best Internet Banks in Europe 2014.

MACROECONOMIC ENVIRONMENT

According to the most recent IMF projections, the world economy should continue to move at a pace short of the historical standards, hampered by the legacy of the debt built up before the economic and financial crisis and by the correction of the macroeconomic disequilibria that followed it. In this context, the emerging economies should continue to slowdown (from 4.7% in 2013 to 4.4% in 2014), whilst the advanced economies should record lower growth levels (1.8%), trimming the world's economic growth to 3.3% in 2014. The IMF considers that the downward risks to the global recovery have intensified and stem to a large extent from fears of worsening geopolitical tensions and of a reversal of the strong optimism environment that has been predominant in financial markets.

In the first nine months of 2014 the behavior of the international financial markets was characterised by a steady valuation across the main asset classes, reflecting expectations of a sustained economic recovery as well as the abundance of liquidity generated by the accommodative stance of global monetary policy. In the equity segment it should be highlighted the successive record highs of the main American equity indexes and the strong performance of the European counterparts. Within the debt market, interest rate followed a declining trend, especially for longer maturities, a trajectory that was extended to the government bonds of the euro area's peripheral countries, including Portugal. The emerging markets' assets continued to show modest or even negative performances, mirroring the slowdown of the BRIC, a situation that has contributed to the weak performance of commodities.

Faced with low inflation levels and the concomitant intensification of deflationary risks most central banks maintained and in some cases reinforced the degree of accommodation of the respective monetary policies. The main exception to this rule came from the US Federal Reserve, which has since January been steadily tapering the amount of liquidity injected in the financial system via its program of debt securities purchases. The ECB not only cut its main refinancing rate to 0.05% and its deposit facility rates to negative values, but also announced its intention to implement a purchase program of private debt securities in order to push inflation closer to 2% and simultaneously to ease the funding conditions to the economy, in particular in the periphery of the euro area.

According to Statistics Portugal, in the second quarter of 2014 Portuguese GDP recorded an annual growth rate of 0.9%, 0.1 p.p. less than in the preceding quarter. This result was exclusively explained by the behavior of domestic demand, especially private consumption and fixed capital investment, since the contribution of the external demand was negative. The most relevant economic activity indicators pertaining to the third quarter of 2014 suggest a slight acceleration of activity, spurred by the increase of exports and the deceleration of imports. Notwithstanding the turbulence that affected the Portuguese banking system during the summer months the apparent strengthening of the economic recovery that started in 2013 together with the positive development of sentiment in international financial markets fostered a further fall of the yields of government bonds towards levels close to the lowest since the euro's inception in 1999.

For 2014, the IMF predicts an acceleration of activity in Poland, from 1.6% to 3.2%, bolstered by the robustness in domestic demand. However, despite the signs of greater dynamism of economic activity, the geopolitical tension in Ukraine, the drop in the inflation rate and the Zloty's resilience should favor the continuation of an extraordinarily accommodative monetary policy stance. In Romania the slowdown in activity along with the fall in inflation led the monetary authority to lower the reference interest rate to 3.0% in September. In Mozambique, the intensification of the foreign direct investment associated to the megaprojects and to other industrial development projects should continue to propel the economy, which the IMF expects to increase at a rate of 8.3% this year. In Angola, the cumulative drop in oil prices throughout the current year is hampering economic growth, essentially via a slowdown in exports and fixed capital formation. In this environment, the IMF revised downwards its GDP growth rate forecast for 2014 from 5.3% to 3.9%.

GLOSSARY

Capitalisation products – includes unit link and retirement saving plans.

Cost of risk - ratio of impairment charges (net of recoveries) on the period to the loan portfolio.

Credit at risk – definition that, according to the Bank of Portugal, is broader than the overdue loans by more than 90 days + doubtful loans, including, in particular, the possibility that debtors with overdue payments still do not fulfil their credit responsibilities. For detailed definition see instruction from the Bank of Portugal no. 16/2004, as the currently existing version.

Debt securities - debt securities issued by the Bank and placed with customers.

Dividends from equity instruments - dividends received from investments in financial assets available for sale.

Equity accounted earnings - results appropriated by the Group related to the consolidation of entities where, despite having a significant influence, the Group does not control the financial and operational policies.

Net interest margin - net interest income as a percentage of average interest earning assets.

Net operating revenues - net interest income, dividends from equity instruments, net commissions, net trading income, equity accounted earnings and other net operating income.

Net trading income - net gains/losses arising from trading and hedging activities, net gains/losses arising from available for sale financial assets, net gains/losses arising from financial assets held to maturity.

Operating costs - staff costs, other administrative costs and depreciation.

Other impairment and provisions - other financial assets impairment, other assets impairment, in particular provision charges related to assets received as payment in kind not fully covered by collateral, goodwill impairment and other provisions.

Other net income – net commissions, net trading income, other net operating income, dividends from equity instruments and equity accounted earnings.

Other net operating income - other operating income, other net income from non-banking activities and gains from the sale of subsidiaries and other assets.

Overdue and doubtful loans - loans overdue by more than 90 days and the doubtful loans reclassified as overdue loans for provisioning purposes**.**

Securities portfolio - financial assets held for trading, financial assets available for sale, assets with repurchase agreement and financial assets held to maturity.

Total customer funds - amounts due to customers (including securities), assets under management and capitalisation products.

CONSOLIDATED INDICATORS: ACTIVITY IN PORTUGAL AND INTERNATIONAL ACTIVITY

Euro million

	Consolidated			Activity in Portugal			International activity		
	30 Sep 14	30 Sep 13	Change 14/13	30 Sep 14	30 Sep 13	Change 14/13	30 Sep 14	30 Sep 13	Change 14/13
Income statement									
Net interest income	791.0	613.8	28.9%	351.3	247.2	42.1%	439.6	366.6	19.9%
Dividends from equity instruments	5.8	1.7	>200%	2.3	1.2	86.3%	3.6	0.4	>200%
Net fees and commission income	506.2	494.8	2.3%	320.5	322.4	-0.6%	185.7	172.3	7.8%
Other operating income	33.6	(48.7)	-	36.7	(61.8)	-	(3.0)	13.1	-
Net trading income	357.2	149.4	139.1%	288.3	67.5	-	68.9	81.9	-15.9%
Equity accounted earnings	28.2	46.4	-39.2%	28.2	46.1	-38.8%	-	0.3	-
Net operating revenues	**1,722.0**	**1,257.3**	**37.0%**	**1,027.2**	**622.6**	**65.0%**	**694.8**	**634.6**	**9.5%**
Staff costs	478.0	503.9	-5.1%	311.5	339.7	-8.3%	166.5	164.2	1.4%
Other administrative costs	331.2	335.4	-1.3%	180.9	191.1	-5.3%	150.3	144.3	4.1%
Depreciation	48.3	48.7	-0.8%	24.6	26.1	-5.7%	23.7	22.6	4.9%
Operating costs	**857.6**	**888.0**	**-3.4%**	**517.0**	**556.9**	**-7.2%**	**340.5**	**331.1**	**2.8%**
Operating profit before impairment	**864.4**	**369.2**	**134.1%**	**510.2**	**65.7**	**-**	**354.2**	**303.5**	**16.7%**
Loans impairment (net of recoveries)	874.5	618.6	41.4%	813.4	563.6	44.3%	61.2	55.0	11.2%
Other impairment and provisions	143.0	375.4	-61.9%	142.2	373.4	-61.9%	0.7	2.1	-
Profit before income tax	**(153.1)**	**(624.8)**	**-**	**(445.4)**	**(871.3)**	**-**	**292.3**	**246.4**	**18.6%**
Income tax	(170.8)	(138.4)	-	(229.9)	(185.9)	-	59.2	47.5	24.5%
Income after income tax from continuing operations	**17.7**	**(486.4)**	**-**	**(215.5)**	**(685.4)**	**-**	**233.2**	**198.9**	**17.2%**
Income arising from discontinued operations	(34.1)	(43.6)	-	-	-	-	-	-	-
Non-controlling interests	81.9	67.3	21.6%	0.4	0.2	-	81.5	67.1	21.4%
Net income	**(98.3)**	**(597.3)**	**-**	**(215.9)**	**(685.6)**	**-**	**151.7**	**131.8**	**15.1%**
Balance sheet and activity indicators									
Total assets	**78,798**	**83,121**	**-5.2%**	**58,578**	**64,380**	**-9.0%**	**20,220**	**18,741**	**7.9%**
Total customer funds (1)	**64,942**	**63,212**	**2.7%**	**48,072**	**47,559**	**1.1%**	**16,870**	**15,653**	**7.8%**
Balance sheet customer funds (1)	**52,885**	**51,263**	**3.2%**	**37,383**	**36,884**	**1.4%**	**15,502**	**14,379**	**7.8%**
Deposits	49,638	47,084	5.4%	34,241	32,816	4.3%	15,397	14,268	7.9%
Debt securities	3,247	4,179	-22.3%	3,141	4,068	-22.8%	105	111	-
Off-balance sheet customer funds (1)	**12,057**	**11,949**	**0.9%**	**10,689**	**10,675**	**0.1%**	**1,368**	**1,274**	**7.4%**
Assets under management	3,561	3,137	13.5%	2,706	2,330	16.1%	856	806	6.1%
Capitalisation products	8,496	8,812	-3.6%	7,984	8,345	-4.3%	512	467	9.5%
Discontinued operations	**1,836**	**1,782**	**3.0%**	**1,517**	**1,441**	**5.2%**	**319**	**341**	**-6.3%**
Loans to customers (gross) (1)	**57,926**	**60,101**	**-3.6%**	**44,554**	**47,826**	**-6.8%**	**13,372**	**12,275**	**8.9%**
Individuals (1)	**29,690**	**30,031**	**-1.1%**	**21,678**	**22,277**	**-2.7%**	**8,011**	**7,755**	**3.3%**
Mortgage	25,819	26,577	-2.9%	19,337	20,070	-3.6%	6,482	6,507	-0.4%
Consumer	3,870	3,454	12.0%	2,341	2,207	6.1%	1,529	1,247	22.6%
Companies (1)	**28,236**	**30,070**	**-6.1%**	**22,876**	**25,549**	**-10.5%**	**5,360**	**4,521**	**18.6%**
Services	11,268	12,235	-7.9%	10,343	11,314	-8.6%	925	921	0.4%
Commerce	3,405	3,260	4.5%	2,129	2,350	-9.4%	1,276	910	40.3%
Construction	4,323	4,808	-10.1%	3,625	4,108	-11.8%	698	700	-0.2%
Other	9,240	9,767	-5.4%	6,779	7,776	-12.8%	2,461	1,990	23.6%
Discontinued operations	**427**	**487**	**-12.3%**	**-**	**-**	**-**	**427**	**487**	**-12.3%**
Credit quality									
Total overdue loans (1)	4,484	4,345	3.2%	4,140	4,044	2.4%	345	301	14.4%
Overdue loans by more than 90 days (1)	4,372	4,217	3.7%	4,055	3,937	3.0%	316	279	13.2%
Overdue loans by more than 90 days /Total loans (1)	7.5%	7.0%		9.1%	8.2%		2.4%	2.3%	
Total impairment (balance sheet) (1)	3,478	3,442	1.1%	3,031	3,006	0.8%	448	436	2.7%
Total impairment (balance sheet) /Total loans (1)	6.0%	5.7%		6.8%	6.3%		3.3%	3.6%	
Total impairment (balance sheet) /Overdue loans by more than 90 days (1)	79.6%	81.6%		74.7%	76.3%		141.5%	156.1%	
Cost of risk (net of recoveries, in b.p.) (1)	201	137		243	157		61	60	
Restructured loans / Total loans (2)	11.2%								
Restructured loans not included in the credit at risk / Total loans (2)	7.2%								

(1) Adjusted from the effect related to operations classified under the line item of discontinued operations.

(2) According to Instruction from the Bank of Portugal no. 32/2013, as the currently existing version.

INDIVIDUAL/CONSOLIDATED QUARTERLY INFORMATION (Not Audited)
(Model applicable to companies subject to the Accounting Plan for Banks/Leasing/Factoring companies)

Company: Banco Comercial Português, S.A.

Main Offices: Praça D. João I, 28 - 4000-295 Porto **NIPC: 501 525 882**

Period of Reference: **Reference values in 000Esc** ☐ **in Euros** ☒

Quarter 1 ☐ **Quarter 3** ☒ **Quarter 5 (1)** ☐ **Start: 01/01/2014 End: 30/09/2014**

Balance Sheet Items	Individual			Consolidated		
	n (NCA)	n-1 (NCA)	Var. (%)	n (IAS)	n-1 (IAS)	Var. (%)
ASSETS (NET)						
Loans to other credit institutions (2)	1,112,003,214	8,945,351,055	-87.57%	1,634,757,028	2,559,023,369	-36.12%
Loans to clients	37,644,095,526	40,919,939,267	-8.01%	54,808,396,267	57,106,718,866	-4.02%
Fixed income securities	7,345,736,276	13,924,041,824	-47.24%	11,521,398,667	12,756,655,579	-9.68%
Variable yield securities	3,148,800,697	2,650,209,154	18.81%	2,531,015,650	2,543,580,987	-0.49%
Investments	3,272,609,978	3,788,586,794	-13.62%	457,385,947	545,072,252	-16.09%
SHAREHOLDER'S AND EQUIVALENT EQUITY						
Equity Capital	3,706,690,253	3,500,000,000	5.91%	3,706,690,253	3,500,000,000	5.91%
Nº of ordinary shares	54,194,709,415	19,707,167,060	-	54,194,709,415	19,707,167,060	-
Nº of other shares	0	0	-			-
Value of own shares	0	0	-	20,894,300	7,384,436	182.95%
Nº of voting shares	0	0	-	201,682,429	76,921,204	-
Nº of preferred, non voting shares	0	0	-			-
Subordinate loans	2,030,975,659	6,031,801,856	-66.33%	2,064,133,418	4,408,289,857	-53.18%
Minority interests	0	0	-	764,673,073	661,076,853	15.67%
LIABILITIES						
Amounts owed to credit institutions	10,278,075,258	17,423,124,033	-41.01%	10,638,979,299	15,383,560,294	-30.84%
Amounts owed to clients	34,751,699,770	32,898,917,573	5.63%	49,956,813,831	47,424,557,786	5.34%
Debt securities	6,580,485,326	13,391,221,079	-50.86%	7,769,231,559	9,912,539,416	-21.62%
TOTAL ASSETS (NET)	59,301,738,051	77,219,271,074	-23.20%	78,797,744,989	83,121,402,217	-5.20%
TOTAL SHAREHOLDER'S EQUITY	3,749,008,574	2,443,148,045	53.45%	4,819,929,028	2,715,126,688	77.52%
TOTAL LIABILITIES	55,552,729,477	74,776,123,029	-25.71%	73,213,142,888	79,745,198,676	-8.19%

P & L Items	Individual			Consolidated		
	n	n-1	Var. (%)	n	n-1	Var. (%)
Financial margin (3)	253,769,713	166,972,106	51.98%	790,953,955	613,757,558	28.87%
Commissions and other oper. revenue (net)	563,487,476	334,293,999	68.56%	505,771,405	402,475,173	25.67%
Securities yield and profits from financial transaction	580,360,500	-70,923,038	-918.30%	310,438,275	53,667,632	478.45%
Banking Income	1,397,617,689	430,343,067	224.77%	1,607,163,635	1,069,900,363	50.22%
Personnel, administ. and other costs	-507,275,444	-550,436,562	-7.84%	-809,235,271	-839,314,295	-3.58%
Amortizations	-18,993,553	-21,467,990	-11.53%	-48,326,944	-48,719,932	-0.81%
Provisions (net of adjustments)	-1,361,341,669	-1,423,398,535	-4.36%	-964,956,782	-896,705,813	7.61%
Extraordinary profit	0	0	n.a.	0	0	n.a.
Profit before taxes	-489,992,977	-1,564,960,020	-68.69%	-215,355,362	-714,839,677	-69.87%
Income tax (4)	249,958,715	318,777,824	-21.59%	170,776,118	138,413,153	23.38%
Minority interests and income excluded from consoli	0	0	-	-53,677,884	-20,899,409	156.84%
Net profit / loss for the quarter	-240,034,262	-1,246,182,196	-80.74%	-98,257,128	-597,325,933	-83.55%
Net profit / loss per share for the quarter	-0.0044	-0.0632	-93.00%	-0.0018	-0.0303	-94.02%
Self financing (5)	1,140,300,960	198,684,329	473.93%	915,026,598	348,099,812	162.86%

(1) Aplicable to the first economic period of companies adopting a fiscal year different from the calendar year (Art.65.º - A of the Portuguese Commercial Company Code)

(2) Includes repayable on demand to credit institutions

(3) Financial margin = Interest income - Interest expense

(4) Estimated income tax

(5) Self financing = Net profits + amortization + provision

BANCO COMERCIAL PORTUGUÊS

Consolidated Income Statement
for the nine months period ended 30 September, 2014 and 2013

	30 September 2014	30 September 2013
	(Thousands of Euros)	
Interest and similar income	2,013,374	2,146,073
Interest expense and similar charges	(1,222,420)	(1,532,316)
Net interest income	790,954	613,757
Dividends from equity instruments	5,823	1,656
Net fees and commission income	506,211	494,754
Net gains / losses arising from trading and hedging activities	117,725	108,890
Net gains / losses arising from available for sale financial assets	239,432	40,761
Net gains / (losses) arising from financial assets held to maturity	-	(278)
Other operating income	(42,882)	(42,618)
	1,617,263	1,216,922
Other net income from non banking activity	14,086	15,457
Total operating income	1,631,349	1,232,379
Staff costs	478,035	503,916
Other administrative costs	331,201	335,399
Depreciation	48,327	48,720
Operating costs	857,563	888,035
Operating net income before provisions and impairments	773,786	344,344
Loans impairment	(874,538)	(618,643)
Other financial assets impairment	(52,541)	(97,361)
Other assets impairment	(22,423)	(108,812)
Goodwill impairment	(144)	(7,722)
Other provisions	(67,851)	(161,529)
Operating net income	(243,711)	(649,723)
Share of profit of associates under the equity method	28,221	46,440
Gains / (losses) from the sale of subsidiaries and other assets	62,426	(21,555)
Net (loss) / income before income tax	(153,064)	(624,838)
Income tax		
Current	(88,240)	(56,560)
Deferred	259,016	194,973
Net (loss) / income after income tax from continuing operations	17,712	(486,425)
Income arising from discontinued operations	(34,070)	(43,561)
Net income after income tax	(16,358)	(529,986)
Attributable to:		
Shareholders of the Bank	(98,257)	(597,326)
Non-controlling interests	81,899	67,340
Net income for the period	(16,358)	(529,986)
Earnings per share (in euros)		
Basic	0,00	(0.02)
Diluted	0,00	(0.02)

BANCO COMERCIAL PORTUGUÊS

Consolidated Balance Sheet as at 30 September, 2014 and 2013 and 31 December, 2013

	30 September 2014	31 December 2013	30 September 2013
		(Thousands of Euros)	
Assets			
Cash and deposits at central banks	1,757,205	2,939,663	2,044,901
Loans and advances to credit institutions			
Repayable on demand	722,750	1,054,030	1,003,555
Other loans and advances	912,007	1,240,628	1,555,469
Loans and advances to customers	54,808,396	56,802,197	57,106,719
Financial assets held for trading	1,663,232	1,290,079	1,527,243
Financial assets available for sale	9,573,600	9,327,120	10,485,700
Assets with repurchase agreement	91,399	58,268	121,645
Hedging derivatives	72,385	104,503	136,935
Financial assets held to maturity	2,724,183	3,110,330	3,165,649
Investments in associated companies	457,386	578,890	545,072
Non current assets held for sale	1,590,655	1,506,431	1,265,560
Investment property	179,292	195,599	697,403
Property and equipment	774,931	732,563	529,133
Goodwill and intangible assets	248,111	250,915	250,068
Current tax assets	38,846	41,051	39,784
Deferred tax assets	2,409,734	2,181,405	1,892,356
Other assets	773,632	593,361	754,213
	78,797,744	82,007,033	83,121,405
Liabilities			
Amounts owed to credit institutions	10,638,979	13,492,536	15,383,561
Amounts owed to customers	49,956,814	48,959,752	47,424,558
Debt securities	7,769,232	9,411,227	9,912,539
Financial liabilities held for trading	986,921	869,530	1,033,970
Hedging derivatives	263,608	243,373	274,593
Provisions for liabilities and charges	448,490	365,960	406,041
Subordinated debt	2,064,133	4,361,338	4,408,290
Current income tax liabilities	9,413	24,684	6,507
Deferred income tax liabilities	7,408	6,301	4,457
Other liabilities	1,068,144	996,524	890,686
Total Liabilities	73,213,142	78,731,225	79,745,202
Equity			
Share capital	3,706,690	3,500,000	3,500,000
Treasury stock	(33,325)	(22,745)	(14,977)
Preference shares	171,175	171,175	171,175
Other capital instruments	9,853	9,853	9,853
Fair value reserves	159,255	22,311	13,296
Reserves and retained earnings	904,538	(356,937)	(366,895)
Net income for the period attributable to Shareholders	(98,257)	(740,450)	(597,326)
Total Equity attributable to Shareholders of the Bank	4,819,929	2,583,207	2,715,126
Non-controlling interests	764,673	692,601	661,077
Total Equity	5,584,602	3,275,808	3,376,203
	78,797,744	82,007,033	83,121,405

Banco Comercial Português

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

SEPTEMBER 30, 2014

BANCO COMERCIAL PORTUGUÊS, S.A., a public company (sociedade aberta) having its registered office at Praça D. João I, 28, Oporto, registered at the Commercial Registry of Oporto, with the single commercial and tax identification number 501 525 882 and the share capital of EUR 3,706,690,253.08

BANCO COMERCIAL PORTUGUÊS

Consolidated Income Statement
for the nine months period ended 30 September, 2014 and 2013

	Notes	30 September 2014	30 September 2013
		(Thousands of Euros)	
Interest and similar income	3	2,013,374	2,146,073
Interest expense and similar charges	3	(1,222,420)	(1,532,316)
Net interest income		790,954	613,757
Dividends from equity instruments	4	5,823	1,656
Net fees and commissions income	5	506,211	494,754
Net gains / (losses) arising from trading and hedging activities	6	117,725	108,890
Net gains / (losses) arising from financial assets available for sale	7	239,432	40,761
Net gains / (losses) arising from financial assets held to maturity	8	-	(278)
Other operating income / (costs)	9	(42,882)	(42,618)
		1,617,263	1,216,922
Other net income from non banking activities		14,086	15,457
Total operating income		1,631,349	1,232,379
Staff costs	10	478,035	503,916
Other administrative costs	11	331,201	335,399
Depreciation	12	48,327	48,720
Operating expenses		857,563	888,035
Operating net income before provisions and impairment		773,786	344,344
Loans impairment	13	(874,538)	(618,643)
Other financial assets impairment	14	(52,541)	(97,361)
Other assets impairment	28 and 33	(22,423)	(108,812)
Goodwill impairment		(144)	(7,722)
Other provisions	15	(67,851)	(161,529)
Operating net loss		(243,711)	(649,723)
Share of profit of associates under the equity method	16	28,221	46,440
Gains / (losses) arising from the sale of subsidiaries and other assets	17	62,426	(21,555)
Net loss before income tax		(153,064)	(624,838)
Income tax			
Current	32	(88,240)	(56,560)
Deferred	32	259,016	194,973
(Loss) / income after income tax from continuing operations		17,712	(486,425)
(Loss) / income arising from discontinued operations	18	(34,070)	(43,561)
Net loss after income tax		(16,358)	(529,986)
Consolidated net (loss) / income for the period attributable to:			
Shareholders of the Bank		(98,257)	(597,326)
Non-controlling interests	45	81,899	67,340
Net loss for the period		(16,358)	(529,986)
Earnings per share (in Euros)	19		
Basic		0,00	(0.02)
Diluted		0,00	(0.02)

CHIEF ACCOUNTANT

THE EXECUTIVE COMMITTEE

See accompanying notes to the interim consolidated financial statements

BANCO COMERCIAL PORTUGUÊS

Consolidated Balance Sheet as at 30 September, 2014 and 2013 and 31 December, 2013

	Notes	30 September 2014	31 December 2013	30 September 2013
			(Thousands of Euros)	
Assets				
Cash and deposits at Central Banks	20	1,757,205	2,939,663	2,044,901
Loans and advances to credit institutions				
Repayable on demand	21	722,750	1,054,030	1,003,555
Other loans and advances	22	912,007	1,240,628	1,555,469
Loans and advances to customers	23	54,808,396	56,802,197	57,106,719
Financial assets held for trading	24	1,663,232	1,290,079	1,527,243
Financial assets available for sale	24	9,573,600	9,327,120	10,485,700
Assets with repurchase agreement		91,399	58,268	121,645
Hedging derivatives	25	72,385	104,503	136,935
Financial assets held to maturity	26	2,724,183	3,110,330	3,165,649
Investments in associated companies	27	457,386	578,890	545,072
Non-current assets held for sale	28	1,590,655	1,506,431	1,265,560
Investment property	29	179,292	195,599	697,403
Property and equipment	30	774,931	732,563	529,133
Goodwill and intangible assets	31	248,111	250,915	250,068
Current income tax assets		38,846	41,051	39,784
Deferred income tax assets	32	2,409,734	2,181,405	1,892,356
Other assets	33	773,632	593,361	754,213
Total Assets		78,797,744	82,007,033	83,121,405
Liabilities				
Deposits from credit institutions	34	10,638,979	13,492,536	15,383,561
Deposits from customers	35	49,956,814	48,959,752	47,424,558
Debt securities issued	36	7,769,232	9,411,227	9,912,539
Financial liabilities held for trading	37	986,921	869,530	1,033,970
Hedging derivatives	25	263,608	243,373	274,593
Provisions	38	448,490	365,960	406,041
Subordinated debt	39	2,064,133	4,361,338	4,408,290
Current income tax liabilities		9,413	24,684	6,507
Deferred income tax liabilities	32	7,408	6,301	4,457
Other liabilities	40	1,068,144	996,524	890,686
Total Liabilities		73,213,142	78,731,225	79,745,202
Equity				
Share capital	41	3,706,690	3,500,000	3,500,000
Treasury stock	44	(33,325)	(22,745)	(14,977)
Preference shares	41	171,175	171,175	171,175
Other capital instruments	41	9,853	9,853	9,853
Fair value reserves	43	159,255	22,311	13,296
Reserves and retained earnings	43	904,538	(356,937)	(366,895)
Net loss for the period attributable to Shareholders		(98,257)	(740,450)	(597,326)
Total Equity attributable to Shareholders of the Bank		4,819,929	2,583,207	2,715,126
Non-controlling interests	45	764,673	692,601	661,077
Total Equity		5,584,602	3,275,808	3,376,203
		78,797,744	82,007,033	83,121,405

CHIEF ACCOUNTANT

THE EXECUTIVE COMMITTEE

See accompanying notes to the interim consolidated financial statements

BANCO COMERCIAL PORTUGUÊS

Consolidated Income Statement
for the three month period between 1 July and 30 September, 2014 and 2013

	Third quarter 2014	Third quarter 2013
	(Thousands of Euros)	
Interest and similar income	663,701	708,182
Interest expense and similar charges	(368,706)	(474,661)
Net interest income	294,995	233,521
Dividends from equity instruments	97	164
Net fees and commissions income	165,028	161,901
Net gains / (losses) arising from trading and hedging activities	63,082	109,332
Net gains / (losses) arising from available for sale financial assets	118,914	(13,097)
Other operating income	(16,927)	(18,289)
	625,189	473,532
Other net income from non banking activities	4,866	5,026
Total operating income	630,055	478,558
Staff costs	154,644	167,316
Other administrative costs	109,706	109,259
Depreciation	16,511	15,390
Operating expenses	280,861	291,965
Operating net income before provisions and impairment	349,194	186,593
Loans impairment	(502,908)	(144,675)
Other financial assets impairment	(13,412)	(84,014)
Other assets impairment	7,873	(41,162)
Goodwill impairment	(144)	(7,722)
Other provisions	(23,322)	(8,155)
Operating net (loss) / income	(182,719)	(99,135)
Share of profit of associates under the equity method	5,227	15,797
Gains / (losses) from the sale of subsidiaries and other assets	(1,712)	(11,639)
Net (loss) / income before income tax	(179,204)	(94,977)
Income tax		
Current	(25,736)	(20,645)
Deferred	198,698	29,223
(Loss) / income after income tax from continuing operations	(6,242)	(86,399)
(Loss) / income arising from discontinued operations	(465)	645
Net (loss) / income after income tax	(6,707)	(85,754)
Attributable to:		
Shareholders of the Bank	(36,010)	(109,107)
Non-controlling interests	29,303	23,353
Net (loss) / income for the period	(6,707)	(85,754)

CHIEF ACCOUNTANT

THE EXECUTIVE COMMITTEE

See accompanying notes to the interim consolidated financial statements

BANCO COMERCIAL PORTUGUÊS

Consolidated Cash Flows Statement
for the nine months period ended 30 September, 2014 and 2013

	30 September 2014	30 September 2013
	(Thousands of Euros)	
Cash flows arising from operating activities		
Interest income received	1,795,539	1,886,328
Commissions received	648,115	686,533
Fees received from services rendered	62,329	64,384
Interest expense paid	(1,191,463)	(1,235,306)
Commissions paid	(194,550)	(245,046)
Recoveries on loans previously written off	10,835	9,467
Net earned premiums	19,997	20,457
Claims incurred	(8,015)	(11,617)
Payments to suppliers and employees	(1,084,947)	(1,112,781)
	57,840	62,419
Decrease / (increase) in operating assets:		
Receivables from / (Loans and advances to) credit institutions	29,822	1,377,841
Deposits with Central Banks under monetary regulations	1,293,261	1,540,509
Loans and advances to customers	2,486,646	2,029,593
Short term trading account securities	(188,274)	(133,854)
Increase / (decrease) in operating liabilities:		
Deposits from credit institutions repayable on demand	80,551	(166,500)
Deposits from credit institutions with agreed maturity date	(2,872,140)	531,215
Deposits from clients repayable on demand	813,341	1,106,517
Deposits from clients with agreed maturity date	(542,915)	(165,544)
	1,158,132	6,182,196
Income taxes (paid) / received	(71,339)	(58,563)
	1,086,793	6,123,633
Cash flows arising from investing activities		
Proceeds from sale of shares in subsidiaries and associated companies	125,963	2,595
Dividends received	9,204	4,458
Interest income from available for sale financial assets and held to maturity financial assets	339,797	308,578
Proceeds from sale of available for sale financial assets	10,321,687	12,285,913
Available for sale financial assets purchased	(64,320,010)	(62,986,980)
Proceeds from available for sale financial assets on maturity	54,176,353	49,248,740
Acquisition of fixed assets	(92,590)	(44,991)
Proceeds from sale of fixed assets	23,747	36,290
Decrease / (increase) in other sundry assets	(247,101)	(342,554)
	337,050	(1,487,951)
Cash flows arising from financing activities		
Issuance of subordinated debt	390	908
Reimbursement of subordinated debt	(2,250,109)	(966)
Issuance of debt securities	3,220,510	4,135,213
Reimbursement of debt securities	(5,078,066)	(8,214,273)
Issuance of commercial paper and other securities	111,011	151,307
Reimbursement of commercial paper and other securities	(18,419)	(9,726)
Share capital increase	2,241,690	-
Dividends paid to non-controlling interests	(31,055)	(8,979)
Increase / (decrease) in other sundry liabilities and non-controlling interests	(102,198)	(583,328)
	(1,906,246)	(4,529,844)
Exchange differences effect on cash and equivalents	40,282	(48,799)
Net changes in cash and equivalents	(442,121)	57,039
Cash and equivalents at the beginning of the period	1,733,730	1,562,300
Cash (note 20)	568,859	615,784
Other short term investments (note 21)	722,750	1,003,555
Cash and equivalents at the end of the period	1,291,609	1,619,339

See accompanying notes to the interim consolidated financial statements

BANCO COMERCIAL PORTUGUÊS

Consolidated Statement of Changes in Equity
for the nine months period ended 30 September, 2014 and 2013

(Amounts expressed in thousands of Euros)

	Total equity	Share capital	Preference shares	Other capital instruments	Share premium	Legal and statutory reserves	Other comprehensive income: Fair value and cash flow hedged reserves	Other comprehensive income: Other	Other reserves and retained earnings	Treasury stock	Non--controlling interests
Balance on 31 December, 2012	4,000,188	3,500,000	171,175	9,853	71,722	630,000	2,668	(1,936,907)	937,875	(14,212)	628,014
Transfers to reserves:											
Share premium (note 43)	-	-	-	-	(71,722)	-	-	-	71,722	-	-
Legal reserve (note 42)	-	-	-	-	-	(406,730)	-	-	406,730	-	-
Costs related to the share capital increase	1,574	-	-	-	-	-	-	-	1,574	-	-
Tax related to costs arising from the share capital increase	(394)	-	-	-	-	-	-	-	(394)	-	-
Deferred tax of actuarial losses											
Gross value	(46,761)	-	-	-	-	-	-	(46,761)	-	-	-
Taxes	1,148	-	-	-	-	-	-	1,148	-	-	-
Net (loss) / income for the period attributable to Shareholders of the Bank	(597,326)	-	-	-	-	-	-	-	(597,326)	-	-
Net (loss) / income for the period attributable to Non-controlling interests (note 45)	67,340	-	-	-	-	-	-	-	-	-	67,340
Dividends of SIM - Seguradora Internacional de Moçambique, S.A.R.L.	(8,979)	-	-	-	-	-	-	-	-	-	(8,979)
Treasury stock	(765)	-	-	-	-	-	-	-	-	(765)	-
Exchange differences arising on consolidation	(48,799)	-	-	-	-	-	-	(24,783)	-	-	(24,016)
Fair value reserves (note 43)	9,464	-	-	-	-	-	10,628	-	-	-	(1,164)
Other reserves arising on consolidation (note 43)	(487)	-	-	-	-	-	-	-	(369)	-	(118)
Balance on 30 September, 2013	3,376,203	3,500,000	171,175	9,853	-	223,270	13,296	(2,007,303)	819,812	(14,977)	661,077
Costs related to the share capital increase	(3)	-	-	-	-	-	-	-	(3)	-	-
Tax related to costs arising from the share capital increase	33	-	-	-	-	-	-	-	33	-	-
Deferred tax of actuarial losses											
Gross value	(168,686)	-	-	-	-	-	-	(168,686)	-	-	-
Taxes	180,756	-	-	-	-	-	-	180,756	-	-	-
Net (loss) / income for the period attributable to Shareholders of the Bank	(143,124)	-	-	-	-	-	-	-	(143,124)	-	-
Net (loss) / income for the period attributable to non-controlling interests (note 45)	26,362	-	-	-	-	-	-	-	-	-	26,362
Dividends of BIM - Banco Internacional de Moçambique, S.A. and SIM - Seguradora Internacional de Moçambique, S.A.R.L.	1	-	-	-	-	-	-	-	-	-	1
Treasury stock	(7,768)	-	-	-	-	-	-	-	-	(7,768)	-
Exchange differences arising on consolidation	17	-	-	-	-	-	-	(2,190)	-	-	2,207
Fair value reserves (note 43)	11,911	-	-	-	-	-	9,015	-	-	-	2,896
Other reserves arising on consolidation (note 43)	106	-	-	-	-	-	-	-	48	-	58
Balance on 31 December, 2013	3,275,808	3,500,000	171,175	9,853	-	223,270	22,311	(1,997,423)	676,766	(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	(57,201)	-	-	-	-	-	-	-	(57,201)	-	-
Tax related to costs arising from the share capital increase	13,156	-	-	-	-	-	-	-	13,156	-	-
Deferred tax of actuarial losses											
Gross value	(733)	-	-	-	-	-	-	(733)	-	-	-
Taxes	(10,985)	-	-	-	-	-	-	(10,985)	-	-	-
Net (loss) / income for the period attributable to Shareholders of the Bank	(98,257)	-	-	-	-	-	-	-	(98,257)	-	-
Net (loss) / income for the period attributable to non-controlling interests (note 45)	81,899	-	-	-	-	-	-	-	-	-	81,899
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)
Treasury stock	(10,580)	-	-	-	-	-	-	-	-	(10,580)	-
Exchange differences arising on consolidation	40,282	-	-	-	-	-	-	23,919	-	-	16,363
Fair value reserves (note 43)	141,753	-	-	-	-	-	136,944	-	-	-	4,809
Other reserves arising on consolidation (note 43)	(1,175)	-	-	-	-	-	-	-	(1,231)	-	56
Balance on 30 September, 2014	5,584,602	3,706,690	171,175	9,853	-	223,270	159,255	(1,985,222)	2,568,233	(33,325)	764,673

See accompanying notes to the interim consolidated financial statements

BANCO COMERCIAL PORTUGUÊS

Statement of Comprehensive income
for the nine months period ended 30 September, 2014

	30 September 2014				
	(Thousands of Euros)				
				Attributable to	
	Continuing operations	Discontinued operations	Total	Shareholders of the Bank	Non-controlling interests
Items that may be reclassified to the income statement					
Fair value reserves	173,614	648	174,262	168,851	5,411
Taxes	(32,406)	(103)	(32,509)	(31,907)	(602)
	141,208	545	141,753	136,944	4,809
Exchange differences arising on consolidation	39,287	995	40,282	23,919	16,363
	180,495	1,540	182,035	160,863	21,172
Items that will not be reclassified to the income statement					
Actuarial losses for the period					
Gross amount					
BCP Pensions Fund					
Not related to changes in actuarial assumptions					
Return of the fund	212,348	329	212,677	212,677	-
Difference between the expected and the effective obligations	7,128	25	7,153	7,153	-
Arising from changes in actuarial assumptions	(221,268)	(534)	(221,802)	(221,802)	-
	(1,792)	(180)	(1,972)	(1,972)	-
Actuarial losses from associated companies	1,239	-	1,239	1,239	-
Taxes	(11,025)	40	(10,985)	(10,985)	-
	(11,578)	(140)	(11,718)	(11,718)	-
Other comprehensive (loss) / income after taxes	168,917	1,400	170,317	149,145	21,172
Consolidated net (loss) / income for the period	17,712	(34,070)	(16,358)	(98,257)	81,899
Total comprehensive (loss) / income for the period	186,629	(32,670)	153,959	50,888	103,071

BANCO COMERCIAL PORTUGUÊS

Statement of Comprehensive income
for the nine months period ended 30 September, 2013

	30 September 2013				
	(Thousands of Euros)				
				Attributable to	
	Continuing operations	Discontinued operations	Total	Shareholders of the Bank	Non-controlling interests
Items that may be reclassified to the income statement					
Fair value reserves	(17,509)	(718)	(18,227)	(16,868)	(1,359)
Taxes	27,447	244	27,691	27,496	195
	9,938	(474)	9,464	10,628	(1,164)
Exchange differences arising on consolidation	(48,541)	(258)	(48,799)	(24,783)	(24,016)
	(38,603)	(732)	(39,335)	(14,155)	(25,180)
Items that will not be reclassified to the income statement					
Actuarial losses for the period					
Gross amount					
BCP Pensions Fund					
Not related to changes in actuarial assumptions					
Return of the fund	(46,498)	(134)	(46,632)	(46,632)	-
Difference between the expected and the effective obligations	1,931	41	1,972	1,972	-
	(44,567)	(93)	(44,660)	(44,660)	-
Actuarial losses from associated companies	(1,796)	(305)	(2,101)	(2,101)	-
Taxes	1,130	18	1,148	1,148	-
	(45,233)	(380)	(45,613)	(45,613)	-
Other comprehensive (loss) / income after taxes	(83,836)	(1,112)	(84,948)	(59,768)	(25,180)
Consolidated net (loss) / income for the period	(486,425)	(43,561)	(529,986)	(597,326)	67,340
Total comprehensive (loss) / income for the period	(570,261)	(44,673)	(614,934)	(657,094)	42,160

BANCO COMERCIAL PORTUGUÊS

Statement of Comprehensive income
for the three month period between 1 July and 30 September, 2014

	Third quarter 2014				
	(Thousands of Euros)				
				Attributable to	
	Continuing operations	Discontinued operations	Total	Shareholders of the Bank	Non-controlling interests
Items that may be reclassified to the income statement					
Fair value reserves	(32,230)	(151)	(32,381)	(36,808)	4,427
Taxes	7,955	24	7,979	8,542	(563)
	(24,275)	(127)	(24,402)	(28,266)	3,864
Exchange differences arising on consolidation	53,427	(450)	52,977	32,073	20,904
	29,152	(577)	28,575	3,807	24,768
Items that will not be reclassified to the income statement					
Actuarial losses for the period					
Actuarial losses from associated companies	(186)	-	(186)	(186)	-
Taxes	(4,092)	(1)	(4,093)	(4,093)	-
	(4,278)	(1)	(4,279)	(4,279)	-
Other comprehensive (loss) / income after taxes	24,874	(578)	24,296	(472)	24,768
Consolidated net (loss) / income for the period	(6,242)	(465)	(6,707)	(36,010)	29,303
Total comprehensive (loss) / income for the period	18,632	(1,043)	17,589	(36,482)	54,071

BANCO COMERCIAL PORTUGUÊS

Statement of Comprehensive income
for the three month period between 1 July and 30 September, 2013

	Third quarter 2013				
	(Thousands of Euros)				
				Attributable to	
	Continuing operations	Discontinued operations	Total	Shareholders of the Bank	Non-controlling interests
Items that may be reclassified to the income statement					
Fair value reserves	43,876	(99)	43,777	37,776	6,001
Taxes	8,527	55	8,582	9,861	(1,279)
	52,403	(44)	52,359	47,637	4,722
Exchange differences arising on consolidation	(2,228)	(39)	(2,267)	(3,873)	1,606
	50,175	(83)	50,092	43,764	6,328
Items that will not be reclassified to the income statement					
Actuarial losses for the period					
Taxes	(5,741)	(2)	(5,743)	(5,743)	-
	(5,741)	(2)	(5,743)	(5,743)	-
Other comprehensive (loss) / income after taxes	44,434	(85)	44,349	38,021	6,328
Consolidated net (loss) / income for the period	(86,399)	645	(85,754)	(10,680,746)	10,594,992
Total comprehensive (loss) / income for the period	(41,965)	560	(41,405)	(10,642,725)	10,601,320

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 nine months ended 30 September, 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 21 October 2014 by the Bank's Executive Committee. The financial statements are presented in thousands of Euros, rounded to the nearest thousand.

All the references in this document related to any normative always report to current version.

The consolidated financial statements for the nine months ended 30 September, 2014 were prepared in terms of recognition and measurement in accordance with the IFRS adopted by the EU and effective on that date and the disclosures in accordance with the requirements set by IAS 34. These financial statements also present a statement of the second quarter of 2014 with comparative figures for the second quarter of last year. The financial statements for the nine months ended 30 September, 2014 do not include all the information to be published in the annual financial statements. During the first semester of 2013, the Group sold 100% of the investment in Millennium Bank, Societé Anonyme (Greece), and therefore the referred investment ceased to be consolidated in the financial statements of the Group. This fact should be considered for comparative analyses.

The 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 IRFS 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 "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 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).

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.

As from 1 January, 2010, accumulated losses are attributed to non-controlling interests in the respective proportion, implying that the Group can recognise negative non-controlling interests. Previously, when the accumulated losses of a subsidiary attributable to the non-controlling interest exceeded the equity of the subsidiary attributable to the non-controlling interest, the excess was attributed to the Group and charged to the income statement as it occurs. Profits subsequently reported by the subsidiary are recognised as profits of the Group until the prior losses attributable to non-controlling interest previously recognised by the Group have been recovered.

As from 1 January, 2010, on a step acquisition process resulting in the acquisition of control, the revaluation of any participation previously acquired, is booked against the profit and loss account when goodwill is calculated. On a partial disposal resulting in loss of control over a subsidiary, any participation retained is revaluated at market value on the sale date and the gain or loss resulting from this revaluation is booked against the income statement.

Investments in associates

Investments in associated companies are consolidated by the equity method from the date that the Group acquires significant influence until the date it ceases to exist. Associates are those entities in which the Group has significant influence but not control over the financial and operating policy decisions of the investee. It is assumed that the Group has significant influence when it holds, directly or indirectly, 20% or more of the voting rights of the investee. If the Group holds, directly or indirectly less than 20% of the voting rights of the investee, it is presumed that the Group does not have significant influence, unless such influence can be clearly demonstrated.

The existence of significant influence by the Group is usually evidenced in one or more of the following ways:

- representation on the Board of Directors or equivalent governing body of the investee;
- participation in policy-making processes, including participation in decisions about dividends or other distributions;
- material transactions between the Group and the investee;
- interchange of the management team; or
- provision of essential technical information.

The consolidated financial statements include the part that is attributable to the Group of the total reserves and results of associated companies accounted on an equity basis. When the Group's share of losses exceeds its interest in the associate, the carrying amount is reduced to zero and recognition of further losses is discontinued except to the extent that the Group has incurred in a legal obligation to assume those losses on behalf of an associate.

Goodwill - Differences arising from consolidation

Goodwill arising from business combinations occurred before 1 January 2004 was charged against reserves.

Business combinations that occurred after 1 January 2004 are accounted under the purchase method. The acquisition cost corresponds to the fair value, determined at the acquisition date, of the assets given and liabilities incurred or assumed including the costs directly attributable to the acquisition, for acquisitions up to 31 December, 2009.

As from 1 January, 2010 onwards, costs directly attributable to the acquisition of a subsidiary are booked directly in the income statement.

As from the transition date to IFRS (1 January 2004), positive goodwill arising from acquisitions is recognised as an asset carried at acquisition cost and is not subject to amortisation.

Goodwill arising on the acquisition of subsidiaries and associates is defined as the difference between the cost of acquisition and the total or corresponding share of the fair value of the net assets and contingent liabilities acquired, depending on the option taken.

Negative goodwill arising on an acquisition is recognised directly in the income statement in the year the business combination occurs.

The recoverable amount of the goodwill is assessed annually, regardless the existence of any impairment triggers. Impairment losses are recognised in the income statement. The recoverable amount is determined based on the higher between the assets value in use and the market value deducted of selling costs, calculated using valuation methodologies supported by discounted cash flow techniques, considering market conditions, the time value of money and the business risks.

Until 31 December 2009, the contingent acquisition prices were determined based on the best estimate of probable future payments, being the future changes booked against goodwill. As from 1 January 2010, goodwill is no longer adjusted due to changes in the initial estimate of the contingent purchase price and the difference is booked in the income statement, or in equity, when applicable.

Purchases and dilution of non-controlling interests

Until 31 December, 2009, when an investment in a subsidiary was disposed of, without a loss in control, the difference between the sale price and the book value of the equity allocated to the proportion of capital to be sold by the Group, plus the carrying value of goodwill in that subsidiary, was recognised in the income statement of the period as a gain or loss resulting from the disposal. The dilution effect occurred when the percentage of investment in a subsidiary decreased without any sale of interest in that subsidiary, for example, when the Group did not participate proportionally in a share capital increase of that subsidiary. Until 31 December, 2009, the Group recognised the gains or losses resulting from a dilution of a subsidiary following a sale or capital increase in the income statement.

Also in an acquisition of non-controlling interests, until 31 December 2009, the difference between the acquisition value and the fair value of the non-controlling interests acquired was accounted against goodwill. The acquisitions of non-controlling interests through written put options related to investments in subsidiaries held by non-controlling interests were recorded as a financial liability for the present value of the best estimate of the amount payable, against non-controlling interests. Any difference between the non-controlling interests acquired and the fair value of the liability was recorded as goodwill. The fair value of the liability was determined based on the contractual price which may be fixed or variable. In case of a variable price, the changes in the liability are recognised against goodwill and the effect of the financial discount of the liability (unwinding) was recognised in the income statement. This accounting treatment is maintained for all options contracted until 31 December 2009.

Since 1 January 2010, the acquisition of the non-controlling interests that does not impact the control position of a subsidiary is accounted as a transaction with shareholders and, therefore, is not recognised additional goodwill resulting from this transaction. The difference between the acquisition cost and the fair value of non-controlling interests acquired is recognised directly in reserves. On this basis, the gains and losses resulting from the sale of non-controlling interests, that does not impact the control position of a subsidiary, are always recognised against reserves.

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.

Similarly, as from 1 January 2010, the acquisitions of non-controlling interests through written put options related with investments in subsidiaries held by non-controlling interests, are recorded as a financial liability for the present value of the best estimate of the amount payable, against non-controlling interests. The fair value of the liability is determined based on the contractual price which may be fixed or variable. In case of a variable price, the changes in the liability are recognised against the income statement as well as the effect of the financial discount of the liability (unwinding). As from 1 January 2010 onwards, in an acquisition (dilution) of non-controlling interests not resulting in a loss of control, the difference between the fair value of the non-controlling interests acquired and the acquisition value, is accounted against reserves.

Investments in foreign subsidiaries and associates

The financial statements of the foreign subsidiaries and associates of the Group are prepared in their functional currency, defined as the currency of the primary economic environment in which they operate or the currency in which the subsidiaries obtain their income or finance their activity. In the consolidation process, assets and liabilities, including goodwill, of foreign subsidiaries are converted into euros at the official exchange rate at the balance sheet date. The goodwill existing on these investments is valued against reserves.

Regarding the investments in foreign operations that are consolidated under the full consolidation or equity methods, for exchange differences between the conversion to Euros of the opening net assets at the beginning of the year and their value in Euros at the exchange rate ruling at the balance sheet date for consolidated accounts are charged against consolidated reserves - exchange differences. The exchange differences from hedging instruments related to foreign operations are eliminated from profit and loss in the consolidation process against the exchange differences booked in reserves resulting from those investments. Whenever the hedge is not fully effective, the ineffective portion is accounted against profit and loss of the year.

The income and expenses of these subsidiaries are converted to Euros at an approximate rate of the rates ruling at the dates of the transactions. Exchange differences from the conversion to Euros of the profits and losses for the reporting period, arising from the difference between the exchange rate used in the income statement and the exchange rate prevailing at the balance sheet date, are recognised in reserves - exchange differences.

On disposal of investments in foreign subsidiaries for which there is loss of control, exchange differences related to the investment in the foreign operation and to the associated hedge transaction previously recognised in reserves, are transferred to profit and loss as part of the gains or loss arising from the disposal.

Transactions eliminated on consolidation

The balances and transactions between Group's companies, or any unrealised gains and losses arising from these transactions, are eliminated in the preparation of the consolidated financial statements. Unrealised gains and losses arising from transactions with associates and jointly controlled entities are eliminated in the proportion of the Group's investment in the entity.

c) *Loans and advances to customers*

Loans and advances to customers includes loans and advances originated by the Group which are not intended to be sold in the short term and are recognised when cash is advanced to costumers.

The derecognition of these assets occurs in the following situations: (i) the contractual rights of the Group have expired; or (ii) the Group transferred substantially all the associated risks and rewards.

Loans and advances to customers are initially recognised at fair value plus any directly attributable transaction costs and fees and are subsequently measured at amortised cost using the effective interest method, being presented in the balance sheet net of impairment losses.

Impairment

The Group’s policy consists in a regular assessment of the existence of objective evidence of impairment in the loan portfolios. Impairment losses identified are charged against results and subsequently, if there is a reduction of the estimated impairment loss, the charge is reversed, in a subsequent period.

After the initial recognition, a loan or a loan portfolio, defined as a group of loans with similar credit risk characteristics, can be classified as impaired when there is an objective evidence of impairment as a result of one or more events and when these have an impact on the estimated future cash flows of the loan or of the loan portfolio that can be reliably estimated.

According to IAS 39, there are two basic methods of calculating impairment losses: (i) individually assessed loans; and (ii) collective assessment.

(i) Individually assessed loans

Impairment losses on individually assessed loans are determined by an evaluation of the exposures on a case-by-case basis. For each loan considered individually significant, the Group assesses, at each balance sheet date, the existence of any objective evidence of impairment. In determining such impairment losses on individually assessed loans, the following factors are considered:

- group's aggregate exposure to the customer and the existence of overdue loans;
- the viability of the customer's business and capability to generate sufficient cash flow to service their debt obligations in the future;
- the existence, nature and estimated value of the collaterals;
- a significant downgrading in the costumer's rating;
- the assets available on liquidation or insolvency situations;
- the ranking of all creditors claims;
- the amount and timing of expected receipts and recoveries.

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

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

(ii) Collective assessment

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

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

The collective impairment loss is determined considering the following factors:

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

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

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

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

d) Financial instruments

(i) Classification, initial recognition and subsequent measurement

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

1a) Financial assets held for trading

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

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

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

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

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

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

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

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

2) Financial assets available for sale

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

3) Financial assets held-to-maturity

The financial assets held-to-maturity include non-derivative financial assets with fixed or determinable payments and fixed maturity, for which the Group has the intention and ability to maintain until the maturity of the assets and that were not included in the category of financial assets at fair value through profit and loss or financial assets available for sale. These financial assets are initially recognised at fair value and subsequently measured at amortised cost. The interest is calculated using the effective interest rate method and recognised in Net interest income. The impairment losses are recognised in profit and loss when identified.

Any reclassification or disposal of financial assets included in this category that does not occur close to the maturity of the assets, will require the Group to reclassify the entire portfolio as Financial assets available for sale and the Group will not be allowed to classify any assets under this category for the following two years.

4) Loans and receivables - Loans represented by securities

Non-derivative financial assets with fixed or determined payments, that are not quoted in a market and which the Group does not intend to sell immediately or in a near future, may be classified in this category.

In addition to loans granted, the Group recognises in this category unquoted bonds and commercial paper. The financial assets recognised in this category are initially accounted at fair value and subsequently at amortised cost net of impairment. The incremental direct transaction costs are included in the effective interest rate for these financial instruments. The interest accounted based on the effective interest rate method are recognised in Net interest income.

The impairment losses are recognised in profit and loss when identified.

5) Other financial liabilities

The other financial liabilities are all financial liabilities that are not recognised as financial liabilities at fair value through profit and loss. This category includes money market transactions, deposits from customers and from other financial institutions, issued debt, and other transactions.

These financial liabilities are initially recognised at fair value and subsequently at amortised cost. The related transaction costs are included in the effective interest rate. The interest calculated at the effective interest rate is recognised in Net interest income.

The financial gains or losses calculated at the time of repurchase of other financial liabilities are recognised as Net gains / (losses) from trading and hedging activities, when occurred.

(ii) Impairment

At each balance sheet date, is made an assessment of the existence of objective evidence of impairment. A financial asset or group of financial assets are impaired when there is objective evidence of impairment resulting from one or more events that occurred after its initial recognition, such as: (i) for listed securities, a prolonged devaluation or a significant decrease in its quoted price, and (ii) for unlisted securities, when that event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be estimated reasonably. According to the Group's policies, a 30% of depreciation in the fair value of an equity instrument is considered a significant devaluation and the 1 year period is assumed to be a prolonged decrease in the fair value below the acquisition cost.

If an available for sale asset is determined to be impaired, the cumulative loss (measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the profit or loss) is removed from fair value reserves and recognised in profit or loss. If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurred after the impairment loss was recognised in the profit or loss, the impairment loss is reversed through the income statement. Recovery of impairment losses on equity instruments, classified as financial assets available for sale, is recognised as a gain in fair value reserves when it occurs (if there is no reversal in the income statement).

(iii) Embedded derivatives

Embedded derivatives should be accounted for separately as derivatives, if the economic risks and benefits of the embedded derivative are not closely related to the host contract, unless the hybrid (combined) instrument is not initially measured at fair value with changes through profit and loss. Embedded derivatives are classified as trading and recognised at fair value with changes through profit and loss.

e) Derivatives hedge accounting

(i) Hedge accounting

The Group designates derivatives and other financial instruments to hedge its exposure to interest rate and foreign exchange risk, resulting from financing and investment activities. Derivatives that do not qualify for hedge accounting are accounted for as trading instruments.

Derivative hedging instruments are stated at fair value and gains and losses on revaluation are recognised in accordance with the hedge accounting model adopted by the Group. A hedge relationship exists when:

- at the inception of the hedge there is formal documentation of the hedge;
- the hedge is expected to be highly effective;
- the effectiveness of the hedge can be reliably measured;
- the hedge is valuable in a continuous basis and highly effective throughout the reporting period; and
- for hedges of a forecasted transaction, the transaction is highly probable and presents an exposure to variations in cash flows that could ultimately affect profit or loss.

When a derivative financial instrument is used to hedge foreign exchange arising from monetary assets or liabilities, no hedge accounting model is applied. Any gain or loss associated to the derivative and to changes in foreign exchange risk related with the monetary items is recognised through profit and loss.

(ii) Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedge instruments are recognised in profit and loss, together with changes in the fair value attributable to the hedged risk of the asset or liability or group of assets and liabilities. If the hedge relationship no longer meets the criteria for hedge accounting, the cumulative gains and losses recognised until the discontinuance of the hedge accounting are amortised through profit and loss over the residual period of the hedged item.

(iii) Cash flow hedge

In a hedge relationship, the effective portion of changes in fair value of derivatives that are designated and qualify as cash flow hedges are recognised in equity - cash flow hedge reserves. Any gain or loss relating to the ineffective portion of the hedge is immediately recognised in profit and loss when occurred.

Amounts accumulated in equity are reclassified to profit and loss in the periods in which the hedged item will affect profit or loss.

In case of hedging variability of cash-flows, when the hedge instrument expires or is disposed or when the hedging relationship no longer meets the criteria for hedge accounting, or when the hedge relation is revoked, the hedge relationship is discontinued on a prospective basis. Therefore, the fair value changes of the derivative accumulated in equity until the date of the discontinued hedge accounting can be:

- Deferred over the residual period of the hedged instrument; or
- Recognised immediately in results, if the hedged instrument is extinguished.

In the case of a discontinued hedge of a forecast transaction, the change in fair value of the derivative recognised in equity at that time remains in equity until the forecasted transaction is ultimately recognised in the income statement. When a forecasted transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to profit and loss.

(iv) Hedge effectiveness

For a hedge relationship to be classified as such according to IAS 39, effectiveness has to be demonstrated. As such, the Group performs prospective tests at the beginning date of the initial hedge, if applicable and retrospective tests in order to demonstrate at each reporting period the effectiveness of the hedging relationships, showing that the changes in the fair value of the hedging instrument are hedged by the changes in the hedged item for the risk being covered. Any ineffectiveness is recognised immediately in profit and loss when incurred.

(v) Hedge of a net investment in a foreign operation

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in equity. The gain or loss relating to the ineffective portion is immediately recognised in the income statement. Gains and losses accumulated in equity related to the investment in a foreign operation and to the associated hedge operation are included in the income statement on the disposal of the foreign operation as part of the gain or loss from the disposal.

f) Reclassifications between financial instruments categories

In October 2008, the IASB issued a change to IAS 39 – Reclassification of Financial Assets (Amendments to IAS 39 Financial Instruments: Recognition and Measurement and IFRS 7: Financial Instruments Disclosures). This change allowed an entity to transfer financial assets from Financial assets at fair value through profit and loss – trading to Financial assets available for sale, to Loans and Receivables - Loans represented by securities or to Financial assets held-to-maturity, as long as the requirements described in the standard are met, namely:

- if a financial asset, at the date of reclassification present the characteristics of a debt instrument for which there is no active market; or
- when there is some event that is uncommon and highly improbable that will occur again in the short term, that is, the event can be classified as a rare circumstance.

The Group adopted this possibility for a group of financial assets.

Transfers of financial assets recognised in the category of Financial assets available-for-sale to Loans and receivables - Loans represented by securities and to Financial assets held-to-maturity are allowed, in determined and specific circumstances.

Transfers from and to Financial assets and financial liabilities at fair value through profit and loss by decision of the entity (Fair value option) are prohibited.

g) Derecognition

The Group derecognises financial assets when all rights to future cash flows have expired. In a transfer of assets, derecognition can only occur either when risks and rewards have been substantially transferred or the Group does not maintain control over the assets.

The Group derecognises financial liabilities when these are discharged, cancelled or extinguished.

h) Equity instruments

An instrument is classified as an equity instrument when there is no contractual obligation at settlement to deliver cash or another financial asset to another entity, independently from its legal form, showing a residual interest in the assets of an entity after deducting all of its liabilities.

Transaction costs directly attributable to an equity instruments' issuance are recognised in equity as a deduction to the amount issued. Amounts paid or received related to sales or acquisitions of equity instruments are recognised in equity, net of transaction costs.

Preference shares issued by the Group are considered as an equity instrument when redemption of the shares is solely at the discretion of the issuer and dividends are paid at the discretion of the Group.

Income from equity instruments (dividends) are recognised when the right to receive this income is established and are deducted to equity.

i) Compound financial instruments

Financial instruments that contain both a liability and an equity component (example: convertible bonds) are classified as compound financial instruments. For those instruments to be considered as compound financial instruments, the terms of its conversion to ordinary shares (number of shares) cannot change with changes in its fair value. The financial liability component corresponds to the present value of the future interest and principal payments, discounted at the market interest rate applicable to similar financial liabilities that do not have a conversion option. The equity component corresponds to the difference between the proceeds of the issue and the amount attributed to the financial liability. Financial liabilities are measured at amortised cost through the effective interest rate method. The interests are recognised in Net interest income.

j) Securities borrowing and repurchase agreement transactions

(i) Securities borrowing

Securities lent under securities lending arrangements continue to be recognised in the balance sheet and are measured in accordance with the applicable accounting policy. Cash collateral received in respect of securities lent is recognised as a financial liability. Securities borrowed under securities borrowing agreements are not recognised. Cash collateral placements in respect of securities borrowed are recognised under loans and advances to either banks or customers. Income and expenses arising from the securities borrowing and lending business are recognised on an accrual basis over the period of the transactions and are included in interest income or expense (net interest income).

(ii) Repurchase agreements

The Group performs acquisition/sale of securities under reselling/repurchase agreements of securities substantially equivalent in a future date at a predetermined price ('repos'/'reverse repos'). The securities related to reselling agreements in a future date are not recognised on the balance sheet. The amounts paid are recognised in loans and advances to customers or loans and advances to credit institutions. The receivables are collateralised by the related securities. Securities sold through repurchase agreements continue to be recognised in the balance sheet and are revaluated in accordance with the applicable accounting policy. The amounts received from the proceeds of these securities are considered as deposits from customers and deposits from credit institutions.

The difference between the acquisition/sale and reselling/repurchase conditions is recognised on an accrual basis over the period of the transaction and is included in interest income or expenses.

k) Non-current assets held for sale and discontinued operations

Non-current assets, groups of non-current assets held for sale (groups of assets together and related liabilities that include at least a non current asset) and discontinued operations are classified as held for sale when it is intention to sell the referred assets and liabilities and when the referred assets are available for immediate sale and its sale is highly probable.

The Group also classifies as non-current assets held for sale those non-current assets or groups of assets acquired exclusively with a view to its subsequent disposal, which are available for immediate sale and its sale is highly probable.

Immediately before classification as held for sale, the measurement of the non-current assets or all assets and liabilities in a disposal group, is performed in accordance with the applicable IFRS. After their reclassification, these assets or disposal groups are measured at the lower of their cost and fair value less costs to sell.

Discontinued operations and the subsidiaries acquired exclusively with the purpose to sell in the short term, are consolidated until the disposal.

The Group also classifies as non-current assets held for sale, the investments arising from recovered loans that are measured initially by the lower of its fair value net of selling costs and the loan's carrying amount on the date that the recovery occurs or the judicial decision is formalised.

The fair value is determined based on the expected selling price estimated through periodic valuations performed by the Group.

The subsequent measurement of these assets is determined based on the lower of the carrying amount and the corresponding fair value less costs to sell. In case of unrealised losses, these should be recognised as impairment losses against results.

l) Finance lease transactions

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

At the lessor's perspective, assets held under finance leases are recorded in the balance sheet as a receivable at an amount equal to the net investment in the lease. Lease rentals are a combination of the financial income and amortization of the capital outstanding. Recognition of the financial result reflects a constant periodical return rate over the remaining net investment of the lessor.

m) Interest income and expense

Interest income and expense for financial instruments measured at amortised cost are recognised in the interest income or expenses (net interest income) through the effective interest rate method. The interest related to financial assets available for sale calculated at the effective interest rate method are also recognised in net interest income as well as those from assets and liabilities at fair value through profit and loss.

The effective interest rate is the rate that discounts estimated future cash payments or receipts through the expected life of the financial instrument (or, when appropriate, for a shorter period), to the net carrying amount of the financial asset or financial liability.

When calculating the effective interest rate, the Group estimates future cash flows considering all contractual terms of the financial instrument (for example: early payment options) but without considering future impairment losses. The calculation includes all fees paid or received considered as included in the effective interest rate, transaction costs and all other premiums or discounts directly related 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.

q) Property and equipment

Property and equipment are stated at acquisition cost less accumulated depreciation and impairment losses. Subsequent costs are recognised as a separate asset only when it is probable that future economic benefits will result for the Group. All other repairs and maintenance expenses are charged to the income statement during the financial period in which they are incurred.

Depreciation is calculated on a straight-line basis, over the following periods which correspond to their estimated useful life:

	Number of years
Premises	50
Expenditure on freehold and leasehold buildings	10
Equipment	4 to 12
Other fixed assets	3

Whenever there is an indication that a fixed tangible asset might be impaired, its recoverable amount is estimated and an impairment loss shall be recognised if the net value of the asset exceeds its recoverable amount.

The recoverable amount is determined as the highest between the fair value less costs to sell and its value in use calculated based on the present value of future cash-flows estimated to be obtained from the continued use of the asset and its sale at the end of the useful life.

The impairment losses of the fixed tangible assets are recognised in profit and loss.

r) Investment property

Real estate properties owned by the investment funds consolidated in the Group, are recognised as Investment properties considering, that the main objective of these buildings is the capital appreciation on a long term basis and not its sale in a short term period, or its maintenance for own use.

These investments are initially recognised at its acquisition cost, including the transaction costs and subsequently revaluated at its fair value. The fair value of the investment property should reflect the market conditions at the balance sheet date. Changes in fair value are recognised in results as Other operating income.

The expertises responsible for the valuation of the assets are properly certified for that purpose, being registered in CMVM.

s) Intangible Assets

Research and development expenditure

The Group does not capitalise any research and development costs. All expenses are recognised as costs in the year in which they occur.

Software

The Group's accounts, as intangible assets, the costs associated to software acquired from external entities and depreciates them on a straight line basis by an estimated lifetime of three years. The Group does not capitalise internal costs arising from software development.

t) Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise balances with less than three months' maturity from the balance sheet date, including cash and loans and advances to credit institutions.

Cash and cash equivalents exclude restricted balances with Central Banks.

u) Offsetting

Financial assets and liabilities are offset and the net amount is recorded in the balance sheet when the Group has a legally enforceable right to offset the recognised amounts and the transactions are intended to be settled on a net basis.

v) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currency of the operation at the foreign exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into the respective functional currency of the operation at the foreign exchange rate at the reporting date. Foreign exchange differences arising on translation are recognised in the profit and loss. Non-monetary assets and liabilities denominated in foreign currencies, which are stated at historical cost, are translated into the respective functional currency of the operation at the foreign exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated into the respective functional currency of the operation at the foreign exchange rate at the date that the fair value was determined against profit and loss, except for financial assets available-for-sale, for which the difference is recognised against equity.

w) Employee benefits

Defined benefit plans

The Group has the responsibility to pay to their employees' retirement pensions and widow and orphan benefits and permanent disability pensions, in accordance with the agreement entered with the collective labour arrangements. These benefits are estimated in the pension's plans ‘Plano ACT’ and ‘Plano ACTQ’ of the Pension Plan of BCP Group, which corresponds to the referred collective labour arrangements (the conditions are estimated in the private social security of the banking sector for the constitution of the right to receive a pension).

Until 2011, along with the benefits provided in two planes above, the Group had assumed the responsibility, under certain conditions in each year, of assigning a complementary plan to the Group's employees hired before 21 September, 2006 (Complementary Plan). The Group at the end of 2012 decided to extinguish ("cut") the benefit of old age Complementary Plan. As at 14 December 2012, the ISP (Portuguese Insurance Institute) formally approved this change benefit plan of the Group with effect from 1 January 2012. The cut of the plan was made, having been assigned to the employees, individual rights acquired. On that date, the Group also proceed to the settlement of the related liability.

From 1 January 2011, banks' employees were integrated in the General Social Security Scheme which now covers their maternity, paternity, adoption and pension benefits. However, the Banks remain liable for those benefits as concern illness, disability and life insurance (Decree-Law no. 1-A/2011, of 3 January).

The contributory rate is 26.6% divided between 23.6% supported by the employer and 3% supported by the employees, replacing the Banking Social Healthcare System ('Caixa de Abono de Família dos Empregados Bancários') which was extinguished by the decree law referred above. As a consequence of this amendment the capability to receive pensions by the actual employees are covered by the General Social Security Scheme regime, considering the service period between 1 January 2011 and the retirement age. The Bank supports the remaining difference for the total pension assured in ‘Acordo Colectivo de Trabalho’.

Following the approval by the Government of the Decree-Law no. 127/2011, which was published on 31 December, was established an agreement between the Government, the Portuguese Banking Association and the Banking Labour Unions in order to transfer, to the Social Security, the liabilities related with pensions currently being paid to pensioners and retirees, as at 31 December 2011.

This agreement established that the responsibilities to be transferred related to the pensions in payment as at 31 December 2011 at fixed amounts (discount rate 0%) in the component established in the ‘Instrumento de Regulação Colectiva de Trabalho (IRCT)’ of the retirees and pensioners. The responsibilities related with the increase in pensions as well as any other complements namely, contributions to the Health System (SAMS), death benefit and death before retirement benefit continued to be under the responsibility of the Financial Institutions and being financed through the corresponding Pensions funds. The Decree-Law also established the terms and conditions under which the transfer was made by setting a discount rate of 4% to determine the liabilities to be transferred.

The Group’s net obligation in respect of pension plans (defined benefit pensions plan) is calculated on a half year basis at 31 December and 30 June of each year.

The Group’s net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods. The benefit is discounted in order to determine its present value, using a discount rate determined by reference to interest rates of high-quality corporate bonds that have maturity dates approximating the terms of the Group’s obligations. The net obligations are determined after the deduction of the fair value of the Pension Plan's assets.

The income / cost of interests with the pension plan is calculated, by the Group, multiplying the net asset / liability with retirement pension (liabilities less the fair value of the plan's assets) by the discount rate used in the determination of the retirement pension liabilities, mentioned before. On this basis, the income / cost net of interests includes the interest costs associated with retirement pension liabilities and the expected return of the plan's assets, both measured based on the discount rate used to calculate the liabilities.

Gains and losses from the re-measurement, namely (i) gains and losses resulting from differences between actuarial assumptions used and the amounts actually observed (experience gains and losses) and changes in actuarial assumptions and (ii) gains and losses arising from the difference between the expected return of the plan's assets and the amounts obtained, are recognised against equity under other comprehensive income.

The Group recognises in its income statement a net total amount that comprises (i) the current service cost, (ii) the income / cost net of interest with the pension plan, (iii) the effect of early retirement, (iv) past service costs and (v) the effects of any settlement or curtailment occurred during the period. The net income / cost with the pension plan is recognised as interest and similar income or interest expense and similar costs depending on their nature. The costs of early retirements correspond to the increase in liabilities due to the employee's retirement before reaching the age of 65.

Employee benefits, other than pension plans, namely post retirement health care benefits and benefits for the spouse and sons for death before retirement are also included in the benefit plan calculation.

The contributions to the funds are made annually by each Group company according to a certain plan contributions to ensure the solvency of the fund. The minimum level required for the funding is 100% regarding the pension payments and 95% regarding the past services of active employees.

Defined contribution plan

For Defined Contribution Plan, the responsibilities related to the benefits attributed to the Group's employees are recognised as expenses when incurred.

As at 30 September 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.

Share based compensation plan

As at 30 September 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. A business segment is a Group's component: (i) which develops business activities that can obtain revenues or expenses; (ii) whose operating results are regularly reviewed by the management with the aim of taking decisions about allocating resources to the segment and assess its performance, and (iii) for which separate financial information is available. The Group controls its activity through the following major operating segments:

Portugal
- Retail Banking (including ActivoBank);
- Companies (including Companies in Portugal and Corporate and Investment Banking);
- Asset management and Private Banking;
- Non-core business portfolio

Foreign activity
- Poland;
- Angola:
- Mozambique.

Regarding the commitment agreed with the Directorate-General for Competition of the European Commission (DG Comp) on the Bank's Restructuring Plan, in particular the sale of Millennium bcp's operation in Romania in the mid-term and the implementation of a new approach to the assets management business, the activities of Millennium bank in Romania and of Millennium bcp Gestão de Activos were presented on the line item of "income arising from discontinued operations" at 30 September 2013 and at 30 September 2014. At the consolidated balance sheet level, the presentation of assets and liabilities of Millennium bank in Romania and of Millennium bcp Gestão de Activos remained considered as at 30 September 2014 and at 30 September 2013.

Additionally, following 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.

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 Insurance Institute of Portugal 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.

Fair value of derivatives

Fair values are based on listed market prices if available, otherwise fair value is determined either by dealer price quotations (either for that transaction or for similar instruments traded) or by pricing models, based on net present value of estimated future cash flows which take into account market conditions for the underlying instruments, time value, yield curve and volatility factors. These pricing models may require assumptions or judgments in estimating their values.

Consequently, the use of a different model or of different assumptions or judgments in applying a particular model could result in different financial results for a particular period.

Held-to-maturity investments

The Group follows the guidance of IAS 39 on classifying non-derivative financial assets with fixed or determinable payments and fixed maturity as held-to-maturity. This classification requires significant judgment. In making this judgment, the Group evaluates its intention and ability to hold such investments to maturity.

If the Group fails to keep these investments to maturity other than for the specific circumstances — for example, selling an insignificant amount close to maturity — it will be required to reclassify the entire class as available-for-sale. The investments would therefore be measured at fair value instead of amortised cost.

Held-to-maturity investments are subject to impairment tests made by the Group. The use of different assumptions and estimates could have an impact on the income statement of the Group.

Entities included in the consolidation perimeter

For the purposes of determining entities to include in the consolidation perimeter, the Group assess whether it is exposed to, or has rights to, the variable returns from its involvement with the entity (de facto control).

The decision if an entity needs to be consolidated by the Group requires the use of judgment, estimates and assumptions to determine what extend the Group is exposed to the variable returns and its ability to use its power to affect those returns.

Different estimates and assumptions could lead the Group to a different scope of consolidation perimeter with a direct impact in net income.

Income taxes

The Group is subject to income taxes in numerous jurisdictions. Significant interpretations and estimates are required in determining the worldwide amount for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business.

Different interpretations and estimates would result in a different level of income taxes, current and deferred, recognised in the year.

The Portuguese Tax Authorities are entitled to review the Bank and its subsidiaries’ determination of its annual taxable earnings, for a period of four years or six years in case there are tax losses brought forward. Hence, it is possible that some additional taxes may be assessed, mainly as a result of differences in interpretation of the tax law which for its probability, the Executive Committee considers that there is no relevant material effect at the level of the financial statements.

Pension and other employees’ benefits

Determining pension liabilities requires the use of assumptions and estimates, including the use of actuarial projections, estimated returns on investment, and other factors that could impact the cost and liability of the pension plan.

Changes in these assumptions could materially affect these values.

Goodwill impairment

The goodwill recoverable amount recognised as a Group's asset, is revised annually regardless the existence of impairment losses.

For this purpose, the carrying amount of the business units of the Group for which goodwill has been recognised is compared with the respective recoverable amount. A goodwill impairment loss is recognised when the carrying amount of the business unit exceeds the respective recoverable amount.

In the absence of an available market value, the recoverable amount is determined using cash flows predictions, applying a discount rate that includes a risk premium appropriated to the business unit being tested. Determining the cash flows to discount and the discount rate, involves judgment.

2. Net interest income and net gains arising from trading and hedging activities, from financial assets available for sale and from financial assets held to maturity

IFRS requires separate disclosure of net interest income and net gains arising from trading and hedging activities, from financial assets available for sale and from financial assets held to maturity, as presented in notes 3, 6, 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:

	Sep 2014 Euros '000	Sep 2013 Euros '000
Net interest income	790,954	613,757
Net gains / (losses) from trading and hedging assets	117,725	108,890
Net gains / (losses) from financial assets available for sale	239,432	40,761
Net gains / (losses) from financial assets held to maturity	-	(278)
	1,148,111	763,130

3. Net interest income

The amount of this account is comprised of:

	Sep 2014 Euros '000	Sep 2013 Euros '000
Interest and similar income		
Interest on loans and advances	1,543,586	1,644,538
Interest on trading securities	12,970	15,994
Interest on available for sale financial assets	227,839	240,893
Interest on held to maturity financial assets	89,134	91,032
Interest on hedging derivatives	87,071	102,991
Interest on derivatives associated to financial instruments through profit and loss account	19,802	2,982
Interest on deposits and other investments	32,972	47,643
	2,013,374	2,146,073
Interest expense and similar charges		
Interest on deposits and inter-bank funding	695,027	897,375
Interest on securities sold under repurchase agreement	8,031	11,410
Interest on securities issued	284,309	354,075
Interest on subordinated debt		
Hybrid instruments eligible as core tier 1 (CoCos) underwritten by the Portuguese State	162,751	201,104
Others	50,222	48,224
Interest on hedging derivatives	11,614	15,193
Interest on derivatives associated to financial instruments through profit and loss account	10,466	4,935
	1,222,420	1,532,316
	790,954	613,757

The balance Interest on loans and advances includes the amount of Euros 42,973,000 (30 September 2013: Euros 51,413,000) 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 balances Interest on securities issued and Interest on subordinated debt include the amount of Euros 121,870,000 (30 September 2013: Euros 149,281,000) related to commissions and other costs accounted for under the effective interest method, as referred in the accounting policy described in note 1 m).

4. Dividends from equity instruments

The amount of this account is comprised of:

	Sep 2014 Euros '000	Sep 2013 Euros '000
Dividends from financial assets available for sale	5,821	1,655
Dividends from financial assets held for trading	2	1
	5,823	1,656

The balance of Dividends from financial assets available for sale includes dividends and income from investment fund units received during the period.

5. Net fees and commissions income

The amount of this account is comprised of:

	Sep 2014 Euros '000	Sep 2013 Euros '000
Fees and commissions received		
From guarantees	61,162	72,600
From credit and commitments	1,438	777
From banking services	400,801	366,553
From insurance activity	1,027	1,017
From other services	146,275	194,046
	610,703	634,993
Fees and commissions paid		
From guarantees	24,990	52,658
From banking services	63,830	70,189
From insurance activity	1,111	1,074
From other services	14,561	16,318
	104,492	140,239
	506,211	494,754

The balance Fees and commissions received - From banking services includes the amount of Euros 54,671,000 (30 September 2013: Euros 54,676,000) related to insurance mediation commissions.

The caption Fees and commissions expenses - From guarantees includes the amount of Euros 22,689,000 (30 September 2013: Euros 47,774,000) related to commissions paid relating the issues guaranteed given by the Portuguese State.

6. Net gains / (losses) arising from trading and hedging activities

The amount of this account is comprised of:

	Sep 2014 Euros '000	Sep 2013 Euros '000
Gains arising on trading and hedging activities		
Foreign exchange activity	807,324	811,208
Transactions with financial instruments recognised at fair value through profit and loss account		
Held for trading		
Securities portfolio		
Fixed income	39,045	18,296
Variable income	281	721
Certificates and structured securities issued	51,816	31,988
Derivatives associated to financial instruments through profit and loss account	42,813	24,095
Other financial instruments derivatives	475,498	1,210,430
Other financial instruments through profit and loss account	7,399	8,064
Repurchase of own issues	49,848	5,306
Hedging accounting		
Hedging derivatives	68,796	64,455
Hedged item	18,954	31,578
Other activity	25,868	25,622
	1,587,642	2,231,763
Losses arising on trading and hedging activities		
Foreign exchange activity	736,123	730,074
Transactions with financial instruments recognised at fair value through profit and loss account		
Held for trading		
Securities portfolio		
Fixed income	5,935	20,665
Variable income	112	2,511
Certificates and structured securities issued	55,582	47,791
Derivatives associated to financial instruments through profit and loss account	41,232	19,941
Other financial instruments derivatives	502,450	1,097,644
Other financial instruments through profit and loss account	20,282	9,443
Repurchase of own issues	11,575	5,303
Hedging accounting		
Hedging derivatives	36,894	97,736
Hedged item	44,185	5,153
Other activity	15,547	86,612
	1,469,917	2,122,873
	117,725	108,890

7. Net gains / (losses) arising from financial assets available for sale

The amount of this account is comprised of:

	Sep 2014 Euros '000	Sep 2013 Euros '000
Gains arising from financial assets available for sale		
Fixed income	242,849	62,535
Variable income	4,613	256
Losses arising from financial assets available for sale		
Fixed income	(6,525)	(7,100)
Variable income	(1,505)	(14,930)
	239,432	40,761

The caption Gains arising from financial assets available for sale - Fixed income - includes, as at 30 September 2014, the amount of Euros 232,295,000 (30 September 2013: Euros 49,999,000) 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:

	Sep 2014 Euros '000	Sep 2013 Euros '000
Losses arising from financial assets held to maturity	-	(278)
	-	(278)

9. Other operating income / (costs)

The amount of this account is comprised of:

	Sep 2014 Euros '000	Sep 2013 Euros '000
Operating income		
Income from services	23,315	23,940
Cheques and others	11,235	11,003
Other operating income	1,025	3,698
	35,575	38,641
Operating costs		
Indirect taxes	10,365	16,530
Donations and contributions	3,060	3,144
Specific contribution for the banking sector	28,602	25,419
Specific contribution for the resolution fund	6,019	8,671
Other operating expenses	30,411	27,495
	78,457	81,259
	(42,882)	(42,618)

The caption Specific contribution for the banking sector is estimated according to the terms of the Decree-Law no. 55-A/2010. The determination of the amount payable is based on: (i) the annual average liabilities deducted by core capital (Tier 1) and supplementary (Tier 2) and deposits covered by the Deposit Guarantee Fund, and (ii) the off-balance notional amount of derivatives.

10. Staff costs

The amount of this account is comprised of:

	Sep 2014 Euros '000	Sep 2013 Euros '000
Salaries and remunerations	364,417	382,575
Mandatory social security charges	81,604	78,160
Voluntary social security charges	24,582	26,742
Seniority premium	3,798	4,429
Other staff costs	3,634	12,010
	478,035	503,916

11. Other administrative costs

The amount of this account is comprised of:

	Sep 2014 Euros '000	Sep 2013 Euros '000
Water, electricity and fuel	14,611	14,859
Consumables	4,315	4,164
Rents	86,191	93,194
Communications	21,336	22,134
Travel, hotel and representation costs	6,959	6,862
Advertising	23,214	18,454
Maintenance and related services	21,651	22,912
Credit cards and mortgage	3,186	3,523
Advisory services	8,429	11,207
Information technology services	15,416	14,432
Outsourcing	55,423	57,510
Other specialised services	22,214	21,987
Training costs	1,049	925
Insurance	3,835	3,812
Legal expenses	5,198	5,498
Transportation	8,016	7,938
Other supplies and services	30,157	25,988
	331,200	335,399

12. Depreciation

The amount of this account is comprised of:

	Sep 2014 Euros '000	Sep 2013 Euros '000
Intangible assets:		
Software	10,433	11,551
Other intangible assets	256	120
	10,689	11,671
Property, plant and equipment:		
Land and buildings	20,144	17,316
Equipment		
Furniture	1,451	1,770
Office equipment	1,681	1,819
Computer equipment	6,207	8,340
Interior installations	1,698	1,969
Motor vehicles	2,915	2,522
Security equipment	1,837	1,476
Other equipment	1,704	1,837
Other tangible assets	1	-
	37,638	37,049
	48,327	48,720

13. Loans impairment

The amount of this account is comprised of:

	Sep 2014 Euros '000	Sep 2013 Euros '000
Loans and advances to credit institutions:		
For overdue loans and credit risks		
Impairment for the period	2	18
Write-back for the period	(4)	-
	(2)	18
Loans and advances to customers:		
For overdue loans and credit risks		
Charge for the period	1,113,934	1,370,859
Write-back for the period	(228,560)	(742,767)
Recovery of loans and interest charged-off	(10,834)	(9,467)
	874,540	618,625
	874,538	618,643

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:

	Sep 2014 Euros '000	Sep 2013 Euros '000
Impairment for financial assets available for sale		
Charge for the period	52,541	97,361
	52,541	97,361

15. Other provisions

The amount of this account is comprised of:

	Sep 2014 Euros '000	Sep 2013 Euros '000
Provision for guarantees and other commitments		
Charge for the period	46,808	67,613
Write-back for the period	(12,268)	(11,013)
	34,540	56,600
Other provisions for liabilities and charges		
Charge for the period	34,511	105,926
Write-back for the period	(1,200)	(997)
	33,311	104,929
	67,851	161,529

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:

	Sep 2014 Euros '000	Sep 2013 Euros '000
Banque BCP, S.A.S.	2,072	2,380
Banque BCP (Luxembourg), S.A.	42	(84)
Millenniumbcp Ageas Grupo Segurador, S.G.P.S., S.A.	27,968	38,429
SIBS, S.G.P.S, S.A.	2,284	1,603
Unicre - Instituição Financeira de Crédito, S.A.	1,299	1,921
VSC - Aluguer de Veículos Sem Condutor, Lda.	517	(35)
Other companies	(5,961)	2,226
	28,221	46,440

17. Gains / (losses) arising from the sale of subsidiaries and other assets

The amount of this account is comprised of:

	Sep 2014 Euros '000	Sep 2013 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.	69,396	-
Partial disposal of the investment held in Banque BCP (Luxembourg), S.A.	-	859
Other assets	(6,970)	(22,414)
	62,426	(21,555)

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 insurance companies that operate exclusively in the non-life insurance business, as referred in note 47.

The caption Gains / (losses) arising from the sale of subsidiaries and other assets corresponds to the gains and losses arising from the sale and revaluation of assets of the Group classified as non-current assets held for sale.

The caption Partial disposal of the investment held in Banque BCP (Luxembourg) S.A. corresponds to the gain generated on the sale of 10% of the investment held in the associated company, which occurred in June 2013.

18. (Loss) / income arising from discontinued operations

The amount of this account is comprised of:

	Sep 2014 Euros '000	Sep 2013 Euros '000
Net (loss) / income before income tax:		
Millennium Bank (Greece)	-	(98,773)
Millennium bcp Gestão de Activos - Sociedade Gestora de Fundos de Investimento, S.A.	2,704	1,761
Banca Millennium S.A.	(1,291)	(5,424)
Impairment Banca Millennium S.A.	(35,000)	-
Gain arising from the sale of Millennium Bank (Greece)	-	32,125
Others	109	367
	(33,478)	(69,944)
Taxes:		
Millennium Bank (Greece)	-	25,254
Millennium bcp Gestão de Activos - Sociedade Gestora de Fundos de Investimento, S.A.	(720)	(499)
Banca Millennium S.A.	146	1,695
Others	(18)	(67)
	(592)	26,383
	(34,070)	(43,561)

In accordance with accounting policy described in note 1k), with reference at 30 September 2014, the balance Impairment Banca Millennium S.A., corresponds to the impact from the difference between the estimated fair value less cost to sell of the subsidiary in accordance with the available information, and the respectively equity accounted in the consolidated financial statements of the BCP Group. As referred in note 47, the sale of Banca Millennium was formalized at 30 July 2014, depending on the authorizations of the regulatory entities.

19. Earnings per share

The earnings per share are calculated as follows:

	Sep 2014 Euros '000	Sep 2013 Euros '000
Net (loss) / income from continuing operations	(64,187)	(553,765)
(Loss) / income arising from discontinued operations	(34,070)	(43,561)
Net (loss) / income	(98,257)	(597,326)
Average number of shares	38,999,792,529	33,959,527,416
Basic earnings per share (Euros):		
from continuing operations	0,00	(0.02)
from discontinued operations	0,00	0,00
	0,00	(0.02)
Diluted earnings per share (Euros)		
from continuing operations	0,00	(0.02)
from discontinued operations	0,00	0,00
	0,00	(0.02)

The Bank's share capital, as at 30 September 2014, 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.

20. Cash and deposits at Central Banks

This balance is analysed as follows:

	Sep 2014 Euros '000	Dec 2013 Euros '000
Cash	568,859	679,700
Central Banks		
Bank of Portugal	474,289	1,162,198
Central Banks abroad	714,057	1,097,765
	1,757,205	2,939,663

The balance Central Banks includes deposits with Central Banks of the countries where the group operates in order to satisfy the legal requirements to maintain a cash reserve calculated based on the value of deposits and other liabilities. The cash reserve requirements, according to the European Central Bank System for Euro Zone, establishes the maintenance of a deposit with the Central Bank equivalent to 1% of the average value of deposits and other liabilities, during each reserve requirement period. The rate is different for countries outside the Euro Zone.

21. Loans and advances to credit institutions repayable on demand

This balance is analysed as follows:

	Sep 2014 Euros '000	Dec 2013 Euros '000
Credit institutions in Portugal	50,933	6,027
Credit institutions abroad	450,813	850,029
Amounts due for collection	221,004	197,974
	722,750	1,054,030

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:

	Sep 2014 Euros '000	Dec 2013 Euros '000
Central Banks abroad	40,623	262,267
Credit institutions in Portugal	1,573	36,913
Credit institutions abroad	869,897	941,650
	912,093	1,240,830
Impairment for other loans and advances to credit institutions	(86)	(202)
	912,007	1,240,628

The changes occurred in impairment for other loans and advances to credit institutions are analysed as follows:

	Sep 2014 Euros '000	Sep 2013 Euros '000
Balance on 1 January	202	2,358
Transfers	(114)	(310)
Impairment for the period	2	18
Write-back for the period	(4)	-
Loans charged-off	-	(1,811)
Exchange rate differences	-	(21)
Balance on 30 September	86	234

23. Loans and advances to customers

This balance is analysed as follows:

	Sep 2014 Euros '000	Dec 2013 Euros '000
Public sector	1,360,280	1,213,574
Asset-backed loans	32,619,627	35,507,371
Personal guaranteed loans	9,523,869	9,134,948
Unsecured loans	3,089,194	2,861,931
Foreign loans	2,483,831	2,630,179
Factoring	1,465,058	1,120,635
Finance leases	3,276,373	3,347,879
	53,818,232	55,816,517
Overdue loans - less than 90 days	112,722	125,202
Overdue loans - Over 90 days	4,421,389	4,280,537
	58,352,343	60,222,256
Impairment for credit risk	(3,543,947)	(3,420,059)
	54,808,396	56,802,197

As at 30 September 2014, the balance Loans and advances to customers includes the amount of Euros 13,036,901,000 (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.

The analysis of loans and advances to customers, by type of credit, is as follows:

	Sep 2014 Euros '000	Dec 2013 Euros '000
Loans not represented by securities		
Discounted bills	328,286	371,637
Current account credits	2,577,526	2,605,813
Overdrafts	1,933,188	1,833,990
Loans	15,692,330	16,862,327
Mortgage loans	26,427,325	27,367,062
Factoring	1,465,058	1,120,635
Finance leases	3,276,373	3,347,879
	51,700,086	53,509,343
Loans represented by securities		
Commercial paper	1,780,203	1,829,560
Bonds	337,943	477,614
	2,118,146	2,307,174
	53,818,232	55,816,517
Overdue loans - less than 90 days	112,722	125,202
Overdue loans - Over 90 days	4,421,389	4,280,537
	58,352,343	60,222,256
Impairment for credit risk	(3,543,947)	(3,420,059)
	54,808,396	56,802,197

The analysis of loans and advances to customers, by sector of activity, is as follows:

	Sep 2014 Euros '000	Dec 2013 Euros '000
Agriculture	432,627	390,165
Mining	187,134	177,689
Food, beverage and tobacco	528,913	509,340
Textiles	481,810	454,475
Wood and cork	220,481	209,747
Paper, printing and publishing	194,754	231,682
Chemicals	672,105	617,703
Machinery, equipment and basic metallurgical	1,019,151	985,780
Electricity, water and gas	1,126,944	1,191,942
Construction	4,361,354	4,502,979
Retail business	1,258,317	1,259,196
Wholesale business	2,215,622	2,059,034
Restaurants and hotels	1,231,550	1,301,132
Transports and communications	1,976,994	2,362,520
Services	11,283,737	12,427,129
Consumer credit	3,950,391	3,583,050
Mortgage credit	25,973,561	26,603,015
Other domestic activities	10,592	6,841
Other international activities	1,226,306	1,348,837
	58,352,343	60,222,256
Impairment for credit risk	(3,543,947)	(3,420,059)
	54,808,396	56,802,197

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.

The balance Loans and advances to customers includes the following amounts related to securitization transactions, presented by type of transaction:

	Traditional	
	Sep 2014 Euros '000	Dec 2013 Euros '000
Mortgage loans	654,859	697,184
Consumer loans	-	108,932
Leases	-	509,735
Corporate loans	-	2,122,436
	654,859	3,438,287

The balance Loans and advances to customers includes the following amounts related to finance leases contracts:

	Sep 2014 Euros '000	Dec 2013 Euros '000
Gross amount	3,782,942	3,882,683
Interest not yet due	(506,569)	(534,804)
Net book value	3,276,373	3,347,879

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:

	Sep 2014 Euros '000	Dec 2013 Euros '000
Agriculture	17,960	2,599
Mining	197	121
Food, beverage and tobacco	2,648	2,560
Textiles	475	590
Wood and cork	908	1,159
Paper, printing and publishing	575	912
Chemicals	967	994
Machinery, equipment and basic metallurgical	27,009	26,716
Electricity, water and gas	2,197	1,400
Construction	23,858	17,607
Retail business	3,866	3,577
Wholesale business	27,123	39,980
Restaurants and hotels	1,584	1,875
Transports and communications	6,105	8,366
Services	15,915	185,524
Consumer credit	86,806	116,379
Mortgage credit	56,788	53,462
Other domestic activities	12	79
Other international activities	14,246	876
	289,239	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.

The analysis of overdue loans, by sector of activity, is as follows:

	Sep 2014 Euros '000	Dec 2013 Euros '000
Agriculture	22,524	22,633
Mining	9,710	9,539
Food, beverage and tobacco	25,517	31,196
Textiles	43,200	47,020
Wood and cork	36,816	43,702
Paper, printing and publishing	15,025	25,527
Chemicals	69,451	69,425
Machinery, equipment and basic metallurgical	87,329	76,940
Electricity, water and gas	14,882	12,943
Construction	1,227,609	1,235,057
Retail business	193,560	213,555
Wholesale business	237,507	240,213
Restaurants and hotels	284,949	229,188
Transports and communications	110,591	84,514
Services	1,178,399	1,096,002
Consumer credit	678,899	643,137
Mortgage credit	268,144	246,406
Other domestic activities	10,566	6,792
Other international activities	19,433	71,950
	4,534,111	4,405,739

The changes occurred in impairment for credit risk are analysed as follows:

	Sep 2014 Euros '000	Sep 2013 Euros '000
Balance on 1 January	3,420,059	4,242,725
Transfers resulting from changes in the Group's structure	37,572	(891,061)
Other transfers	(36,916)	(31,846)
Impairment for the period	1,113,934	1,370,859
Write-back for the period	(228,560)	(742,767)
Loans charged-off	(770,947)	(451,824)
Exchange rate differences	8,805	(15,282)
Balance on 30 September	3,543,947	3,480,804

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:

	Sep 2014 Euros '000	Dec 2013 Euros '000
Agriculture	37,661	33,194
Mining	9,875	8,517
Food, beverage and tobacco	22,769	21,787
Textiles	24,278	22,470
Wood and cork	29,144	28,363
Paper, printing and publishing	15,152	38,544
Chemicals	57,118	37,349
Machinery, equipment and basic metallurgical	57,895	54,644
Electricity, water and gas	9,073	6,635
Construction	730,410	722,895
Retail business	126,933	121,375
Wholesale business	192,675	161,330
Restaurants and hotels	163,151	117,792
Transports and communications	105,640	99,748
Services	1,029,169	1,080,805
Consumer credit	523,987	442,295
Mortgage credit	348,360	274,156
Other domestic activities	38,181	20,252
Other international activities	22,476	127,908
	3,543,947	3,420,059

The analysis of loans charged-off, by sector of activity, is as follows:

	Sep 2014 Euros '000	Sep 2013 Euros '000
Agriculture	870	420
Mining	275	254
Food, beverage and tobacco	6,936	1,597
Textiles	5,576	5,403
Wood and cork	11,102	12,241
Paper, printing and publishing	26,309	540
Chemicals	3,154	19,345
Machinery, equipment and basic metallurgical	11,087	36,836
Electricity, water and gas	2	63
Construction	183,564	53,584
Retail business	33,164	4,481
Wholesale business	32,153	28,321
Restaurants and hotels	13,073	5,510
Transports and communications	15,879	7,746
Services	342,340	157,353
Consumer credit	79,369	56,558
Mortgage credit	4,292	720
Other domestic activities	738	784
Other international activities	1,064	60,068
	770,947	451,824

The analysis of recovered loans and interest, during the first nine months of 2014 and 2013, by sector of activity, is as follows:

	Sep 2014 Euros '000	Sep 2013 Euros '000
Agriculture	90	5
Food, beverage and tobacco	87	69
Textiles	222	135
Wood and cork	146	186
Paper, printing and publishing	128	393
Chemicals	70	120
Machinery, equipment and basic metallurgical	1,241	57
Electricity, water and gas	25	-
Construction	1,022	2,603
Retail business	617	152
Wholesale business	910	915
Restaurants and hotels	202	169
Transports and communications	215	56
Services	734	235
Consumer credit	4,817	3,408
Mortgage credit	-	735
Other domestic activities	169	217
Other international activities	59	12
	10,834	9,467

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:

	Sep 2014 Euros '000	Dec 2013 Euros '000
Bonds and other fixed income securities		
Issued by public entities	5,867,509	6,236,367
Issued by other entities	2,838,302	2,339,516
	8,705,811	8,575,883
Overdue securities	4,083	4,927
Impairment for overdue securities	(4,077)	(4,925)
	8,705,817	8,575,885
Shares and other variable income securities	1,464,306	1,203,203
	10,170,123	9,779,088
Trading derivatives	1,066,709	838,111
	11,236,832	10,617,199

The portfolio of financial instruments held for trading and available for sale securities, net of impairment, is analysed as follows:

	Sep 2014			Dec 2013		
	Securities			Securities		
	Trading Euros '000	Available for sale Euros '000	Total Euros '000	Trading Euros '000	Available for sale Euros '000	Total Euros '000
Fixed income:						
Bonds issued by public entities						
Portuguese issuers	191,829	2,045,130	2,236,959	180,611	1,683,197	1,863,808
Foreign issuers	303,800	1,639,435	1,943,235	177,530	1,521,656	1,699,186
Bonds issued by other entities						
Portuguese issuers	290	774,995	775,285	58	395,311	395,369
Foreign issuers	87,664	1,678,977	1,766,641	81,292	1,217,431	1,298,723
Treasury bills and other Government bonds	-	1,687,315	1,687,315	-	2,673,373	2,673,373
Commercial paper	-	300,459	300,459	-	650,351	650,351
	583,583	8,126,311	8,709,894	439,491	8,141,319	8,580,810
Impairment for overdue securities	-	(4,077)	(4,077)	-	(4,925)	(4,925)
	583,583	8,122,234	8,705,817	439,491	8,136,394	8,575,885
Variable income:						
Shares in Portuguese companies	9,266	79,559	88,825	9,275	61,257	70,532
Shares in foreign companies	414	25,613	26,027	64	22,241	22,305
Investment fund units	1,236	1,346,194	1,347,430	1,371	1,107,228	1,108,599
Other securities	2,024	-	2,024	1,767	-	1,767
	12,940	1,451,366	1,464,306	12,477	1,190,726	1,203,203
Trading derivatives	1,066,709	-	1,066,709	838,111	-	838,111
	1,663,232	9,573,600	11,236,832	1,290,079	9,327,120	10,617,199

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 30 September 2014, the amount of fair value reserves of Euros 245,701,000 (31 December 2013: Euros 79,599,000) is presented net of impairment losses in the amount of Euros 192,767,000 (31 December 2013: Euros 146,610,000).

The analysis of financial assets held for trading and available for sale by sector of activity, as at 30 September 2014 is as follows:

	Sep 2014				
	Bonds Euros '000	Shares Euros '000	Other Financial Assets Euros '000	Overdue Securities Euros '000	Total Euros '000
Food, beverage and tobacco	-	-	-	6	6
Textiles	-	5,000	-	361	5,361
Wood and cork	-	501	-	998	1,499
Paper, printing and publishing	13,051	41	-	-	13,092
Chemicals	-	10	-	-	10
Machinery, equipment and basic metallurgical	-	551	-	-	551
Electricity, water and gas	-	8	-	-	8
Construction	-	952	-	-	952
Retail business	-	330	-	2,540	2,870
Wholesale business	-	1,618	-	-	1,618
Restaurants and hotels	-	72	-	176	248
Transport and communications	366,871	35,800	-	-	402,671
Services	2,458,380	69,963	1,347,428	2	3,875,773
Other international activities	-	6	2,026	-	2,032
	2,838,302	114,852	1,349,454	4,083	4,306,691
Government and Public securities	4,180,194	-	1,687,315	-	5,867,509
Impairment for overdue securities	-	-	-	(4,077)	(4,077)
	7,018,496	114,852	3,036,769	6	10,170,123

The analysis of financial assets held for trading and available for sale by sector of activity as at 31 December 2013 is as follows:

	Dec 2013				
	Bonds Euros '000	Shares Euros '000	Other Financial Assets Euros '000	Overdue Securities Euros '000	Total Euros '000
Food, beverage and tobacco	-	-	-	2	2
Textiles	-	5,000	-	361	5,361
Wood and cork	-	501	-	998	1,499
Paper, printing and publishing	12,822	36	-	-	12,858
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 were the Group operates, which includes fixed income securities.

25. Hedging derivatives

This balance is analysed as follows:

	Sep 2014		Dec 2013	
	Assets Euros '000	Liabilities Euros '000	Assets Euros '000	Liabilities Euros '000
Hedging instruments				
Swaps	72,385	263,608	104,503	243,373
	72,385	263,608	104,503	243,373

26. Financial assets held to maturity

The balance Financial assets held to maturity is analysed as follows:

	Sep 2014 Euros '000	Dec 2013 Euros '000
Bonds and other fixed income securities		
Issued by Government and public entities	1,908,112	2,095,199
Issued by other entities	816,071	1,015,131
	2,724,183	3,110,330

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:

	Sep 2014 Euros '000	Dec 2013 Euros '000
Transport and communications	174,360	171,457
Services	641,711	843,674
	816,071	1,015,131
Government and Public securities	1,908,112	2,095,199
	2,724,183	3,110,330

As part of the management process of the liquidity risk, the Group holds a pool of eligible assets that can be used as collateral in funding operations with the European Central Bank and other Central Banks in countries were the Group operates, which include fixed income securities,

27. Investments in associated companies

This balance is analysed as follows:

	Sep 2014 Euros '000	Dec 2013 Euros '000
Portuguese credit institutions	29,777	29,273
Foreign credit institutions	29,208	27,094
Other Portuguese companies	390,869	515,307
Other foreign companies	7,532	7,216
	457,386	578,890

The balance Investments in associated companies is analysed as follows:

	Sep 2014 Euros '000	Dec 2013 Euros '000
Banque BCP, S.A.S.	26,781	24,710
Banque BCP (Luxembourg), S.A.	2,427	2,384
Millenniumbcp Ageas Grupo Segurador, S.G.P.S., S.A.	372,015	497,301
SIBS, S.G.P.S, S.A.	17,499	15,457
Unicre - Instituição Financeira de Crédito, S.A.	29,777	29,273
Other	8,887	9,765
	457,386	578,890

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 49.

28. Non-current assets held for sale

This balance is analysed as follows:

	Sep 2014 Euros '000	Dec 2013 Euros '000
Subsidiaries acquired exclusively with the purpose of short-term sale	91,772	48,872
Investments, properties and other assets arising from recovered loans	1,823,939	1,830,254
	1,915,711	1,879,126
Impairment	(325,056)	(372,695)
	1,590,655	1,506,431

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 17,128,000 (31 December 2013: Euros 28,875,000).

On 30 September 2014, the balance Investments, properties and other assets arising from recovered loans includes the amount of Euros 363,567,000 (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.

As mentioned in note 29, during 2013, a set of Fund's property assets that were previously classified as investment property has been transferred to Non-current assets held for sale, following the redefinition of the value of these assets recovery strategy, which will be perspective be materialized through its sale.

The 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.

29. Investment property

The balance Investment property includes the amount of Euros 177,629,000 (31 December 2013: 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.

During 2013, the change occurred in the caption Investment properties, as mentioned in note 28, included the effect of the transfer of a set funds' property assets to Non-current assets held for sale following the redefinition of the recovery strategy of the value of these assets.

30. Property and equipment

This balance is analysed as follows:

	Sep 2014 Euros '000	Dec 2013 Euros '000
Land and buildings	1,178,400	1,045,251
Equipment		
Furniture	90,409	89,524
Machines	58,775	56,729
Computer equipment	297,732	294,511
Interior installations	146,323	143,985
Motor vehicles	25,124	22,949
Security equipment	86,821	84,917
Other equipment	34,545	33,526
Work in progress	20,354	107,742
Other tangible assets	543	435
	1,939,026	1,879,569
Accumulated depreciation		
Charge for the period	(37,638)	(52,897)
Accumulated charge for the previous periods	(1,126,457)	(1,094,109)
	(1,164,095)	(1,147,006)
	774,931	732,563

31. Goodwill and intangible assets

This balance is analysed as follows:

	Sep 2014 Euros '000	Dec 2013 Euros '000
Intangible assets		
Software	114,255	121,628
Other intangible assets	55,804	55,878
	170,059	177,506
Accumulated depreciation		
Charge for the period	(10,689)	(15,226)
Accumulated charge for the previous periods	(125,668)	(125,747)
	(136,357)	(140,973)
	33,702	36,533
Goodwill		
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	18,780	18,609
	231,115	230,944
Impairment		
Others	(16,706)	(16,562)
	(16,706)	(16,562)
	214,409	214,382
	248,111	250,915

32. Income Tax

Deferred income tax assets and liabilities generated by tax losses and by temporary differences are analysed as follows:

	Sep 2014			Dec 2013		
	Assets Euros '000	Liabilities Euros '000	Net Euros '000	Assets Euros '000	Liabilities Euros '000	Net Euros '000
Intangible assets	46	-	46	58	-	58
Other tangible assets	8,084	4,158	3,926	7,448	4,232	3,216
Impairment losses	1,268,038	3,517	1,264,521	1,090,690	2,132	1,088,558
Benefits to employees	724,958	-	724,958	795,543	-	795,543
Financial assets available for sale	6,228	55,020	(48,792)	5,894	36,334	(30,440)
Derivatives	-	1,517	(1,517)	-	1,311	(1,311)
Allocation of profits	73,684	-	73,684	76,937	-	76,937
Tax losses carried forward	385,742	-	385,742	256,241	-	256,241
Others	38,706	38,948	(242)	29,897	43,595	(13,698)
Total deferred taxes	2,505,486	103,160	2,402,326	2,262,708	87,604	2,175,104
Offset between deferred tax assets and deferred tax liabilities	(95,752)	(95,752)	-	(81,303)	(81,303)	-
Net deferred taxes	2,409,734	7,408	2,402,326	2,181,405	6,301	2,175,104

The impact of income taxes in Net (loss) / income and in other captions of Group's equity, as at 30 September 2014, is analysed as follows:

	Sep 2014			
	Net (loss) / income Euros '000	Reserves and retained earnings Euros '000	Exchange differences Euros '000	Discontinued operations Euros '000
Deferred taxes				
Intangible assets	-	-	-	(12)
Other tangible assets	716	(50)	38	7
Impairment losses	177,381	1,563	(2,975)	(7)
Benefits to employees	(23,999)	(45,762)	(764)	(60)
Financial assets available for sale	-	(20,176)	1,954	(131)
Allocation of profits	(3,252)	-	-	-
Derivatives	(213)	1,447	(1,441)	-
Tax losses carried forward	94,820	31,408	2,944	329
Others	13,563	(546)	431	9
	259,016	(32,116)	187	135
Current taxes				
Actual period	(87,991)	-	-	-
Correction of previous periods	(249)	-	-	-
	(88,240)	-	-	-
	170,776	(32,116)	187	135

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:

	Dec 2013			
	Net (loss) / income	**Reserves and retained earnings**	**Exchange differences**	**Discontinued operations**
	Euros '000	**Euros '000**	**Euros '000**	**Euros '000**
Deferred taxes				
Intangible assets	1	-	-	(1)
Other tangible assets	1,470	-	(43)	6
Impairment losses	347,932	-	(1,858)	(27,941)
Benefits to employees	26,568	204,552	(228)	(1,265)
Financial assets available for sale	-	(2,666)	158	195
Allocation of profits	8,303	-	-	-
Derivatives	1,399	-	74	-
Tax losses carried forward	(118,333)	(21,337)	711	(53,481)
Others	59,094	(506)	600	(843)
	326,434	180,043	(586)	(83,330)
Current taxes				
Actual period	(78,288)	-	-	-
Correction of previous periods	(37,347)	-	-	-
	(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:

	Sep 2014		Sep 2013	
	%	**Euros '000**	**%**	**Euros '000**
Net loss before income taxes		(153,064)		(624,838)
Current tax rate	31.5%	48,215	29.0%	181,203
Foreign tax rate effect and difference in municipal surtax rate	22.0%	33,696	1.6%	9,980
Accruals for the purpose of calculating the taxable income (i)	-18.2%	(27,795)	-10.8%	(67,703)
Deductions for the purpose of calculating the taxable income (ii)	33.6%	51,356	8.7%	54,113
Fiscal incentives not recognised in profit / loss accounts	0.1%	189	0.9%	5,766
Effect of tax losses not recognised previously (iii)	72.3%	110,605	-1.0%	(6,455)
Effect of change in rate of deferred tax (iv)	-26.9%	(41,104)	-6.2%	(38,909)
Correction of previous periods	-1.5%	(2,295)	0.3%	1,738
(Autonomous tax) / tax credits	-1.4%	(2,091)	-0.2%	(1,320)
	111.5%	170,776	22.3%	138,413

References:

(i) Refers, essentially, to the tax associated with the additions of impairment losses not deductible for tax purposes, unpaid dividends, annulled for consolidation purposes;

(ii) This is mainly associated with the tax deductions of net income of non-resident companies and net income of associated companies consolidated under the equity method, of capital gains on sale of investments and reduction of taxable impairment;

(iii) Corresponds, essentially, to the recognition of deferred tax assets associated with impairment of investments intended to be settled, net of annulment of deferred tax assets associated with impairment of investments not intended to settlement and to the cancellation or non-recognition of deferred tax assets related to tax losses which are not estimated that will be used within the reporting date;

(iv) Refers to the effect of increasing the maximum state tax rate net of the effect of reducing the income tax rate in deferred taxes and to the difference of deferred tax rate associated to tax losses.

33. Other assets

This balance is analysed as follows:

	Sep 2014 Euros '000	Dec 2013 Euros '000
Debtors	120,930	192,744
Supplementary capital contributions	130,310	132,348
Amounts due for collection	17,464	22,284
Recoverable tax	19,393	20,372
Recoverable government subsidies on interest on mortgage loans	13,002	10,546
Associated companies	904	1,679
Interest and other amounts receivable	46,772	38,095
Prepayments and deferred costs	38,182	22,188
Amounts receivable on trading activity	73,425	6,486
Amounts due from customers	198,617	147,524
Reinsurance technical provision	3,703	2,690
Sundry assets	272,569	163,072
	935,271	760,028
Impairment for other assets	(161,639)	(166,667)
	773,632	593,361

34. Deposits from credit institutions

This balance is analysed as follows:

	Sep 2014 Euros '000	Dec 2013 Euros '000
Central Banks	7,136,585	11,191,067
Credit institutions in Portugal	386,513	107,098
Credit institutions abroad	3,115,881	2,194,371
	10,638,979	13,492,536

35. Deposits from customers

This balance is analysed as follows:

	Sep 2014 Euros '000	Dec 2013 Euros '000
Deposits from customers:		
Repayable on demand	16,129,577	15,315,697
Term deposits	30,729,129	31,165,233
Saving accounts	1,272,537	1,462,644
Structured deposits	1,434,844	675,007
Treasury bills and other assets sold under repurchase agreement	66,534	16,484
Others	324,193	324,687
	49,956,814	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.

36. Debt securities issued

This balance is analysed as follows:

	Sep 2014 Euros '000	Dec 2013 Euros '000
Debt securities at amortized cost		
Bonds	2,231,345	2,608,342
Covered bonds	2,222,184	2,184,569
MTNs	1,988,673	3,384,542
Securitizations	494,698	540,442
	6,936,900	8,717,895
Accruals	138,013	97,706
	7,074,913	8,815,601
Debt securities at fair value through profit and loss		
Bonds	126,748	109,414
MTNs	161,110	170,708
	287,858	280,122
Accruals	1,843	3,479
	289,701	283,601
Certificates	404,618	312,025
	7,769,232	9,411,227

37. Financial liabilities held for trading

The balance is analysed as follows:

	Sep 2014 Euros '000	Dec 2013 Euros '000
FRA	-	68
Swaps	869,809	757,897
Options	111,606	106,181
Embedded derivatives	68	784
Forwards	5,438	4,600
	986,921	869,530

38. Provisions

This balance is analysed as follows:

	Sep 2014 Euros '000	Dec 2013 Euros '000
Provision for guarantees and other commitments	246,913	211,765
Technical provision for the insurance activity:		
For direct insurance and reinsurance accepted:		
Unearned premium / reserve	15,076	12,037
Life insurance	54,389	50,587
Bonuses and rebates	3,171	1,594
Other technical provisions	11,991	9,960
Other provisions for liabilities and charges	116,950	80,017
	448,490	365,960

Changes in Provision for guarantees and other commitments are analysed as follows:

	Sep 2014 Euros '000	Sep 2013 Euros '000
Balance on 1 January	211,765	107,470
Transfers resulting from changes in the Group's structure	(17)	(7,778)
Other transfers	-	2,348
Charge for the period	46,808	67,613
Write-back for the period	(12,268)	(11,013)
Exchange rate differences	625	(461)
Balance on 30 September	246,913	158,179

Changes in Other provisions for liabilities and charges are analysed as follows:

	Sep 2014 Euros '000	Sep 2013 Euros '000
Balance on 1 January	80,017	66,953
Transfers resulting from changes in the Group's structure	(931)	(1,030)
Other transfers	7,128	1,078
Charge for the period	34,511	105,926
Write-back for the period	(1,200)	(997)
Amounts charged-off	(2,801)	(1,545)
Exchange rate differences	226	(541)
Balance on 30 September	116,950	169,844

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:

	Sep 2014 Euros '000	Dec 2013 Euros '000
Bonds		
Non Perpetual Bonds	1,237,409	1,221,541
Perpetual Bonds	28,326	28,202
CoCos	762,002	3,024,642
	2,027,737	4,274,385
Accruals	36,396	86,953
	2,064,133	4,361,338

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 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, S.A. ("BCP") repaid, in August 2014 and as referred in note 47, 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 BCP's capital ratios and as announced during the recent capital increase. Banco Comercial Português, S.A. had already repaid in May 2014, Euros 400,000,000 of core tier I capital instruments (CoCos) issued by the Portuguese State.

As at 30 September 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
Non Perpetual Bonds					
Banco Comercial Português:					
Mbcp Ob Cx Sub 1 Serie 2008-2018	September, 2008	September, 2018	See reference (i)	251,406	251,406
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	88,465
Bcp Ob Sub Aug 2020 - Emtn 739	August, 2010	August, 2020	See reference (iii)	53,298	54,843
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	8,213
Bcp Subord Sep 2019 - Emtn 826	October, 2011	September, 2019	Fixed rate of 9.310%	50,000	50,242
Bcp Subord Nov 2019 - Emtn 830	November, 2011	November, 2019	Fixed rate of 8.519%	40,000	38,753
Bcp Subord Dec 2019 - Emtn 833	December, 2011	December, 2019	Fixed rate of 7.150%	26,600	24,550
Mill Bcp Subord Jan 2020 - Emtn 834	January, 2012	January, 2020	Fixed rate of 7.010%	14,000	12,357
Mbcp Subord Feb 2020 - Vm Sr. 173	April, 2012	February, 2020	Fixed rate of 9.000%	23,000	21,411
Bcp Subord Apr 2020 - Vm Sr 187	April, 2012	April, 2020	Fixed rate of 9.150%	51,000	47,775
Bcp Subord 2 Serie Apr 2020 - Vm 194	April, 2012	April, 2020	Fixed rate of 9.000%	25,000	23,279
Bcp Subordinadas Jul 20-Emtn 844	July, 2012	July, 2020	Fixed rate of 9.000%	26,250	23,555
Bank Millennium:					
MB Finance AB	December, 2007	December, 2017	Euribor 6M + 2%	149,925	149,925
Banco de Investimento Imobiliário:					
BII Ob. Cx. Sub. 2004/2014	December, 2004	December, 2014	See reference (iv)	15,000	14,998
BCP Finance Bank:					
BCP Fin Bank Ltd EMTN - 295	December, 2006	December, 2016	See reference (v)	71,209	71,196
BCP Fin Bank Ltd EMTN - 828	October, 2011	October, 2021	Fixed rate of 13.000%	98,850	72,570
Magellan No. 3:					
Magellan No. 3 Series 3 Class F	June, 2005	May, 2058	-	44	44
					1,237,409
Perpetual Bonds					
Obrigações Caixa Perpétuas Subord 2002/19jun2012	June, 2002	-	See reference (vi)	90	58
TOPS BPSM 1997	December, 1997	-	Euribor 6M + 0.900%	22,611	22,986
BCP Leasing 2001	December, 2001	-	Euribor 3M + 1.750%	5,282	5,282
					28,326
CoCos					
Bcp Coco Bonds 12/29.06.2017	June, 2012	June, 2017	See reference (vii)	750,000	762,002
					762,002
Accruals					36,396
					2,064,133

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) - Until 10th coupon Euribor 6M + 0.400%; After 10th coupon Euribor 6M + 0.900%;
(v) - Euribor 3M + 0.300% (0.800% after December 2011);
(vi) - Until 40th coupon 6.131%; After 40th coupon Euribor 3M + 2.400%;
(vii) - 1st year: 8.500%; 2nd year 8.750%; 3rd year 9.000%; 4th year 9.500%; 5th year 10.000%.

40. Other liabilities

This balance is analysed as follows:

	Sep 2014 Euros '000	Dec 2013 Euros '000
Creditors:		
Suppliers	33,089	38,389
From factoring operations	6,620	9,052
Associated companies	4	582
Other creditors	262,017	371,231
Public sector	51,981	65,326
Interests and other amounts payable	118,020	101,244
Deferred income	10,157	6,506
Holiday pay and subsidies	76,196	67,800
Other administrative costs payable	1,207	2,341
Amounts payable on trading activity	39,902	6,848
Other liabilities	468,951	327,205
	1,068,144	996,524

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, issued on 9 June, 2004, amounting to Euros 500,000,000, issued to redeem the 8,000,000 Non-cumulative Guaranteed Non-voting Preference Shares, with par value of Euros 50 each, issued by BCP Finance Company on 14 June, 1999, amounting to Euros 400,000,000.

- 10,000 preference shares with par value of Euros 50,000 perpetual each without voting rights issued on 13 October 2005, in the amount of Euros 500,000,000, to redeem the 6,000,000 preference shares, of Euros 100 each, without voting rights, in the amount of Euros 600,000,000, issued by BCP Finance Company on 28 September 2000.

Within the scope of the exchange offer, the majority of the preference shares were exchanged for new debt instruments in October 2011. The amount not exchanged 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. The amount not exchanged amounted to Euros 9,853,000.

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:

	Sep 2014 Euros '000	Dec 2013 Euros '000
Actuarial losses (net of taxes)	(1,889,009)	(1,877,291)
Exchange differences arising on consolidation	(96,213)	(120,132)
Fair value reserves		
Financial assets available for sale		
Potential gains and losses recognised in fair value reserves	233,323	113,461
Loans represented by securities (*)	(22)	(25)
Financial assets held to maturity (*)	5,233	5,503
Of associated companies and others	7,167	(39,340)
Cash-flow hedge	(22,392)	(25,141)
	223,309	54,458
Tax		
Financial assets available for sale		
Potential gains and losses recognised in fair value reserves	(66,667)	(35,186)
Loans represented by securities	7	8
Financial assets held to maturity	(1,648)	(1,733)
Cash-flow hedge	4,254	4,764
	(64,054)	(32,147)
Fair value reserve net of taxes	159,255	22,311
	(1,825,967)	(1,975,112)
Other reserves and retained earnings:		
Legal reserve	193,270	193,270
Statutory reserve	30,000	30,000
Other reserves and retained earnings	2,836,364	1,585,859
Other reserves arising on consolidation	(169,874)	(168,643)
	2,889,760	1,640,486

(*) Refers to the amount not accrued the fair value reserve at the date of reclassification for securities subject to reclassification.

The changes occurred in legal reserve are analysed in note 42. The Fair value reserves correspond to the accumulated fair value changes of the financial assets available for sale and Cash flow hedge, in accordance with the accounting policy presented in note 1 d).

The balance Statutory reserves corresponds to a reserve to steady dividends that, according to the bank's by-laws can be distributed.

44. Treasury stock

This balance is analysed as follows:

	Banco Comercial Português, S.A. shares		Other treasury stock	Total
Sep 2014				
Net book value (Euros '000)	20,894		12,431	33,325
Number of securities	201,682,429	(*)		
Average book value (Euros)	0.10			
Dec 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 30 September 2014, this balance includes 201,682,429 shares (31 December 2013: 76,664,387 shares) owned by clients which were financed by the Bank. Considering the fact that for these clients there is evidence of impairment, under the IAS 39 the shares of the Bank owned by these clients were, only for accounting purposes and in accordance with this standard, considered as treasury stock.

45. Non-controlling interests

The balance Non-controlling interests is analysed as follows:

	Balance Sheet		Income Statement	
	Sep 2014	Dec 2013	Sep 2014	Sep 2013
	Euros '000	Euros '000	Euros '000	Euros '000
Bank Millennium, S.A.	466,913	445,219	40,717	32,181
BIM - Banco Internacional de Moçambique, SA	148,628	128,099	22,264	21,307
Banco Millennium Angola, S.A.	153,049	123,528	18,589	13,744
Other subsidiaries	(3,917)	(4,245)	329	108
	764,673	692,601	81,899	67,340

This balance is analysed as follows:

	Sep 2014	Dec 2013
	Euros '000	Euros '000
Exchange differences arising on consolidation	(2,214)	(18,577)
Fair value reserves	(2,516)	(7,927)
Deferred taxes	46	648
	(4,684)	(25,856)
Other reserves and retained earnings	769,357	718,457
	764,673	692,601

46. Guarantees and other commitments

This balance is analysed as follows:

	Sep 2014	Dec 2013
	Euros '000	Euros '000
Guarantees granted	5,403,993	5,528,090
Guarantees received	30,994,199	29,292,448
Commitments to third parties	8,588,513	8,003,594
Commitments from third parties	10,767,984	14,043,416
Securities and other items held for safekeeping on behalf of customers	124,480,783	109,426,379
Securities and other items held under custody by the Securities Depository Authority	131,606,539	129,517,608
Other off balance sheet accounts	134,290,916	148,832,584

The amounts of Guarantees granted and Commitments to third parties are analysed as follows:

	Sep 2014	Dec 2013
	Euros '000	Euros '000
Guarantees granted:		
Guarantees	4,174,170	4,309,714
Stand-by letter of credit	79,907	81,876
Open documentary credits	357,494	291,701
Bails and indemnities	792,422	844,799
	5,403,993	5,528,090
Commitments to third parties		
Irrevocable commitments		
Term deposits contracts	884,115	50,111
Irrevocable credit lines	2,260,320	2,296,632
Other irrevocable commitments	329,222	308,622
Revocable commitments		
Revocable credit lines	3,760,322	3,996,579
Bank overdraft facilities	1,124,252	1,184,706
Other revocable commitments	230,282	166,944
	8,588,513	8,003,594

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.

47. Relevant events occurred during the first nine months 2014

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, 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.

Sale of Banca Millennium (Romania) to OTP Bank

Banco Comercial Português, S.A. ("BCP") 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 BCP of the intragroup funding currency provided by BCP to BMR, amounting to approximately Euros 150,000,000.

The reimbursement to the Portuguese State of Euros 1,850,000,000 in CoCos

Banco Comercial Português, S.A. ("BCP") 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 BCP's capital ratios and as announced during the recent capital increase.

Resolution Fund

On 3 August 2014, the Bank of Portugal has adopted a set of measures in 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.

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 BCP’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, BCP 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. In 2013, the Non-Life activity posted gross inflows of Euros 251,000,000 and a net profit of Euros 12,000,000.

The partners (Ageas and BCP) 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. (“BCP”) 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.

48. Segmental reporting

The segments presented are in accordance with IFRS 8. In accordance with the Group's management model, the segments presented correspond to the segments used for Executive Committee's management purposes. The Group offers a wide range of banking activities and financial services in Portugal and abroad, with a special focus on Commercial Banking, Corporate and Investment Banking and Asset Management and Private Banking.

Following the commitment agreed with the Directorate-General for Competition of the European Commission (DG Comp), an additional segment, was considered, non-Core Business Portfolio, respecting the criteria agreed.

Segments description

The Retail Banking activity includes the Retail activity of Banco Comercial Português in Portugal, operating as a distribution channel for products and services from other companies of the Group, and the Foreign business segment, operating through several banking operations in markets with affinity to Portugal and in countries with higher growth potential.

The Retail segment in Portugal includes: (i) the Retail network in Portugal, where the strategic approach is to target “Mass Market” customers, who appreciate a value proposition based on innovation and speed, as well as Prestige and Small Business customers, whose specific characteristics, financial assets or income imply a value proposition based on innovation and personalisation, requiring a dedicated Account Manager; and (ii) ActivoBank, a bank focused on clients who are young, intensive users of new communication technologies and who prefer a banking relationship based on simplicity, offering modern products and services.

The Foreign Business segment, for the purpose of business segments, comprises the operations outside Portugal, in particular Bank Millennium in Poland, Millennium bim in Mozambique and Banco Millennium Angola. The Foreign Business segment, in terms of geographical segments, comprises the Group operations outside Portugal referred to above, and also Banque Privée BCP in Switzerland and Millennium bcp Bank & Trust in the Cayman Islands.

In Poland, the Group is represented by a universal bank offering a wide range of financial products and services to individuals and companies nationwide; in Mozambique by a universal bank targeting companies and individual customers, in Angola by a bank focused on private customers and companies as well as public and private institutions and in the Cayman Islands by Millennium bcp Bank & Trust, a bank designed for international services in the area of Private Banking to customers with high net worth ("Affluent" segment). In Switzerland the Group is represented by Banque Privée BCP, a Private Banking platform under Swiss law.

The Companies Banking business includes the Companies segment in Portugal, which operates as a distribution channel of products and services from other companies of the Group, and the Corporate & Investment Banking segment.

The Companies in Portugal segment includes: (i) the Companies network that covers the financial needs of companies with an annual turnover between Euros 2.5 million and Euros 50 million, and focuses on innovation, offering a wide range of traditional banking products complemented by specialised financing, (ii) Specialised Recovery Division, (iii) the activity of the Real Estate Business Division and (iv) Interfundos.

The Corporate & Investment Banking segment includes: (i) the Corporate network in Portugal, targeting corporate and institutional customers with an annual turnover in excess of Euros 50 million, providing a complete range of value-added products and services; (ii) Specialised Monitoring Division, (iii) the Investment Banking unit, and (iv) the activity of the Bank's International Division.

The Asset Management and Private Banking segment, for purposes of the business segments, comprises (i) the Private Banking network in Portugal, (ii) Asset Management, (iii) BII Investimentos Internacional and also includes the activities of (iv) Banque Privée BCP and (v) Millennium bcp Bank & Trust. For purposes of the geographical segments excludes Banque Privée BCP and Millennium bcp Bank & Trust that are considered Foreign Business.

Following the process for obtaining authorisation from the European Commission (EC) to the State aid, business portfolios were identified that the Bank should gradually disinvest/demobilise, ceasing grant new credit. This demobilisation is subject to a framework which dominant criteria is the capital impact optimisation, in particular through the minimisation of expected loss.

In this context, the Bank proceeded with the segregation of these portfolios, highlighting them in a separate segment defined as Non Core Business Portfolio (PNNC).

PNNC includes the business with clients for which credit has been granted for securities-backed lending, loans collateralised with other assets (for those which the debt ratio over asset value is not less than 90%), subsidised mortgage loans, construction subcontractors focused almost exclusively on the Portuguese market, football clubs and Real 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 30 September 2014, 73% of this portfolio benefited from asset backed loans, including 67% with real estate collateral and 6% 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 September 2014. The capital allocation for each segment in September 2013 and September 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 September 2014 and Basel II in September 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 30 September 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.

Regarding the commitment agreed with the Directorate-General for Competition of the European Commission (DG Comp) on the Bank’s Restructuring Plan, in particular the sale of Millennium bcp’s operation in Romania in the mid-term and the implementation of a new approach to the assets management business, the activities of Millennium bank in Romania and of Millennium bcp Gestão de Activos were presented on the line item of “income arising from discontinued operations” at 30 September 2013 and at 30 September 2014. At the consolidated balance sheet level, the presentation of assets and liabilities of Millennium bank in Romania and of Millennium bcp Gestão de Activos remained considered as at 30 September 2014 and at 30 September 2013.

Additionally, following 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”.

As at 30 September, 2014, the net contribution of the major business segments is analysed as follows:

	Commercial Banking			Companies Banking						
	Retail in Portugal	Foreign Business	Total	Companies in Portugal	Corporate and Investment Banking in Portugal	Total	Asset Management and Private Banking	Portfolio non core business	Other	Consolidated
Income statement										
Interest income	460,269	707,562	1,167,831	153,090	278,896	431,986	51,755	223,998	137,804	2,013,374
Interest expense	(287,542)	(296,854)	(584,396)	(65,248)	(109,686)	(174,934)	(43,527)	(204,998)	(214,565)	(1,222,420)
Net interest income	172,727	410,708	583,435	87,842	169,210	257,052	8,228	19,000	(76,761)	790,954
Commissions and other income	248,569	221,172	469,741	49,278	83,683	132,961	42,173	16,386	22,190	683,451
Commissions and other costs	(10,904)	(56,154)	(67,058)	(2,668)	(1,678)	(4,346)	(4,276)	(961)	(123,572)	(200,213)
Net commissions and other income	237,665	165,018	402,683	46,610	82,005	128,615	37,897	15,425	(101,382)	483,238
Net gains arising from trading activity	51	67,167	67,218	-	-	-	1,730	-	288,209	357,157
Staff costs and administrative costs	409,706	300,580	710,286	47,513	27,101	74,614	28,226	18,994	(22,884)	809,236
Depreciations	1,404	23,538	24,942	221	69	290	189	22	22,884	48,327
Operating costs	411,110	324,118	735,228	47,734	27,170	74,904	28,415	19,016	-	857,563
Impairment and provisions	(151,611)	(62,812)	(214,423)	(154,954)	(145,962)	(300,916)	1,051	(333,938)	(169,271)	(1,017,497)
Share of profit of associates under the equity method	-	-	-	-	-	-	-	-	28,221	28,221
Net gain from the sale of other assets	-	3,171	3,171	-	-	-	-	-	59,255	62,426
Net (loss) / income before income tax	(152,278)	259,134	106,856	(68,236)	78,083	9,847	20,491	(318,529)	28,271	(153,064)
Income tax	47,764	(53,572)	(5,808)	21,672	(24,596)	(2,924)	(4,514)	100,337	83,685	170,776
(Loss) / income after income tax from continuing operations	(104,514)	205,562	101,048	(46,564)	53,487	6,923	15,977	(218,192)	111,956	17,712
(Loss) / income arising from discontinued operations	-	(36,054)	(36,054)	-	-	-	-	-	1,984	(34,070)
Net (loss) / income after income tax	(104,514)	169,508	64,994	(46,564)	53,487	6,923	15,977	(218,192)	113,940	(16,358)
Non-controlling interests	-	(74,692)	(74,692)	-	-	-	-	-	(7,207)	(81,899)
Net (loss) / income after income tax	(104,514)	94,816	(9,698)	(46,564)	53,487	6,923	15,977	(218,192)	106,733	(98,257)
Balance sheet										
Cash and Loans and advances to credit institutions	6,393,536	1,606,192	7,999,728	39,100	2,361,008	2,400,108	2,635,763	3,977	(9,647,614)	3,391,962
Loans and advances to customers	17,680,140	13,036,730	30,716,870	4,675,029	7,169,667	11,844,696	493,350	11,266,323	487,157	54,808,396
Financial assets (*)	482,321	3,877,959	4,360,280	-	-	-	16,432	-	9,656,688	14,033,400
Other assets	147,515	730,198	877,713	13,159	42,386	55,545	18,722	1,406	5,610,600	6,563,986
Total Assets	24,703,512	19,251,079	43,954,591	4,727,288	9,573,061	14,300,349	3,164,267	11,271,706	6,106,831	78,797,744
Deposits from other credit institutions	15,672	2,038,557	2,054,229	2,176,309	1,326,190	3,502,499	288,395	10,534,342	(5,740,486)	10,638,979
Deposits from customers	22,479,956	14,855,089	37,335,045	2,023,622	7,341,696	9,365,318	2,506,620	243,600	506,231	49,956,814
Debt securities issued	1,642,181	444,798	2,086,979	4,940	39	4,979	154,503	4,101	5,518,670	7,769,232
Other financial liabilities	-	409,380	409,380	-	-	-	14,012	-	2,891,270	3,314,662
Other liabilities	19,475	451,259	470,734	12,754	29,183	41,937	8,991	4,743	1,007,050	1,533,455
Total Liabilities	24,157,284	18,199,083	42,356,367	4,217,625	8,697,108	12,914,733	2,972,521	10,786,786	4,182,735	73,213,142
Equity and non-controlling interests	546,228	1,051,996	1,598,224	509,663	875,953	1,385,616	191,746	484,920	1,924,096	5,584,602
Total Liabilities, Equity and non-controlling interests	24,703,512	19,251,079	43,954,591	4,727,288	9,573,061	14,300,349	3,164,267	11,271,706	6,106,831	78,797,744

(*) Includes financial assets held for trading, financial assets held to maturity, financial assets available for sale, hedging derivatives and assets with repurchase agreement.

As at 30 September, 2013, the net contribution of the major business segments is analysed as follows:

	Commercial Banking			Companies Banking						
	Retail in Portugal	Foreign Business	Total	Companies in Portugal	Corporate and Investment Banking in Portugal	Total	Asset Management and Private Banking	Portfolio non core business	Other	Consolidated
Income statement										
Interest income	452,004	682,364	1,134,368	176,508	311,349	487,857	69,516	288,481	165,851	2,146,073
Interest expense	(375,069)	(345,985)	(721,054)	(83,068)	(157,890)	(240,958)	(65,515)	(243,439)	(261,350)	(1,532,316)
Net interest income	76,935	336,379	413,314	93,440	153,459	246,899	4,001	45,042	(95,499)	613,757
Commissions and other income	256,557	215,878	472,435	50,770	88,939	139,709	35,624	19,969	41,348	709,085
Commissions and other costs	(11,044)	(52,398)	(63,442)	(3,642)	(6,842)	(10,484)	(5,450)	(55)	(160,405)	(239,836)
Net commissions and other income	245,513	163,480	408,993	47,128	82,097	129,225	30,174	19,914	(119,057)	469,249
Net gains arising from trading activity	(19)	80,744	80,725	-	-	-	1,153	-	67,495	149,373
Staff costs and administrative costs	440,536	293,409	733,945	49,993	29,184	79,177	26,706	20,045	(20,558)	839,315
Depreciations	1,495	22,405	23,900	186	74	260	215	31	24,314	48,720
Operating costs	442,031	315,814	757,845	50,179	29,258	79,437	26,921	20,076	3,756	888,035
Impairment and provisions	(66,251)	(56,753)	(123,004)	(185,598)	(149,949)	(335,547)	245	(277,235)	(258,526)	(994,067)
Share of profit of associates under the equity method	-	312	312	-	-	-	-	-	46,128	46,440
Net gain from the sale of other assets	-	7,569	7,569	-	-	-	3	-	(29,127)	(21,555)
Net (loss) / income before income tax	(185,853)	215,917	30,064	(95,209)	56,349	(38,860)	8,655	(232,355)	(392,342)	(624,838)
Income tax	58,265	(43,187)	15,078	30,066	(17,750)	12,316	176	73,191	37,652	138,413
(Loss) / income after income tax from continuing operations	(127,588)	172,730	45,142	(65,143)	38,599	(26,544)	8,831	(159,164)	(354,690)	(486,425)
(Loss) / income arising from discontinued operations	-	(44,838)	(44,838)	-	-	-	-	-	1,277	(43,561)
Net (loss) / income after income tax	(127,588)	127,892	304	(65,143)	38,599	(26,544)	8,831	(159,164)	(353,413)	(529,986)
Non-controlling interests	-	(62,227)	(62,227)	-	-	-	-	-	(5,113)	(67,340)
Net (loss) / income after income tax	(127,588)	65,665	(61,923)	(65,143)	38,599	(26,544)	8,831	(159,164)	(358,526)	(597,326)
Balance sheet										
Cash and Loans and advances to credit institutions	4,572,759	2,204,438	6,777,197	32,347	1,828,889	1,861,236	3,121,357	5,349	(7,161,214)	4,603,925
Loans and advances to customers	18,301,450	11,982,487	30,283,937	4,930,357	8,197,340	13,127,697	550,393	13,040,548	104,144	57,106,719
Financial assets (*)	178,135	2,896,046	3,074,181	-	-	-	23,214	-	12,218,132	15,315,527
Other assets	86,391	681,352	767,743	5,801	21,390	27,191	16,840	905	5,282,555	6,095,234
Total Assets	23,138,735	17,764,323	40,903,058	4,968,505	10,047,619	15,016,124	3,711,804	13,046,802	10,443,617	83,121,405
Deposits from other credit institutions	-	2,062,858	2,062,858	2,963,847	1,547,348	4,511,195	755,881	12,047,818	(3,994,191)	15,383,561
Deposits from customers	20,582,714	13,626,157	34,208,871	1,588,443	7,448,280	9,036,723	2,591,763	315,042	1,272,159	47,424,558
Debt securities issued	2,010,614	204,697	2,215,311	4,909	1,512	6,421	211,993	6,008	7,472,806	9,912,539
Other financial liabilities	-	476,087	476,087	-	-	-	21,503	-	5,219,263	5,716,853
Other liabilities	16,797	360,216	377,013	17,955	34,442	52,397	4,485	-	873,796	1,307,691
Total Liabilities	22,610,125	16,730,015	39,340,140	4,575,154	9,031,582	13,606,736	3,585,625	12,368,868	10,843,833	79,745,202
Equity and non-controlling interests	528,610	1,034,308	1,562,918	393,351	1,016,037	1,409,388	126,179	677,934	(400,216)	3,376,203
Total Liabilities, Equity and non-controlling interests	23,138,735	17,764,323	40,903,058	4,968,505	10,047,619	15,016,124	3,711,804	13,046,802	10,443,617	83,121,405

(*) Includes financial assets held for trading, financial assets held to maturity, financial assets available for sale, hedging derivatives and assets with repurchase agreement.

As at 30 September, 2014, the net contribution of the major geographic segments is analysed as follows:

	Portugal											
	Retail Banking	**Companies**	**Corporate and Investment Banking**	**Asset Management and Private Banking**	**Portfolio non core business**	**Other**	**Total**	**Poland**	**Angola**	**Mozambique**	**Other**	**Consolidated**
Income statement												
Interest income	460,269	153,090	278,896	32,146	223,998	137,804	1,286,203	468,731	89,282	149,549	19,609	2,013,374
Interest expense	(287,542)	(65,248)	(109,686)	(30,255)	(204,998)	(214,565)	(912,294)	(216,760)	(29,366)	(50,728)	(13,272)	(1,222,420)
Net interest income	172,727	87,842	169,210	1,891	19,000	(76,761)	373,909	251,971	59,916	98,821	6,337	790,954
Commissions and other income	248,569	49,278	83,683	19,985	16,386	22,190	440,091	130,821	31,181	59,170	22,188	683,451
Commissions and other costs	(10,904)	(2,668)	(1,678)	(144)	(961)	(123,572)	(139,927)	(32,928)	(5,710)	(17,516)	(4,132)	(200,213)
Net commissions and other income	237,665	46,610	82,005	19,841	15,425	(101,382)	300,164	97,893	25,471	41,654	18,056	483,238
Net gains arising from trading activity	51	-	-	-	-	288,209	288,260	34,504	19,199	13,464	1,730	357,157
Staff costs and administrative costs	409,706	47,513	27,101	11,990	18,994	(22,884)	492,420	188,015	48,950	63,615	16,236	809,236
Depreciations	1,404	221	69	4	22	22,884	24,604	9,510	6,228	7,800	185	48,327
Operating costs	411,110	47,734	27,170	11,994	19,016	-	517,024	197,525	55,178	71,415	16,421	857,563
Impairment and provisions	(151,611)	(154,954)	(145,962)	142	(333,938)	(169,271)	(955,594)	(48,116)	(7,299)	(7,397)	909	(1,017,497)
Share of profit of associates under the equity method	-	-	-	-	-	28,221	28,221	-	-	-	-	28,221
Net gain from the sale of other assets	-	-	-	-	-	59,255	59,255	2,325	209	637	-	62,426
Net (loss) / income before income tax	(152,278)	(68,236)	78,083	9,880	(318,529)	28,271	(422,809)	141,052	42,318	75,764	10,611	(153,064)
Income tax	47,764	21,672	(24,596)	(3,110)	100,337	83,685	225,752	(32,996)	(6,847)	(13,729)	(1,404)	170,776
(Loss) / income after income tax from continuing operations	(104,514)	(46,564)	53,487	6,770	(218,192)	111,956	(197,057)	108,056	35,471	62,035	9,207	17,712
(Loss) / income arising from discontinued operations	-	-	-	-	-	1,984	1,984	-	-	-	(36,054)	(34,070)
Net (loss) / income after income tax	(104,514)	(46,564)	53,487	6,770	(218,192)	113,940	(195,073)	108,056	35,471	62,035	(26,847)	(16,358)
Non-controlling interests	-	-	-	-	-	(7,207)	(7,207)	(37,269)	(16,765)	(20,658)	-	(81,899)
Net (loss) / income after income tax	(104,514)	(46,564)	53,487	6,770	(218,192)	106,733	(202,280)	70,787	18,706	41,377	(26,847)	(98,257)
Balance sheet												
Cash and Loans and advances to credit institutions	6,393,536	39,100	2,361,008	1,566,977	3,977	(9,647,614)	716,984	838,534	363,185	332,867	1,140,392	3,391,962
Loans and advances to customers	17,680,140	4,675,029	7,169,667	244,975	11,266,323	487,157	41,523,291	10,474,908	878,206	1,322,589	609,402	54,808,396
Financial assets (*)	482,321	-	-	50	-	9,656,688	10,139,059	2,924,776	435,349	470,976	63,240	14,033,400
Other assets	147,515	13,159	42,386	9,628	1,406	5,610,600	5,824,694	281,665	218,075	205,557	33,995	6,563,986
Total Assets	24,703,512	4,727,288	9,573,061	1,821,630	11,271,706	6,106,831	58,204,028	14,519,883	1,894,815	2,331,989	1,847,029	78,797,744
Deposits from other credit institutions	15,672	2,176,309	1,326,190	400	10,534,342	(5,740,486)	8,312,427	1,359,620	268,128	249,594	449,210	10,638,979
Deposits from customers	22,479,956	2,023,622	7,341,696	1,646,108	243,600	506,231	34,241,213	11,418,856	1,416,573	1,700,658	1,179,514	49,956,814
Debt securities issued	1,642,181	4,940	39	154,502	4,101	5,518,670	7,324,433	418,664	-	26,135	-	7,769,232
Other financial liabilities	-	-	-	-	-	2,891,270	2,891,270	425,534	-	-	(2,142)	3,314,662
Other liabilities	19,475	12,754	29,183	970	4,743	1,007,050	1,074,175	241,544	61,302	146,397	10,037	1,533,455
Total Liabilities	24,157,284	4,217,625	8,697,108	1,801,980	10,786,786	4,182,735	53,843,518	13,864,218	1,746,003	2,122,784	1,636,619	73,213,142
Equity and non-controlling interests	546,228	509,663	875,953	19,650	484,920	1,924,096	4,360,510	655,665	148,812	209,205	210,410	5,584,602
Total Liabilities, Equity and non-controlling interests	24,703,512	4,727,288	9,573,061	1,821,630	11,271,706	6,106,831	58,204,028	14,519,883	1,894,815	2,331,989	1,847,029	78,797,744

(*) Includes financial assets held for trading, financial assets held to maturity, financial assets available for sale, hedging derivatives and assets with repurchase agreement.

As at 30 September, 2013, the net contribution of the major geographic segments is analysed as follows:

	Portugal											
	Retail Banking	**Companies**	**Corporate and Investment Banking**	**Asset Management and Private Banking**	**Portfolio non core business**	**Other**	**Total**	**Poland**	**Angola**	**Mozambique**	**Other**	**Consolidated**
Income statement												
Interest income	452,004	176,508	311,349	37,706	288,481	165,851	1,431,899	480,036	67,068	135,260	31,810	2,146,073
Interest expense	(375,069)	(83,068)	(157,890)	(46,445)	(243,439)	(261,350)	(1,167,261)	(281,250)	(19,268)	(45,467)	(19,070)	(1,532,316)
Net interest income	76,935	93,440	153,459	(8,739)	45,042	(95,499)	264,638	198,786	47,800	89,793	12,740	613,757
Commissions and other income	256,557	50,770	88,939	16,410	19,969	41,348	473,993	130,191	25,090	60,597	19,214	709,085
Commissions and other costs	(11,044)	(3,642)	(6,842)	(1,037)	(55)	(160,405)	(183,025)	(29,638)	(3,136)	(19,624)	(4,413)	(239,836)
Net commissions and other income	245,513	47,128	82,097	15,373	19,914	(119,057)	290,968	100,553	21,954	40,973	14,801	469,249
Net gains arising from trading activity	(19)	-	-	-	-	67,495	67,476	39,185	25,127	16,432	1,153	149,373
Staff costs and administrative costs	440,536	49,993	29,184	11,610	20,045	(20,558)	530,810	181,671	48,662	63,076	15,096	839,315
Depreciations	1,495	186	74	3	31	24,314	26,103	9,892	5,552	6,961	212	48,720
Operating costs	442,031	50,179	29,258	11,613	20,076	3,756	556,913	191,563	54,214	70,037	15,308	888,035
Impairment and provisions	(66,251)	(185,598)	(149,949)	572	(277,235)	(258,526)	(936,987)	(40,469)	(6,259)	(10,025)	(327)	(994,067)
Share of profit of associates under the equity method	-	-	-	-	-	46,128	46,128	312	-	-	-	46,440
Net gain from the sale of other assets	-	-	-	-	-	(29,127)	(29,127)	1,823	47	5,699	3	(21,555)
Net (loss) / income before income tax	(185,853)	(95,209)	56,349	(4,407)	(232,355)	(392,342)	(853,817)	108,627	34,455	72,835	13,062	(624,838)
Income tax	58,265	30,066	(17,750)	1,430	73,191	37,652	182,854	(22,521)	(8,074)	(12,592)	(1,254)	138,413
(Loss) / income after income tax from continuing operations	(127,588)	(65,143)	38,599	(2,977)	(159,164)	(354,690)	(670,963)	86,106	26,381	60,243	11,808	(486,425)
(Loss) / income arising from discontinued operations	-	-	-	-	-	1,277	1,277	-	-	-	(44,838)	(43,561)
Net (loss) / income after income tax	(127,588)	(65,143)	38,599	(2,977)	(159,164)	(353,413)	(669,686)	86,106	26,381	60,243	(33,030)	(529,986)
Non-controlling interests	-	-	-	-	-	(5,113)	(5,113)	(29,697)	(12,469)	(20,061)	-	(67,340)
Net (loss) / income after income tax	(127,588)	(65,143)	38,599	(2,977)	(159,164)	(358,526)	(674,799)	56,409	13,912	40,182	(33,030)	(597,326)
Balance sheet												
Cash and Loans and advances to credit institutions	4,572,759	32,347	1,828,889	1,590,613	5,349	(7,161,214)	868,743	1,331,622	382,039	389,875	1,631,646	4,603,925
Loans and advances to customers	18,301,450	4,930,357	8,197,340	246,224	13,040,548	104,144	44,820,063	9,865,093	541,811	1,128,036	751,716	57,106,719
Financial assets (*)	178,135	-	-	50	-	12,218,132	12,396,317	2,208,487	264,693	358,992	87,038	15,315,527
Other assets	86,391	5,801	21,390	4,749	905	5,282,555	5,401,791	278,819	209,730	167,570	37,324	6,095,234
Total Assets	23,138,735	4,968,505	10,047,619	1,841,636	13,046,802	10,443,617	63,486,914	13,684,021	1,398,273	2,044,473	2,507,724	83,121,405
Deposits from other credit institutions	-	2,963,847	1,547,348	761	12,047,818	(3,994,191)	12,565,583	1,424,464	231,383	191,412	970,719	15,383,561
Deposits from customers	20,582,714	1,588,443	7,448,280	1,609,223	315,042	1,272,159	32,815,861	10,763,157	1,002,929	1,519,548	1,323,063	47,424,558
Debt securities issued	2,010,614	4,909	1,512	211,993	6,008	7,472,806	9,707,842	179,237	-	25,460	-	9,912,539
Other financial liabilities	-	-	-	-	-	5,219,263	5,219,263	472,767	-	-	24,823	5,716,853
Other liabilities	16,797	17,955	34,442	954	-	873,796	943,944	182,062	41,160	133,973	6,552	1,307,691
Total Liabilities	22,610,125	4,575,154	9,031,582	1,822,931	12,368,868	10,843,833	61,252,493	13,021,687	1,275,472	1,870,393	2,325,157	79,745,202
Equity and non-controlling interests	528,610	393,351	1,016,037	18,705	677,934	(400,216)	2,234,421	662,334	122,801	174,080	182,567	3,376,203
Total Liabilities, Equity and non-controlling interests	23,138,735	4,968,505	10,047,619	1,841,636	13,046,802	10,443,617	63,486,914	13,684,021	1,398,273	2,044,473	2,507,724	83,121,405

(*) Includes financial assets held for trading, financial assets held to maturity, financial assets available for sale, hedging derivatives and assets with repurchase agreement.

Reconciliation of net income of reportable segments with the net result of the Group

Description of the relevant items of reconciliation:

	Sep 2014 Euros '000	Sep 2013 Euros '000
Net contribution (excluding minority interest effect)		
Retail Banking in Portugal	(104,514)	(127,588)
Companies	(46,564)	(65,143)
Corporate and Investment Banking	53,487	38,599
Asset Management and Private Banking	6,770	(2,977)
Portfolio non core business	(218,192)	(159,164)
Foreign Business	214,769	184,538
Non-controlling interests (1)	(81,899)	(67,340)
	(176,143)	(199,075)
(Loss) / income from discontinued operations	(34,070)	(43,561)
	(210,213)	(242,636)
Amounts not allocated to segments:		
Interests of hybrid instruments	(162,751)	(201,104)
Net interest income of the bond portfolio	86,210	84,509
Interests written off	(44,013)	(54,417)
Cost of debt issue with State Guarantee	(22,689)	(47,774)
Own Credit Risk	(2,881)	(7,529)
Impact of exchange rate hedging of investments	(6,290)	2,168
Equity accounted earnings	28,221	46,128
Impairment and other provisions (2)	(169,272)	(258,526)
Operating expenses	-	(3,755)
Gain on sale of the non life insurance business	69,396	-
Impacts of investment in Piraeus Bank	-	79,059
Gains on disposal of public debt	260,291	49,491
Others (3)	75,734	(42,940)
Total not allocated to segments	111,956	(354,690)
Consolidated net (loss) / income	(98,257)	(597,326)

(1) Corresponds mainly to the income attributable to third parties related to the subsidiaries in Poland, in Mozambique and in Angola;
(2) Includes provisions for property in kind, administrative infractions, various contingencies and other unallocated to business segments.
(3) Includes funding for non interest bearing assets and the financial strategies as well as tax effect associated with the items previously discriminated.

49. List of subsidiary and associated companies of Banco Comercial Português Group

As at 30 September 2014 the Banco Comercial Português Group's subsidiary companies included in the consolidated accounts using the full consolidation method were as follows:

					Group		Bank
Subsidiary companies	**Head office**	**Share capital**	**Currency**	**Activity**	**% control**	**% held**	**% held**
Banco de Investimento Imobiliário, S.A.	Lisbon	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	–
Banca Millennium S.A.	Bucharest	303,195,000	RON	Banking	100.0	100.0	–
Banco Millennium Angola, S.A.	Luanda	4,009,893,495	AOA	Banking	50.1	50.1	–
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	202,176,195	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	45,205,149	BRL	Financial Services	100.0	100.0	100.0
BCP International B.V.	Amsterdam	18,000	EUR	Holding company	100.0	100.0	100.0
BCP Investment B.V.	Amsterdam	620,774,050	EUR	Holding company	100.0	100.0	100.0
bcp holdings (usa), Inc.	Newark	250	USD	Holding company	100.0	100.0	–
BCP África, S.G.P.S., Lda.	Funchal	25,000	EUR	Holding company	100.0	100.0	100.0
Bitalpart, B.V.	Rotterdam	19,370	EUR	Holding company	100.0	100.0	100.0
Millennium bcp Participações, S.G.P.S., Sociedade Unipessoal, Lda.	Funchal	25,000	EUR	Holding company	100.0	100.0	100.0
BCP Capital - Sociedade de Capital de Risco, S.A.	Oeiras	2,000,000	EUR	Venture capital	100.0	100.0	100.0
BG Leasing, S.A.	Gdansk	1,000,000	PLN	Leasing	74.0	48.5	–
BII Investimentos International, S.A.	Luxembourg	150,000	EUR	Investment fund management	100.0	100.0	–
Enerparcela - Empreendimentos Imobiliários, S.A.	Alverca	8,850,000	EUR	Real-estate management	100.0	100.0	–
Imábida - Imobiliária da Arrábida, S.A. (*)	Oeiras	1,750,000	EUR	Real-estate management	100.0	100.0	100.0
Interfundos - Gestão de Fundos de Investimento Imobiliários, S.A.	Oeiras	1,500,000	EUR	Investment fund management	100.0	100.0	100.0
Adelphi Gere, Investimentos Imobiliários, S.A.	Lisbon	2,550,000	EUR	Real-estate management	100.0	100.0	–
Sadamora - Investimentos Imobiliários, S.A.	Lisbon	1,000,000	EUR	Real-estate management	100.0	100.0	–
Millennium bcp - Prestação de Serviços, A. C. E.	Lisbon	331,000	EUR	Services	93.8	94.3	78.0
Millennium Dom Maklerski, S.A.	Warsaw	16,500,000	PLN	Services	100.0	65.5	–

Subsidiary companies	Head office	Share capital	Currency	Activity	Group % control	Group % held	Bank % held
Millennium Leasing, Sp.z o.o.	Warsaw	48,195,000	PLN	Leasing	100.0	65.5	–
Millennium Service, Sp.z o.o.	Warsaw	1,000,000	PLN	Services	100.0	65.5	–
Millennium Telecomunication, Sp.z o.o.	Warsaw	100,000	PLN	Brokerage services	100.0	65.5	–
Millennium TFI - Towarzystwo Funduszy Inwestycyjnych, S.A.	Warsaw	10,300,000	PLN	Investment fund management	100.0	65.5	–
Millennium bcp Gestão de Activos - Sociedade Gestora de Fundos de Investimento, S.A.	Oeiras	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	7,241,390	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". In September 2014, it was included in the consolidated perimeter the fund Fundial – Fundo Especial de Investimento Imobiliário Fechado.

As at 30 September 2014 the Banco Comercial Português Group's associated companies, were as follows:

Associated companies	Head office	Share capital	Currency	Activity	Group % control	Group % held	Bank % 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 the companies.

Associated companies	Head office	Share capital	Currency	Activity	Group % control	Group % held	Bank % 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 30 September 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 % control	Group % held	Bank % held
S&P Reinsurance Limited	Dublin	1,500,000	EUR	Life reinsurance	100.0	100.0	100.0
SIM - Seguradora Internacional de Moçambique, S.A.R.L.	Maputo	147,500,000	MZN	Insurance	89.9	60.0	–

Associated companies	Head office	Share capital	Currency	Activity	Group % control	Group % held	Bank % held
Millenniumbcp Ageas Grupo Segurador, S.G.P.S., S.A.	Oeiras	775,002,375	EUR	Holding company	49.0	49.0	–
Ocidental - Companhia Portuguesa de Seguros de Vida, S.A.	Oeiras	22,375,000	EUR	Life insurance	49.0	49.0	–
Pensõesgere, Sociedade Gestora Fundos de Pensões, S.A.	Oeiras	1,200,000	EUR	Pension fund management	49.0	49.0	–

During the first semester of 2014, it was included in the consolidated perimeter the company Irgossai - Urbanização e construção, S.A.. Additionally, in June 2014, the Group sold the investments held in Ocidental – Companhia Portuguesa de Seguros, S.A. and in Médis – Companhia Portuguesa de Seguros de Saúde, S.A.

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.

50. Subsequent events

Sale of Millennium bcp Gestão de Activos

Banco Comercial Português, S.A., ("BCP") hereby informs that it signed an agreement today 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, subject to Supervision entities approval, is expected to have a positive impact on the consolidated capital ratios of BCP, i.e. an increase in common equity tier 1 ratio of 3 bp in accordance with the phased-in approach and of 4 bp on a fully implemented base.

This transaction marks another step by BCP, ahead of the deadline, to comply with the agreement signed by the Directorate-General for Competition of the European Commission and the Portuguese Authorities concerning the bank's restructuring plan, in line with its strategic plan.

BCP will continue to distribute the investment funds managed by MGA. BCP is the custodian for these funds.