

2015

Activity Report

3rd Quarter

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

3rd QUARTER 2015 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 3,706,690,253.08.

Financial Highlights

Euro million

	30 Sep. 15	30 Sep. 14	Change 15 / 14
Balance sheet			
Total assets	75,985	78,786	-3.6%
Loans to customers (gross) ⁽¹⁾	56,044	57,926	-3.2%
Total customer funds ⁽¹⁾	65,237	64,942	0.5%
Balance sheet customer funds ⁽¹⁾	52,966	52,885	0.2%
Customer deposits ⁽¹⁾	50,644	49,638	2.0%
Loans to customers, net / Customer deposits ⁽²⁾	104%	111%	
Loans to customers, net / Balance sheet customer funds	99%	103%	
Results			
Net income	264.5	(109.5)	
Net interest income	956.7	791.0	20.9%
Net operating revenues	2,006.4	1,709.9	17.3%
Operating costs	825.4	857.6	-3.8%
Loan impairment charges (net of recoveries)	628.0	874.5	-28.2%
Other impairment and provisions	117.4	143.0	-17.9%
Income taxes			
Current	62.9	88.2	
Deferred	18.0	(259.7)	
Profitability			
Net operating revenues / Average net assets ⁽²⁾	3.5%	2.8%	
Return on average assets (ROA) ⁽³⁾	0.6%	0.0%	
Income before tax and non-controlling interests / Average net assets ⁽²⁾	0.8%	-0.3%	
Return on average equity (ROE)	8.1%	-4.7%	
Income before tax and non-controlling interests / Average equity ⁽²⁾	11.2%	-7.0%	
Credit quality			
Overdue loans and doubtful loans / Total loans ⁽²⁾	9.7%	9.7%	
Overdue loans and doubtful loans, net / Total loans, net ⁽²⁾	3.6%	3.9%	
Credit at risk / Total loans ⁽²⁾	11.9%	12.1%	
Credit at risk, net / Total loans, net ⁽²⁾	5.9%	6.4%	
Impairment for loan losses / Overdue loans by more than 90 days ⁽¹⁾	85.8%	79.6%	
Efficiency ratios ^{(2) (4)}			
Operating costs / Net operating revenues	41.1%	52.3%	
Operating costs / Net operating revenues (Portugal)	37.9%	54.7%	
Staff costs / Net operating revenues	23.0%	29.1%	
Capital ⁽⁵⁾			
Common equity tier I phased-in ⁽⁶⁾	13.1%	12.8%	
Common equity tier I phased-in ^{(6) (7)}	13.2%	12.8%	
Common equity tier I fully implemented ⁽⁷⁾	10.0%	9.2%	
Branches			
Portugal activity	679	721	-5.8%
Foreign activity	668	730	-8.5%
Employees			
Portugal activity	7,555	8,266	-8.6%
Foreign activity	9,719	10,272	-5.4%

(1) Adjusted, in September 2014, from the effect related to the classification of Banca Millennium 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) Considering net income before non-controlling interests.

(4) Excludes the impact of specific items: gains from the sale of the shareholdings associated with non-life insurance business (Euro 69.4 million in 2014).

(5) According with CRD IV/CRR.

(6) Includes the impact of the new DTAs regime for capital purposes according with IAS. In September 2015, it does not include net income for the 3rd quarter of 2015.

(7) Considers the impacts from the new DTAs regime for capital purposes according with IAS, the year-to-date net income and, in September 2015, the minimum capital requirements that ECB intends to establish in 2016.

RESULTS AND ACTIVITY IN THE FIRST NINE MONTHS OF 2015

Considering the commitment agreed with the Directorate-General for Competition of the European Commission (DG Comp) regarding the Bank's Restructuring Plan, in particular the implementation of a new approach to the asset management business, and in accordance with IFRS 5, the activity of Millennium bcp Gestão de Activos was classified as discontinued operations during 2013.

From this date onwards, the impact on results of these operations were presented on a separate line item in the profit and loss account, defined as "income arising from discontinued operations" with no change at balance sheet level from the criteria as that of the financial statements as at 30 September 2014. However, following the sale of the total shareholding in Millennium bcp Gestão de Activos in May 2015, its assets and liabilities are no longer considered from this date onwards.

Following the first application of IFRIC 21, in June 2015, whose impacts at Group level are related with the recognition of the contributions from the banking sector, for the deposits guarantee fund and for the resolution fund, it was also necessary to restate the consolidated financial statements as at 30 September 2014.

The impact of this restatement of the financial statements for the first nine months of 2014 resulted in the accounting of a cost amounting to Euro 12.1 million under other operating income/(cost) and a Euro 0.8 million deferred tax income under income tax.

The adoption of this interpretation does not impact the amounts reported in the annual consolidated financial statements, affecting only the amounts disclosed in the interim consolidated financial statements. Consequently, 2014's financial statements were not restated.

RESULTS

The **net income** of Millennium bcp stood at Euro 264.5 million in the first nine months of 2015, comparing to a net loss of Euro 109.5 million in the same period of 2014, reaffirming the return to profits envisaged in the Strategic Plan, embodied in the recovery of profitability in Portugal and the continued development of the international activity.

Net income in the first nine months of 2015 reflects the positive performance of core net income, which increased 48.2% compared to the same period of 2014, together with the strict control of operating costs and the lower level of impairment losses and provisions charges.

In the activity in Portugal, net income improvement of Euro 327.6 million benefited from the 23.5% increase of net operating revenue, supported by the positive performance of net interest income and by the gains in net trading income associated with the sale of Portuguese sovereign debt securities.

Net income in the international activity, excluding the impacts of discontinued operations and the increase of non-controlling interests related with the subsidiary of the Group in Poland resulting from the sale of 15.4% of the shareholding in June 2015, increased 7.2%, compared with the first nine months of 2014, boosted by the growth of net interest income and net trading income in the subsidiaries in Angola and Mozambique.

Net interest income amounted to Euro 956.7 million in the first nine months of 2015, an increase of 20.9% over the Euro 791.0 million registered in the same period of 2014, mainly determined by the positive performance of the activity in Portugal.

Net interest income in Portugal totalled Euro 513.7 million in the first nine months of 2015, showing an increase of 46.2% compared with the same period of 2014, driven by the reduction of 70 basis points in term deposits cost, from the first nine months of 2014, and lower cost related to CoCos, following the early repayment of Euro 2,250 million in the second and third quarters of 2014.

In the international activity, net interest income stood at Euro 443.0 million, up 0.8% from the first nine months of 2014, on the back of the improvement of loans to customers volume observed in the subsidiaries in Angola and Mozambique.

Net interest margin in the first nine months of 2015 amounted to 1.86%, compared with 1.46% in the same period of 2014. Excluding the cost of CoCos impact, net interest margin reached 1.96% in the first nine months of 2015 and 1.76% in the same period of 2014.

AVERAGE BALANCES		Euro million		
	30 Sep.15		30 Sep.14	
	Amount	Yield %	Amount	Yield %
Deposits in banks	3,333	0.83	3,433	1.13
Financial assets	10,750	2.84	12,766	3.41
Loans and advances to customers	53,641	3.59	55,401	3.83
Interest earning assets	67,724	3.34	71,600	3.62
Discontinued operations ⁽¹⁾	90		424	
Non-interest earning assets	9,840		9,479	
	<u>77,654</u>		<u>81,503</u>	
Amounts owed to credit institutions	11,364	0.64	12,437	0.70
Amounts owed to customers	50,246	1.23	48,631	1.70
Debt issued	5,458	3.41	9,310	3.85
Subordinated debt	1,895	6.51	3,766	7.39
Interest bearing liabilities	68,963	1.45	74,144	2.09
Discontinued operations ⁽¹⁾	1		345	
Non-interest bearing liabilities	3,201		3,021	
Shareholders' equity and non-controlling interests	5,489		3,993	
	<u>77,654</u>		<u>81,503</u>	
Net interest margin		1.86		1.46
Net interest margin (excl. cost of CoCos)		1.96		1.76

Note: Interest related to hedge derivatives were allocated, in September 2015 and 2014, to the respective balance sheet item.

(1) Includes the activity of the subsidiaries in Romania (in 2014) and of Millennium bcp Gestão de Ativos, as well as the respective consolidation adjustments.

Net commissions totalled Euro 520.3 million in the first nine months of 2015, a 2.8% year-on-year increase, mainly influenced by the activity in Portugal, which increased 4.1%.

The performance of net commissions in the first nine months of 2015 reflects the 5.6% increase in commissions related to the banking business, determined by higher credit and guarantees-related commissions, both in Portugal and in the international activity, as well as the favourable effect associated with the decreased cost of the guarantee by the Portuguese State to debt securities issued, regardless of the decrease in cards and transfers-related commissions, penalised by the reduction of interchange fees in Poland. The commissions associated with financial markets showed a decrease of 8.0%, induced by the lower level of securities transactions in Portugal.

Net trading income amounted to Euro 554.1 million in the first nine months of 2015, showing a favourable performance from the Euro 357.2 million posted in the same period of 2014, benefiting from the gains related with Portuguese sovereign debt securities in Portugal, during the first and second quarters of 2015.

In the international activity, boosted by higher foreign exchange results in Angola and Mozambique, net trading income reached Euro 122.5 million in the first nine months of 2015, increasing from Euro 68.9 million in the same period of 2014.

Other net operating income was negative by Euro 55.6 million in the first nine months of 2015, compared to Euro 21.6 million accounted in the same period of 2014, determined by the booking of a Euro 69.4 million gain, in 2014, related to the disposal of the shareholding in subsidiaries that operated in the area of non-life insurance, together with the accounting, in 2015, of costs associated with the revaluation of real estate properties not related to the bank's operation. In the activity in Portugal, this heading includes the costs

related with the contributions from the banking sector and for the resolution fund, as well as for the deposit guarantee fund.

Dividends from equity instruments, which comprises dividends received from investments in financial assets available for sale, and **equity accounted earnings**, jointly amounted to Euro 31.0 million in the first nine months of 2015, from the Euro 34.0 million registered in the same period of 2014.

OTHER NET INCOME	Euro million		
	30 Sep. 15	30 Sep. 14	Change 15/14
Net commissions	520.3	506.2	2.8%
Banking commissions	424.9	402.5	5.6%
Cards and transfers	129.6	144.5	-10.3%
Credit and guarantees	133.6	116.9	14.3%
Bancassurance	56.5	54.7	3.3%
Current account related	62.2	57.6	8.0%
Commissions related with the State guarantee	-	(22.7)	-
Other commissions	43.0	51.5	-16.5%
Market related commissions	95.4	103.7	-8.0%
Securities	65.5	74.8	-12.5%
Asset management	29.9	28.9	3.6%
Net trading income	554.1	357.2	55.1%
Other net operating income	(55.6)	21.6	-
Dividends from equity instruments	5.9	5.8	0.7%
Equity accounted earnings	25.1	28.2	-11.1%
Total other net income	1,049.7	919.0	14.2%
Other net income / Net operating revenues	52.3%	53.7%	

Operating costs decreased 3.8%, reflecting the implemented initiatives focused on rationalisation and cost control in Portugal, standing at Euro 825.4 million in the first nine months of 2015, compared to Euro 857.6 million in the same period of 2014.

Operating costs in Portugal in the first nine months of 2015 decreased by 8.1% from the same period of 2014, supported by staff costs savings, driven by the initiatives undertaken in 2014, in particular number of employees decrease and temporary salary reduction measures.

In the international activity, operating costs increased 2.8% from the first nine months of 2014, determined by the operations in Angola and Mozambique, together with the effect of the average swiss franc, metical and kwanza appreciation against the euro. Excluding the exchange rate effect, operating costs increased 0.5% compared with the same period of 2014.

Staff costs totalled Euro 461.1 million in the first nine months of 2015, a year-on-year 3.5% reduction from the same period of 2014, on the back of the 10.2% decreased recorded in the activity in Portugal, driven by the reduction of 711 employees from the end of September 2014 and by the above-referred temporary salary reduction measures, in spite of the 6.4% increase in the international activity, excluding exchange rate impact.

Other administrative costs decreased 4.8% amounting to Euro 315.3 million in the first nine months of 2015, compared with Euro 331.2 million recorded in the same period of 2014, as a result of the above-mentioned rationalisation and cost control measures, mainly the resizing of the distribution network (-42 branches from 30 September 2014). In the international activity, operating costs fell 5.0% from the first nine months of 2014, standing at Euro 142.8 million.

Depreciation costs reached Euro 49.0 million in the first nine months of 2015, an increase of 1.3% compared to the Euro 48.3 million registered in the first nine months of 2014, reflecting the 9.7% increase in the international activity, determined by the operations in Angola and Mozambique.

In the activity in Portugal, depreciation costs stood at Euro 22.9 million in the first nine months of 2015, a 6.8% year-on-year reduction from the Euro 24.6 million posted in the same period of 2014, influenced by lower real estate and software-related depreciation costs.

OPERATING COSTS		Euro million	
	30 Sep. 15	30 Sep. 14	Change 15/14
Staff costs	461.1	478.0	-3.5%
Other administrative costs	315.3	331.2	-4.8%
Depreciation	49.0	48.3	1.3%
Operating costs	825.4	857.6	-3.8%
Of which:			
Portugal activity	475.2	517.0	-8.1%
Foreign activity	350.2	340.5	2.8%

Impairment for loan losses (net of recoveries) amounted to Euro 628.0 million in the first nine months of 2015, compared to Euro 874.5 million posted on the same date in 2014, reflecting the sizable impairment charges in the activity in Portugal but trending downwards.

Cost of risk decreased from 201 basis points in the first nine months of 2014 to 149 basis points in the same period of 2015, while the same ratio reached 109 basis points in the third quarter of 2015. The reinforcement of impairment provisions boosted adequate coverage levels, as set out in the Strategic Plan, and an improvement of the coverage ratio for loans overdue by more than 90 days, adjusted for the effect of discontinued operations, from 79.6% as at 30 September 2014 to 85.8% at the end of September 2015.

Other impairment and provisions totalled Euro 117.4 million in the first nine months of 2015, from the Euro 143.0 million accounted in the same period of 2014, reflecting lower guarantees and other commitments and other financial assets-related provisions, in spite of higher impairment charges for repossessed assets.

Income tax (current and deferred) amounted to Euro 80.9 million in the first nine months of 2015, compared with Euro -171.6 million posted in the same period of 2014.

These taxes include current tax costs of Euro 62.9 million in the first nine months of 2015 (Euro 88.2 million in the first nine months of 2014) and deferred tax income of Euro 18.0 million (Euro -259.7 million in the same period of 2014).

BALANCE SHEET

Total assets stood at Euro 75,985 million as at 30 September 2015, compared with Euro 78,786 million as at 30 September 2014 (Euro 76,361 million as at 31 December 2014), as a result of the loans to customers retraction and the decrease in the securities portfolio, mainly related with the treasury bonds portfolio.

Loans to customers (gross) totalled Euro 56,044 million as at 30 September 2015, from the Euro 57,926 million posted in the same date of 2014, reflecting the decreases in the activity in Portugal, in spite of the increase recorded in the international activity.

Loans to customers' performance in Portugal is still hindered by the gradual recovery of the Portuguese economy, materialised in a 3.5% decrease from 31 December 2014, induced by the combined effect of the 3.0% reduction of loans to individuals, determined by the repayments associated to mortgage loans, and the retraction in loans to companies which, excluding the effect of sales and write-offs, decreased 0.7% compared to the amount recorded at the end of 2014.

Excluding the impact from discontinued operations, as at 30 September 2015, loans to customers in the international activity increased by 3.0% from the same date of 2014, standing at Euro 13,779 million at the end of September 2015, influenced by the increases in both loans to individuals and to companies, in particular in Poland.

The structure of the loans to customers portfolio showed identical and stable levels of diversification between the end of September 2014 and 2015, with loans to companies representing 48% of total loans to customers as at 30 September 2015.

LOANS TO CUSTOMERS (GROSS)		Euro million	
	30 Sep. 15	30 Sep. 14	Change 15/14
Individuals	29,283	29,690	-1.4%
Mortgage	25,297	25,819	-2.0%
Consumer and others	3,986	3,870	3.0%
Companies	26,761	28,236	-5.2%
Services	10,240	11,268	-9.1%
Commerce	3,354	3,405	-1.5%
Construction	3,861	4,323	-10.7%
Other	9,306	9,240	0.7%
Subtotal	56,044	57,926	-3.2%
Discontinued operations	--	427	
Total	56,044	58,352	-4.0%
Of which ⁽¹⁾ :			
Portugal activity	42,265	44,554	-5.1%
Foreign activity	13,779	13,372	3.0%

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

Credit quality, determined by loans overdue by more than 90 days as a percentage of total loans, adjusted for discontinued operations, showed a favourable evolution standing at 7.4% as at 30 September 2015, compared with 7.5% as at the same date of 2014, benefiting from the continuous focus on the selection and monitoring of credit risk processes.

Coverage ratio for loans overdue by more than 90 days, adjusted for the effect from the operations classified as discontinued, stood at 85.8% as at 30 September 2015, compared with 79.6% as at 30 September 2014.

The credit at risk ratio stood at 11.9% of total loans as at 30 September 2015, which compares with 12.0% at the end of 2014 (12.1% as at 30 September 2014). As at 30 September 2015, the restructured loans ratio stood at 10.3% of total loans, a favourable evolution from the ratio as at 31 December 2014 (11.0%) and the restructured loans not included in credit at risk ratio stood at 6.5% of total loans, as at 30 September 2015 (7.2% as at 31 December 2014 and as 30 September 2014).

OVERDUE LOANS BY MORE THAN 90 DAYS AND IMPAIRMENTS AS AT 30 SEPTEMBER 2015

	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	866	749	3.0%	86.5%
Mortgage	291	320	1.1%	110.2%
Consumer and others	575	429	14.4%	74.5%
Companies	3,291	2,817	12.3%	85.6%
Services	1,176	1,159	11.5%	98.6%
Commerce	359	329	10.7%	91.4%
Construction	1,149	709	29.8%	61.7%
Other	607	620	6.5%	102.1%
Total	4,157	3,566	7.4%	85.8%

Total customer funds, excluding the impact associated with discontinued operations, amounted to Euro 65,237 million as at 30 September 2015, a 0.5% year-on-year increase from the Euro 64,942 million posted in the same date of 2014, supported by customer deposits and assets under management growth, both in Portugal and in the international activity.

Total customer funds in the activity in Portugal totalled Euro 47,550 million as at 30 September 2015, compared to Euro 48,072 million as at the end of September 2014, induced by the decrease of debt securities owed to customers, notwithstanding the increases recorded in assets under management and customer deposits, consolidating the commercial focus on deposits acquisition.

In the international activity, total customer funds increased 4.8% reaching Euro 17,686 million as at 30 September 2015 (Euro 16,870 million at the same date of 2014), grounded on balance sheet customer funds positive performance, mainly of customer deposits, that grew 5.0%, in particular in the operation in Poland.

As at 30 September 2015, excluding discontinued operations, balance sheet customer funds represented 81% of total customer funds, with customer deposits representing 78% of total customer funds.

Commercial gap narrowed by Euro 2.6 million from 30 September 2014, contributing to the improvement of loan to deposits ratio that stood at 104% as at 30 September 2015. The same ratio, considering total balance sheet customer funds, reached 99% compared with 103% as at 30 September 2014.

TOTAL CUSTOMER FUNDS ⁽¹⁾			Euro million
	30 Sep. 15	30 Sep. 14	Change 15/14
Balance sheet customer funds	52,966	52,885	0.2%
Deposits	50,644	49,638	2.0%
Debt securities	2,322	3,247	-28.5%
Off-balance sheet customer funds	12,271	12,057	1.8%
Assets under management	3,741	3,561	5.0%
Capitalisation products	8,530	8,496	0.4%
Total	65,237	64,942	0.5%

(1) Excludes, in September 2014, the impact from discontinued operations (Banca Millennium in Romania and Millennium bcp Gestão de Activos) in the amount of Euro 1,836 million.

The **securities portfolio** amounted to Euro 13,481 million as at 30 September 2015, which compares with Euro 14,052 million registered on the same date in 2014, representing 17.7% of total assets as at 30 September 2015, slightly below the amount posted as at 30 September 2014 (17.8%), essentially related with the sale of the treasury bonds portfolio.

LIQUIDITY MANAGEMENT

During the first nine months of 2015 the wholesale funding needs in Portugal decreased Euro 0.8 billion, based on the decrease in the commercial gap and the sale of 15.4% of the shareholding in Bank Millennium (Poland).

During the same period, the Bank carried out the amortization of medium and long term debt amounting to Euro 0.4 billion, related with the early redemption of senior debt, the maturity of bank loans, and to the underwriting of new bank loans totalling Euro 0.3 billion.

Accordingly, there was a change in the wholesale funding structure of the Bank, with increases of Euro 0.2 billion in repos with financial institutions and of Euro 0.2 billion in medium-long term bank loans, along with a decrease of Euro 0.7 billion of the net collateralised funding with the European Central Bank (ECB), among other less expressive changes. As at 30 September 2015, the balance of the net funding with the ECB reached Euro 5.9 billion.

The decrease of the net funding with the ECB, together with the reduction of Euro 0.2 billion of the portfolio of available eligible assets, allowed an increase of Euro 0.5 billion of the safety buffer, which totalled Euro 8.1 billion as at the end of September 2015.

The composition of the balance funded through the Eurosystem in the first nine months of 2015, was impacted by the early redemption of a Euro 0.5 billion tranche prior to the maturity of the remaining balance of Euro 3.5 billion, from an original total of Euro 12.0 billion borrowing granted in 2012 by the ECB through its long term refinancing operations. The refinancing of these amounts was carried out through the main one-week and three-month refinancing operations regularly conducted by the ECB.

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 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 (phased-in) in which institutions may accommodate the new requirements, both in terms of own funds and compliance with minimum capital ratios.

According to our interpretation of CRD IV/CRR to date, considering the year-to-date net income of the third quarter of 2015 and the impact of the minimum capital requirements that ECB intends to establish in 2016, CET1 phased-in estimated ratio reached 13.2% as at 30 September 2015, from 13.1% as at the end of the previous quarter, based on the new deferred tax assets regime for capital purposes recorded in the consolidated financial statements.

This performance was marked by the favourable effects arising from the net income recorded in the third quarter of 2015 and the decrease of risk weighted assets, namely driven namely by the reduction of loans to customers, on the one hand, and by the unfavourable effect of the increase of foreign exchange differences, on the other.

On 8 October 2015, Millennium bcp signed a memorandum of understanding to merge Banco Millennium Angola, S.A. with Banco Privado Atlântico, S.A., resulting in the second-largest private sector Angolan bank in terms of loans to the economy, with a market share of approximately 10% by business volume. The valuation of the stakes of the two merged banks will be subject to due diligence by an independent auditor and Millennium bcp is expected to hold a stake of around 20% in the merged entity. The completion of this transaction, estimated with reference to September 2015, would raise CET1 ratio, on a phased-in basis, to 13.6%.

SOLVENCY RATIOS (CRD IV/CRR)

Euro million

	30 Sep. 15 (*)	30 Jun. 15 (*)	31 Dec. 14
PHASED-IN			
Own funds			
Common equity tier 1 (CET1)	5.800	5.796	5.077
Tier 1	5.800	5.796	5.077
Total Capital	6.315	6.380	5.800
Risk weighted assets	43.862	44.127	42.376
Solvency ratios			
CET1	13,2%	13,1%	12,0%
Tier 1	13,2%	13,1%	12,0%
Total capital	14,4%	14,5%	13,7%
FULLY IMPLEMENTED			
Rácio CET1	10,0%	9,6%	4,9%

(*) Considering the new DTA regime for capital purposes (according with IAS) and the inclusion, in September 2015 and June 2015, of the year-to-date net income of the third quarter and the first half of 2015, respectively. The figures of September 2015 also consider the impact of the minimum capital requirements that the ECB intends to establish in 2016.

SIGNIFICANT EVENTS

The announcement of a memorandum of understanding aiming to materialise the merger of Banco Millennium Angola, S.A. with Banco Privado Atlântico, S.A. strengthens the capability to expand in Angola through the creation of conditions for growth in adverse conditions and simultaneously adapting the bank to the implications of recent changes in supervisory equivalence.

Highlights during this period include:

- Banco Comercial Português, S.A. signed, on 8 October, a memorandum of understanding with the main shareholder of Banco Privado Atlântico, S.A. (Global Pactum - Gestão de Ativos, S.A.), to merge Banco Millennium Angola, S.A. with Banco Privado Atlântico, S.A., resulting in the second-largest private sector bank in terms of loans to the economy, with a market share of approximately 10% by business volume.
- DBRS maintained the Intrinsic Assessment of BCP at "BB (high)", whereas the long-term senior unsecured and deposits ratings were downgraded from "BBB (low)" to "BB (high)", with "stable" trend. The short-term senior unsecured and deposits ratings were also downgraded from "R-2" to "R-3". The subordinated debt rating was confirmed at "BB".
- Millennium Companies Days Conference was held in Aveiro and Setúbal, seeking to increase interaction with Portuguese companies, supporting their internationalisation and strengthening their competitiveness.
- Entrepreneurship Conference on Tourism held in Oporto.
- Election of Millennium bcp, for the second consecutive year, as "Best Private Bank" in Portugal by the "Finance & Wealth International" magazine.
- For the eleventh consecutive year, the Millennium bcp brand is in the ranking of "Superbrands", and was this year recognised as a "Superbrand - Born in Portugal".
- Distinction of Bank Millennium in Poland with three awards out of four ranking categories in the scope of the Newsweek's Bank Awards 2015: "Best Branch Banking", "Best Internet Banking" and "Best Mortgage Banking".
- Distinction of ActivoBank, for the fourth consecutive year, as "Best Commercial Bank in Portugal", by the World Finance magazine, under the "World Finance Banking Awards 2015".
- Distinction of ActivoBank by the Global Finance magazine, with the "Best Consumer Digital Bank" award in Portugal under the "2015 World's Best Digital Banks Awards".

MACROECONOMIC ENVIRONMENT

According to the IMF, the world economy is set to slow down in 2015, pressured by high levels of indebtedness, globally tighter financial conditions and a resurgence of economic, financial and geopolitical uncertainty. This loss of vigor of global activity derives exclusively from the fall of growth in emerging markets (for the fifth consecutive year), in a context of lower dynamism of the Chinese economy and a steep fall of commodity prices, since the group of the advanced economies is expected to record a slight acceleration, reflecting the beneficial effects of the reduction in energy costs and the highly accommodative stance of economic policy. The IMF considers that the risks surrounding its scenario are predominantly on the downside and stem from the possibility of an additional deterioration of the economic situation in China, a worsening of the geopolitical tensions, and an intensification of the volatility in financial markets.

In the first nine months of 2015, the behavior of the international financial markets was marked by a significant devaluation of commodities and also of the majority of the financial assets pertaining to emerging markets, a phenomenon that ended up spreading to the remaining asset classes and geographies. Regarding the equity segment it should be highlighted the correction that occurred in the main world stock markets during the third quarter, whose extent does not have parallel since the disturbances caused by the Euro Area's sovereign debt crisis in 2011. The most salient characteristic of the evolution of debt markets was the absence of a defined direction, in an environment of greater volatility that reflected the lack of definition surrounding the likely course of monetary policy in the U.S. as well as the cumulative deterioration of the economic and financial situation of the most important emerging economies. Despite the difficulties around the negotiations of the third bailout package for Greece and the bouts of volatility in the global financial markets, the evolution of yields on public debt securities of the peripheral Euro Area countries, including Portugal, revealed a surprising stability, in great part due to the stabilising effect of the ECB's public sector purchasing program on the valuation of the government bonds of EMU's Member-States.

The fall in the prices of energy commodities caused the resurgence of deflationary fears, leading the main central banks to maintain their extreme degree of monetary policy accommodation, including the US Federal Reserve, which against expectations have been delaying the beginning of the process of interest rates normalisation. The main exception to this pattern came from the emerging markets most affected by exchange rate depreciation, like Brazil, whose monetary authorities have been forced to raise interest rates to avoid an uncontrolled increase in inflation. After starting the public sector purchasing program, last March, the ECB has not announced any other relevant measure, although it has continued to reiterate its capacity and willingness to intensify the expansionary stance of monetary policy should deflationary pressures intensify in the Euro Area. This stance has contributed to maintain euribor rates below zero for maturities up to three months.

According to Statistics Portugal, in the second quarter of 2015, the Portuguese GDP recorded an annual growth rate of 1.6%, a value similar to that observed in the previous quarter. This result stemmed exclusively from the positive evolution of domestic demand, especially of consumption and investment in fixed capital, since the contribution of external demand was negative. The most relevant macroeconomic indicators pertaining to the third quarter of 2015 are compatible with a slight acceleration of activity, spurred by the improvement of net exports, in a framework of steady dynamism of private consumption and investment. Notwithstanding the turbulence caused by the Greek situation and the disturbances in the emerging economies, the yields on the Portuguese government bonds remained relatively stable and not very far from the minima reached in the first quarter of the current year.

For 2015, the IMF predicts a slight acceleration of activity in Poland, from 3.4% to 3.5%, based on the stimulus conferred by the expansion of real disposable income on private consumption and also on the robust pace of investment. Despite the favorable evolution of the Polish economy, the Zloty has depreciated against the Euro, pressured by the generalised loss of value of emerging currencies as well as the easing of monetary policy by the National Bank of Poland. In Mozambique, the investment megaprojects on the commodity sector will continue to be the main driver of activity growth, which the IMF estimates to expand 7.0% this year. In Angola, the significant fall in the oil sector revenues should hamper domestic demand, a situation that will only partially be mitigated by the acceleration of oil production. In this environment, the IMF estimates a contraction of the GDP growth rate in 2015, from 4.8% to 3.5%.

GLOSSARY

Capitalisation products - includes unit link and retirement saving plans.

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

Core net income - corresponding to net interest income and net commissions deducted from operating costs.

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 posted in the period 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.

“Disclaimer”

The financial information in this presentation has been prepared under the scope of the International Financial Reporting Standards (“IFRS”) of BCP Group for the purposes of the preparation of the consolidated financial statements under Regulation (CE) 1606/2002.

The figures presented do not constitute any form of commitment by BCP in regard to future earnings.

First nine months figures for 2014 and 2015 were not audited.

EARNINGS PRESS RELEASE

Reuters>bcp.ls Exchange>MCP Bloomberg>bcp pl ISIN PTBCPOAM00007

CONSOLIDATED INDICATORS, ACTIVITY IN PORTUGAL AND INTERNATIONAL ACTIVITY

Euro million

	Consolidated			Activity in Portugal			International activity		
	Sep 15	Sep 14	Change	Sep 15	Sep 14	Change	Sep 15	Sep 14	Change
Income statement									
Net interest income	956.7	791.0	20.9%	513.7	351.3	46.2%	443.0	439.6	0.8%
Dividends from equity instruments	5.9	5.8	0.7%	2.9	2.3	27.9%	3.0	3.6	-16.6%
Net fees and commission income	520.3	506.2	2.8%	333.7	320.5	4.1%	186.6	185.7	0.5%
Other operating income	(55.6)	21.6	-	(53.7)	24.6	-	(1.9)	(3.0)	-
Net trading income	554.1	357.2	55.1%	431.6	288.3	49.7%	122.5	68.9	77.8%
Equity accounted earnings	25.1	28.2	-11.1%	25.4	28.2	-9.9%	(0.3)	-	-
Net operating revenues	2,006.4	1,709.9	17.3%	1,253.6	1,015.2	23.5%	752.8	694.8	8.3%
Staff costs	461.1	478.0	-3.5%	279.7	311.5	-10.2%	181.4	166.5	8.9%
Other administrative costs	315.3	331.2	-4.8%	172.6	180.9	-4.6%	142.8	150.3	-5.0%
Depreciation	49.0	48.3	1.3%	22.9	24.6	-6.8%	26.0	23.7	9.7%
Operating costs	825.4	857.6	-3.8%	475.2	517.0	-8.1%	350.2	340.5	2.8%
Operating profit before impairment and provisions	1,181.0	852.4	38.6%	778.4	498.2	56.3%	402.6	354.2	13.7%
Loans impairment (net of recoveries)	628.0	874.5	-28.2%	545.4	813.4	-32.9%	82.6	61.2	35.0%
Other impairment and provisions	117.4	143.0	-17.9%	114.1	142.2	-19.8%	3.3	0.7	-
Profit before income tax	435.6	(165.1)	-	118.9	(457.4)	-	316.7	292.3	8.3%
Income tax	80.9	(171.6)	-	18.8	(230.7)	-	62.1	59.2	5.0%
Income after income tax from continuing operations	354.7	6.5	-	100.1	(226.7)	-	254.6	233.2	9.2%
Income arising from discontinued operations	14.8	(34.1)	-	-	-	-	-	-	-
Non-controlling interests	105.0	81.9	28.2%	(0.4)	0.4	-	105.3	81.5	29.3%
Net income	264.5	(109.5)	-	100.5	(227.1)	-	149.3	151.7	-1.6%
Balance sheet and activity indicators									
Total assets	75,985	78,786	-3.6%	55,189	58,567	-5.8%	20,796	20,220	2.9%
Total customer funds ⁽¹⁾	65,237	64,942	0.5%	47,550	48,072	-1.1%	17,686	16,870	4.8%
Balance sheet customer funds ⁽¹⁾	52,966	52,885	0.2%	36,706	37,383	-1.8%	16,260	15,502	4.9%
Deposits	50,644	49,638	2.0%	34,480	34,241	0.7%	16,164	15,397	5.0%
Debt securities	2,322	3,247	-28.5%	2,226	3,141	-29.1%	96	105	-9.2%
Off-balance sheet customer funds ⁽¹⁾	12,271	12,057	1.8%	10,844	10,689	1.4%	1,427	1,368	4.3%
Assets under management	3,741	3,561	5.0%	2,805	2,706	3.7%	936	856	9.4%
Capitalisation products	8,530	8,496	0.4%	8,039	7,984	0.7%	490	512	-4.2%
Discontinued operations	-	1,836	-	-	1,517	-	-	319	-
Loans to customers (gross) ⁽¹⁾	56,044	57,926	-3.2%	42,265	44,554	-5.1%	13,779	13,372	3.0%
Individuals ⁽¹⁾	29,283	29,690	-1.4%	20,989	21,678	-3.2%	8,294	8,011	3.5%
Mortgage	25,297	25,819	-2.0%	18,692	19,337	-3.3%	6,605	6,482	1.9%
Consumer and others	3,986	3,870	3.0%	2,297	2,341	-1.9%	1,689	1,529	10.4%
Companies ⁽¹⁾	26,761	28,236	-5.2%	21,276	22,876	-7.0%	5,485	5,360	2.3%
Services	10,240	11,268	-9.1%	9,298	10,343	-10.1%	943	925	1.9%
Commerce	3,354	3,405	-1.5%	2,109	2,129	-0.9%	1,245	1,276	-2.4%
Construction	3,861	4,323	-10.7%	3,199	3,625	-11.7%	661	698	-5.3%
Other	9,306	9,240	0.7%	6,669	6,779	-1.6%	2,636	2,461	7.1%
Discontinued operations	-	427	-	-	-	-	-	427	-
Credit quality									
Total overdue loans ⁽¹⁾	4,549	4,484	1.4%	4,172	4,140	0.8%	377	345	9.3%
Overdue loans by more than 90 days ⁽¹⁾	4,157	4,372	-4.9%	3,832	4,055	-5.5%	325	316	2.7%
Overdue loans by more than 90 days /Total loans ⁽¹⁾	7.4%	7.5%	-	9.1%	9.1%	-	2.4%	2.4%	-
Total impairment (balance sheet) ⁽¹⁾	3,566	3,478	2.5%	3,091	3,031	2.0%	475	448	6.0%
Total impairment (balance sheet) /Total loans ⁽¹⁾	6.4%	6.0%	-	7.3%	6.8%	-	3.4%	3.3%	-
Total impairment (balance sheet) /Overdue loans by more than 90 days ⁽¹⁾	85.8%	79.6%	-	80.7%	74.7%	-	146.1%	141.5%	-
Cost of risk (net of recoveries, in b.p.) ⁽¹⁾	149	201	-	172	243	-	80	61	-
Restructured loans / Total loans ⁽²⁾	10.3%	11.2%	-	-	-	-	-	-	-
Restructured loans not included in the credit at risk / Total loans ⁽²⁾	6.5%	7.2%	-	-	-	-	-	-	-
Cost-to-income	41.1%	52.3%	-	37.9%	54.7%	-	46.5%	49.0%	-

(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.

Company: Banco Comercial Português, S.A.

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

Period of Reference: ☐ Quarter 1 ☒ Quarter 3 ☐ Quarter 5 ⁽¹⁾ Reference values in 000Esc ☐ in Euros ☒

Start: 01/01/2015 End: 30/09/2015

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⁾	1,179,201,799	1,112,003,214	6.04%	1,960,090,943	1,634,757,028	19.90%
Loans to clients	35,375,901,527	37,644,095,526	-6.03%	52,478,248,185	54,808,396,267	-4.25%
Fixed income securities	6,521,196,368	7,345,736,276	-11.22%	10,972,147,081	11,521,398,667	-4.77%
Variable yield securities	3,126,277,186	3,148,800,697	-0.72%	2,509,012,877	2,531,015,650	-0.87%
Investments	3,624,267,838	3,272,609,978	10.75%	313,913,788	457,385,947	-31.37%
SHAREHOLDER'S AND EQUIVALENT EQUITY						
Equity Capital	4,094,235,362	3,706,690,253	10.46%	4,094,235,362	3,706,690,253	10.46%
Nº of ordinary shares	59,039,023,275	54,194,709,415	-	59,039,023,275	54,194,709,415	-
Nº of other shares	0	0	-			-
Value of own shares	0	0	-	1,088,893	20,894,300	-94.79%
Nº of voting shares	0	0	-	25,032,020	201,682,429	-
Nº of preferred, non voting shares	0	0	-			-
Subordinate loans	1,544,682,543	2,030,975,659	-23.94%	1,683,817,165	2,064,133,418	-18.42%
Minority interests	0	0	-	1,016,505,652	764,673,073	32.93%
LIABILITIES						
Amounts owed to credit institutions	10,069,904,938	10,278,075,258	-2.03%	10,288,943,489	10,638,979,299	-3.29%
Amounts owed to clients	34,651,172,570	34,751,699,770	-0.29%	50,643,751,042	49,956,813,831	1.38%
Debt securities	3,973,892,548	6,580,485,326	-39.61%	4,909,742,196	7,769,231,559	-36.81%
TOTAL ASSETS (NET)	55,592,082,654	59,292,090,438	-6.24%	75,985,033,769	78,786,415,367	-3.56%
TOTAL SHAREHOLDER'S EQUITY	3,501,812,924	3,739,360,962	-6.35%	4,720,041,051	4,808,691,199	-1.84%
TOTAL LIABILITIES	52,090,269,730	55,552,729,476	-6.23%	70,248,487,066	73,213,051,095	-4.05%

P & L Items	Individual			Consolidated		
	n	n-1	Var. (%)	n	n-1	Var. (%)
Financial margin ⁽³⁾	471,163,324	253,769,713	85.67%	956,656,092	790,953,955	20.95%
Commissions and other oper. revenue (net)	412,814,345	553,111,584	-25.37%	479,449,301	493,713,502	-2.89%
Securities yield and profits from financial transaction	459,463,060	580,360,500	-20.83%	522,621,256	310,438,275	68.35%
Banking Income	1,343,440,729	1,387,241,797	-3.16%	1,958,726,649	1,595,105,732	22.80%
Personnel, administ. and other costs	-459,898,665	-507,275,444	-9.34%	-776,405,602	-809,235,271	-4.06%
Amortizations	-17,809,607	-18,993,553	-6.23%	-48,956,022	-48,326,944	1.30%
Provisions (net of adjustments)	-611,173,788	-1,361,341,669	-55.11%	-708,071,492	-964,956,782	-26.62%
Extraordinary profit	0	0	n.a.	0	0	n.a.
Profit before taxes	254,558,669	-500,368,869	-150.87%	425,293,533	-227,413,265	-287.01%
Income tax ⁽⁴⁾	-13,795,505	250,686,995	-105.50%	-80,887,672	171,596,192	-147.14%
Minority interests and income excluded from consol	0	0	-	-79,869,902	-53,677,884	48.79%
Net profit / loss for the quarter	240,763,164	-249,681,874	-196.43%	264,535,959	-109,494,957	-341.60%
Net profit / loss per share for the quarter	0.0041	-0.0046	-188.52%	0.0045	-0.0020	-321.77%
Self financing ⁽⁵⁾	869,746,559	1,130,653,348	-23.08%	1,021,563,473	903,788,769	13.03%

⁽¹⁾ Applicable 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, 2015 and 2014

	30 September 2015	30 September 2014
	(Thousands of Euros)	
Interest and similar income	1,744,777	2,013,374
Interest expense and similar charges	(788,121)	(1,222,420)
Net interest income	956,656	790,954
Dividends from equity instruments	5,866	5,823
Net fees and commission income	520,322	506,211
Net gains / losses arising from trading and hedging activities	147,342	117,725
Net gains / losses arising from available for sale financial assets	406,720	239,432
Other operating income	(44,882)	(54,940)
	1,992,024	1,605,205
Other net income from non banking activity	12,954	14,086
Total operating income	2,004,978	1,619,291
Staff costs	461,065	478,035
Other administrative costs	315,341	331,201
Depreciation	48,956	48,327
Operating costs	825,362	857,563
Operating net income before provisions and impairments	1,179,616	761,728
Loans impairment	(628,008)	(874,538)
Other financial assets impairment	(37,307)	(52,541)
Other assets impairment	(63,783)	(22,423)
Goodwill impairment	-	(144)
Other provisions	(16,281)	(67,851)
Operating net income	434,237	(255,769)
Share of profit of associates under the equity method	25,084	28,221
Gains / (losses) from the sale of subsidiaries and other assets	(23,705)	62,426
Net (loss) / income before income tax	435,616	(165,122)
Income tax		
Current	(62,857)	(88,154)
Deferred	(18,031)	259,750
Net (loss) / income after income tax from continuing operations	354,728	6,474
Income arising from discontinued operations	14,762	(34,070)
Net income after income tax	369,490	(27,596)
Attributable to:		
Shareholders of the Bank	264,536	(109,495)
Non-controlling interests	104,954	81,899
Net income for the period	369,490	(27,596)
Earnings per share (in euros)		
Basic	0.007	(0.004)
Diluted	0.007	(0.004)

BANCO COMERCIAL PORTUGUÊS

Consolidated Balance Sheet as at 30 September, 2015 and 2014 and 31 December, 2014

	30 September 2015	31 December 2014	30 September 2014
	(Thousands of Euros)		
Assets			
Cash and deposits at central banks	1,514,453	1,707,447	1,757,205
Loans and advances to credit institutions			
Repayable on demand	984,037	795,774	722,750
Other loans and advances	976,054	1,456,026	912,007
Loans and advances to customers	52,478,248	53,685,648	54,808,396
Financial assets held for trading	1,481,053	1,674,240	1,663,232
Financial assets available for sale	11,556,620	8,263,225	9,573,600
Assets with repurchase agreement	10,545	36,423	91,399
Hedging derivatives	85,114	75,325	72,385
Financial assets held to maturity	432,941	2,311,181	2,724,183
Investments in associated companies	313,914	323,466	457,386
Non current assets held for sale	1,674,469	1,622,016	1,590,655
Investment property	147,639	176,519	179,292
Property and equipment	673,474	755,451	774,931
Goodwill and intangible assets	206,271	252,789	248,111
Current tax assets	39,931	41,895	38,846
Deferred tax assets	2,505,379	2,398,562	2,410,462
Other assets	904,891	784,929	761,574
	<u>75,985,033</u>	<u>76,360,916</u>	<u>78,786,414</u>
Liabilities			
Amounts owed to credit institutions	10,288,944	10,966,155	10,638,979
Amounts owed to customers	50,643,751	49,816,736	49,956,814
Debt securities	4,909,742	5,709,569	7,769,232
Financial liabilities held for trading	828,378	952,969	986,921
Hedging derivatives	548,975	352,543	263,608
Provisions for liabilities and charges	300,768	460,293	448,490
Subordinated debt	1,683,817	2,025,672	2,064,133
Current income tax liabilities	7,268	31,794	9,413
Deferred income tax liabilities	16,736	6,686	7,402
Other liabilities	1,020,107	1,051,592	1,068,058
Total Liabilities	<u>70,248,486</u>	<u>71,374,009</u>	<u>73,213,050</u>
Equity			
Share capital	4,094,235	3,706,690	3,706,690
Treasury stock	(1,089)	(13,547)	(33,325)
Share premium	16,471	-	-
Preference shares	59,910	171,175	171,175
Other capital instruments	2,922	9,853	9,853
Fair value reserves	9,003	106,898	159,255
Reserves and retained earnings	274,053	458,087	904,538
Net income for the period attributable to Shareholders	264,536	(226,620)	(109,495)
Total Equity attributable to Shareholders of the Bank	<u>4,720,041</u>	<u>4,212,536</u>	<u>4,808,691</u>
Non-controlling interests	<u>1,016,506</u>	<u>774,371</u>	<u>764,673</u>
Total Equity	<u>5,736,547</u>	<u>4,986,907</u>	<u>5,573,364</u>
	<u>75,985,033</u>	<u>76,360,916</u>	<u>78,786,414</u>

Banco Comercial Português

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2015

BANCO COMERCIAL PORTUGUÊS

Consolidated Income Statement for the nine months period ended 30 September, 2015 and 2014

	Notes	30 September 2015	30 September 2014
		(Thousands of Euros)	
Interest and similar income	3	1,744,777	2,013,374
Interest expense and similar charges	3	(788,121)	(1,222,420)
Net interest income		956,656	790,954
Dividends from equity instruments	4	5,866	5,823
Net fees and commissions income	5	520,322	506,211
Net gains / (losses) arising from trading and hedging activities	6	147,342	117,725
Net gains / (losses) arising from financial assets available for sale	7	406,720	239,432
Other operating income / (costs)	8	(44,882)	(54,940)
		1,992,024	1,605,205
Other net income from non banking activities		12,954	14,086
Total operating income		2,004,978	1,619,291
Staff costs	9	461,065	478,035
Other administrative costs	10	315,341	331,201
Depreciation	11	48,956	48,327
Operating expenses		825,362	857,563
Operating net income before provisions and impairment		1,179,616	761,728
Loans impairment	12	(628,008)	(874,538)
Other financial assets impairment	13	(37,307)	(52,541)
Other assets impairment	27 and 32	(63,783)	(22,423)
Goodwill impairment		-	(144)
Other provisions	14	(16,281)	(67,851)
Operating net income / (loss)		434,237	(255,769)
Share of profit of associates under the equity method	15	25,084	28,221
Gains / (losses) arising from the sale of subsidiaries and other assets	16	(23,705)	62,426
Net income / (loss) before income tax		435,616	(165,122)
Income tax			
Current	31	(62,857)	(88,154)
Deferred	31	(18,031)	259,750
Income / (loss) after income tax from continuing operations		354,728	6,474
Income / (loss) arising from discontinued operations	17	14,762	(34,070)
Net income / (loss) after income tax		369,490	(27,596)
Consolidated net income / (loss) for the period attributable to:			
Shareholders of the Bank		264,536	(109,495)
Non-controlling interests	44	104,954	81,899
Net income / (loss) for the period		369,490	(27,596)
Earnings per share (in Euros)	18		
Basic		0.007	(0.004)
Diluted		0.007	(0.004)

CHIEF ACCOUNTANT

THE EXECUTIVE COMMITTEE

BANCO COMERCIAL PORTUGUÊS

Consolidated Balance Sheet as at 30 September, 2015 and 31 December, 2014

	Notes	30 September 2015	31 December 2014
		(Thousands of Euros)	
Assets			
Cash and deposits at Central Banks	19	1,514,453	1,707,447
Loans and advances to credit institutions			
Repayable on demand	20	984,037	795,774
Other loans and advances	21	976,054	1,456,026
Loans and advances to customers	22	52,478,248	53,685,648
Financial assets held for trading	23	1,481,053	1,674,240
Financial assets available for sale	23	11,556,620	8,263,225
Assets with repurchase agreement		10,545	36,423
Hedging derivatives	24	85,114	75,325
Financial assets held to maturity	25	432,941	2,311,181
Investments in associated companies	26	313,914	323,466
Non-current assets held for sale	27	1,674,469	1,622,016
Investment property	28	147,639	176,519
Property and equipment	29	673,474	755,451
Goodwill and intangible assets	30	206,271	252,789
Current income tax assets		39,931	41,895
Deferred income tax assets	31	2,505,379	2,398,562
Other assets	32	904,891	784,929
Total Assets		75,985,033	76,360,916
Liabilities			
Deposits from credit institutions	33	10,288,944	10,966,155
Deposits from customers	34	50,643,751	49,816,736
Debt securities issued	35	4,909,742	5,709,569
Financial liabilities held for trading	36	828,378	952,969
Hedging derivatives	24	548,975	352,543
Provisions	37	300,768	460,293
Subordinated debt	38	1,683,817	2,025,672
Current income tax liabilities		7,268	31,794
Deferred income tax liabilities	31	16,736	6,686
Other liabilities	39	1,020,107	1,051,592
Total Liabilities		70,248,486	71,374,009
Equity			
Share capital	40	4,094,235	3,706,690
Share premium		16,471	-
Preference shares	40	59,910	171,175
Other capital instruments	40	2,922	9,853
Treasury stock	43	(1,089)	(13,547)
Fair value reserves	42	9,003	106,898
Reserves and retained earnings	42	274,053	458,087
Net income / (loss) for the period attributable to Shareholders		264,536	(226,620)
Total Equity attributable to Shareholders of the Bank		4,720,041	4,212,536
Non-controlling interests	44	1,016,506	774,371
Total Equity		5,736,547	4,986,907
		75,985,033	76,360,916

CHIEF ACCOUNTANT

THE EXECUTIVE COMMITTEE

BANCO COMERCIAL PORTUGUÊS

Consolidated Income Statement for the three month period between 1 July and 30 September 2015 and 2014

	Third quarter 2015	Third quarter 2014
	(Thousands of Euros)	
Interest and similar income	574,394	663,701
Interest expense and similar charges	(245,735)	(368,706)
Net interest income	328,659	294,995
Dividends from equity instruments	145	97
Net fees and commissions income	169,659	165,028
Net gains / (losses) arising from trading and hedging activities	46,378	63,082
Net gains / (losses) arising from available for sale financial assets	(574)	118,914
Other operating income / (costs)	(6,481)	(4,869)
	537,786	637,247
Other net income from non banking activities	4,379	4,866
Total operating income	542,165	642,113
Staff costs	152,139	154,644
Other administrative costs	102,322	109,706
Depreciation	15,692	16,511
Operating expenses	270,153	280,861
Operating net income before provisions and impairment	272,012	361,252
Loans impairment	(153,029)	(502,908)
Other financial assets impairment	(10,330)	(13,412)
Other assets impairment	(9,541)	7,873
Goodwill impairment	-	(144)
Other provisions	(5,670)	(23,322)
Operating net income / (loss)	93,442	(170,661)
Share of profit of associates under the equity method	4,468	5,227
Gains / (losses) from the sale of subsidiaries and other assets	(11,576)	(1,712)
Net income / (loss) before income tax	86,334	(167,146)
Income tax		
Current	(18,054)	(25,822)
Deferred	(8,386)	197,964
Income / (loss) after income tax from continuing operations	59,894	4,996
Income / (loss) arising from discontinued operations	-	(465)
Net income / (loss) after income tax	59,894	4,531
Attributable to:		
Shareholders of the Bank	23,792	(24,772)
Non-controlling interests	36,102	29,303
Net income / (loss) for the period	59,894	4,531

CHIEF ACCOUNTANT

THE EXECUTIVE COMMITTEE

BANCO COMERCIAL PORTUGUÊS
Consolidated Cash Flows Statement
for the nine months period ended 30 September, 2015 and 2014

	30 September 2015	30 September 2014
	(Thousands of Euros)	
<i>Cash flows arising from operating activities</i>		
Interest income received	1,644,248	1,795,539
Commissions received	631,869	648,115
Fees received from services rendered	64,596	62,329
Interest expense paid	(813,287)	(1,191,463)
Commissions paid	(153,013)	(194,550)
Recoveries on loans previously written off	23,091	10,835
Net earned premiums	22,511	19,997
Claims incurred of insurance activity	(7,809)	(8,015)
Payments to suppliers and employees	(1,060,342)	(1,084,947)
	<u>351,864</u>	<u>57,840</u>
<i>Decrease / (increase) in operating assets:</i>		
Receivables from / (Loans and advances to) credit institutions	425,482	29,822
Deposits held with purpose of monetary control	183,705	1,293,261
Loans and advances to customers	397,035	2,486,646
Short term trading account securities	112,957	(188,274)
<i>Increase / (decrease) in operating liabilities:</i>		
Deposits from credit institutions repayable on demand	(121,212)	80,551
Deposits from credit institutions with agreed maturity date	(502,347)	(2,872,140)
Deposits from clients repayable on demand	1,824,752	813,341
Deposits from clients with agreed maturity date	(950,357)	(542,915)
	<u>1,721,879</u>	<u>1,158,132</u>
Income taxes (paid) / received	(71,791)	(71,339)
	<u>1,650,088</u>	<u>1,086,793</u>
<i>Cash flows arising from investing activities</i>		
Sale of shares in subsidiaries and associated companies	320,510	125,963
Dividends received	40,244	9,204
Interest income from available for sale financial assets and held to maturity financial assets	256,353	339,797
Sale of available for sale financial assets	9,974,439	10,321,687
Acquisition of available for sale financial assets	(45,423,129)	(64,320,010)
Maturity of available for sale financial assets	33,986,846	54,176,353
Acquisition of tangible and intangible assets	(47,780)	(92,590)
Sale of tangible and intangible assets	18,672	23,747
Decrease / (increase) in other sundry assets	94,298	(247,101)
	<u>(779,547)</u>	<u>337,050</u>
<i>Cash flows arising from financing activities</i>		
Issuance of subordinated debt	358	390
Reimbursement of subordinated debt	(2,400)	(2,250,109)
Issuance of debt securities	242,148	3,220,510
Reimbursement of debt securities	(1,139,280)	(5,078,066)
Issuance of commercial paper and other securities	76,697	111,011
Reimbursement of commercial paper and other securities	(6,839)	(18,419)
Share capital increase	-	2,241,690
Dividends paid to non-controlling interests	(10,157)	(31,055)
Increase / (decrease) in other sundry liabilities and non-controlling interests	221,306	(102,198)
	<u>(618,167)</u>	<u>(1,906,246)</u>
Exchange differences effect on cash and equivalents	(127,445)	40,282
Net changes in cash and equivalents	124,929	(442,121)
Cash and equivalents at the beginning of the period	<u>1,398,584</u>	<u>1,733,730</u>
Cash (note 19)	539,476	568,859
Other short term investments (note 20)	984,037	722,750
Cash and equivalents at the end of the period	<u><u>1,523,513</u></u>	<u><u>1,291,609</u></u>

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, 2015 and 2014

(Amounts expressed in thousands of Euros)

			Other		Legal and	Other		Other		Equity		
	Share	Preference	capital	Share	statutory	Fair value and		reserves and	Treasury	attributed	Non-	Total
	capital	shares	instruments	premium	reserves	cash flow	Other	retained	stock	to the	-controlling	equity
						hedged reserves		earnings		Shareholders	interests	
Balance on 1 January, 2014	3,500,000	171,175	9,853	-	223,270	22,311	(1,950,790)	630,133	(22,745)	2,583,207	692,601	3,275,808
Other comprehensive income												
Exchange differences arising on consolidation	-	-	-	-	-	-	23,919	-	-	23,919	16,363	40,282
Fair value reserves (note 42)	-	-	-	-	-	136,944	-	-	-	136,944	4,809	141,753
Deferred tax of actuarial losses												
Gross value	-	-	-	-	-	-	(733)	-	-	(733)	-	(733)
Taxes	-	-	-	-	-	-	(10,985)	-	-	(10,985)	-	(10,985)
Net (loss) / income for the period	-	-	-	-	-	-	-	(109,495)	-	(109,495)	81,899	(27,596)
Total comprehensive income for the period	-	-	-	-	-	136,944	12,201	(109,495)	-	39,650	103,071	142,721
Share capital decrease (note 40)	(2,035,000)	-	-	-	-	-	-	2,035,000	-	-	-	-
Share capital increase (note 40)	2,241,690	-	-	-	-	-	-	-	-	2,241,690	-	2,241,690
Costs related to the share capital increase	-	-	-	-	-	-	-	(57,201)	-	(57,201)	-	(57,201)
Tax related to costs arising from the share capital increase	-	-	-	-	-	-	-	13,156	-	13,156	-	13,156
Dividends of BIM - Banco Internacional de Moçambique, S.A. and SIM - Seguradora Internacional de Moçambique, S.A.R.L.	-	-	-	-	-	-	-	-	-	-	(31,055)	(31,055)
Treasury stock (note 43)	-	-	-	-	-	-	-	-	(10,580)	(10,580)	-	(10,580)
Other reserves arising on consolidation (note 42)	-	-	-	-	-	-	-	(1,231)	-	(1,231)	56	(1,175)
Balance on 30 September, 2014	3,706,690	171,175	9,853	-	223,270	159,255	(1,938,589)	2,510,362	(33,325)	4,808,691	764,673	5,573,364
Other comprehensive income												
Exchange differences arising on consolidation	-	-	-	-	-	-	(13,000)	-	-	(13,000)	(16,678)	(29,678)
Fair value reserves (note 42)	-	-	-	-	-	(52,357)	-	-	-	(52,357)	(5,216)	(57,573)
Deferred tax of actuarial losses												
Gross value	-	-	-	-	-	-	(477,126)	-	-	(477,126)	(500)	(477,626)
Taxes	-	-	-	-	-	-	45,228	-	-	45,228	41	45,269
Net (loss) / income for the period	-	-	-	-	-	-	-	(117,125)	-	(117,125)	28,161	(88,964)
Total comprehensive income for the period	-	-	-	-	-	(52,357)	(444,898)	(117,125)	-	(614,380)	5,808	(608,572)
Costs related to the share capital increase	-	-	-	-	-	-	-	(517)	-	(517)	-	(517)
Tax related to costs arising from the share capital increase	-	-	-	-	-	-	-	(1,035)	-	(1,035)	-	(1,035)
Acquisition of 54.01% of the Units of the Investment Fund DP Invest	-	-	-	-	-	-	-	-	-	-	3,932	3,932
Treasury stock (note 43)	-	-	-	-	-	-	-	-	19,778	19,778	-	19,778
Other reserves arising on consolidation (note 42)	-	-	-	-	-	-	-	(1)	-	(1)	(42)	(43)
Balance on 31 December, 2014	3,706,690	171,175	9,853	-	223,270	106,898	(2,383,487)	2,391,684	(13,547)	4,212,536	774,371	4,986,907
Other comprehensive income												
Exchange differences arising on consolidation	-	-	-	-	-	-	(64,367)	-	-	(64,367)	(63,078)	(127,445)
Fair value reserves (note 42)	-	-	-	-	-	(97,895)	-	-	-	(97,895)	(17,313)	(115,208)
Deferred tax of actuarial losses												
Gross value	-	-	-	-	-	-	(37,405)	-	-	(37,405)	-	(37,405)
Taxes	-	-	-	-	-	-	70,031	-	-	70,031	-	70,031
Net (loss) / income for the period	-	-	-	-	-	-	-	264,536	-	264,536	104,954	369,490
Total comprehensive income for the period	-	-	-	-	-	(97,895)	(31,741)	264,536	-	134,900	24,563	159,463
Share capital increase (note 40)	387,545	-	-	16,471	-	-	-	-	-	404,016	-	404,016
Costs related to the share capital increase	-	-	-	-	-	-	-	(320)	-	(320)	-	(320)
Tax related to costs arising from the share capital increase	-	-	-	-	-	-	-	67	-	67	-	67
Exchange of securities - preference shares and perpetual securities	-	(111,265)	(6,931)	-	-	-	-	-	-	(118,196)	-	(118,196)
Dividends of BIM - Banco Internacional de Moçambique, S.A., SIM - Seguradora Internacional de Moçambique, S.A.R.L.	-	-	-	-	-	-	-	-	-	-	(10,157)	(10,157)
Disposal of 15.54% of Bank Millennium S.A.	-	-	-	-	-	-	-	-	-	-	-	-
Millennium S.A. (note 46)	-	-	-	-	-	-	-	31,079	-	31,079	227,910	258,989
Treasury stock (note 43)	-	-	-	-	-	-	-	43,697	12,458	56,155	-	56,155
Other reserves arising on consolidation (note 42)	-	-	-	-	-	-	3,486	(3,682)	-	(196)	(181)	(377)
Balance on 30 September, 2015	4,094,235	59,910	2,922	16,471	223,270	9,003	(2,411,742)	2,727,061	(1,089)	4,720,041	1,016,506	5,736,547

See accompanying notes to the interim consolidated financial statements

BANCO COMERCIAL PORTUGUÊS

Statement of Comprehensive income nine months period ended 30 September, 2015 and 2014

30 September 2015					
(Thousands of Euros)					
	Continuing operations	Discontinued operations	Total	Attributable to	
				Shareholders of the Bank	Non-controlling interests
<i>Items that may be reclassified to the income statement</i>					
Fair value reserves	(157,767)	-	(157,767)	(136,387)	(21,380)
Taxes	42,559	-	42,559	38,492	4,067
	(115,208)	-	(115,208)	(97,895)	(17,313)
Exchange differences arising on consolidation	(127,445)	-	(127,445)	(64,367)	(63,078)
	(242,653)	-	(242,653)	(162,262)	(80,391)
<i>Items that will not be reclassified to the income statement</i>					
Actuarial losses for the period					
BCP Pensions Fund	(37,865)	(71)	(37,936)	(37,936)	-
Actuarial losses from associated companies	531	-	531	531	-
	(37,334)	(71)	(37,405)	(37,405)	-
Taxes	70,031	-	70,031	70,031	-
	32,697	(71)	32,626	32,626	-
Other comprehensive (loss) / income after taxes	(209,956)	(71)	(210,027)	(129,636)	(80,391)
Consolidated net (loss) / income for the period	354,728	14,762	369,490	264,536	104,954
Total comprehensive (loss) / income for the period	144,772	14,691	159,463	134,900	24,563
30 September 2014					
(Thousands of Euros)					
	Continuing operations	Discontinued operations	Total	Attributable to	
				Shareholders of the Bank	Non-controlling interests
<i>Items that may be reclassified to the income statement</i>					
Fair value reserves	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
<i>Items that will not be reclassified to the income statement</i>					
Actuarial losses for the period					
Gross amount					
BCP Pensions Fund	(1,792)	(180)	(1,972)	(1,972)	-
Actuarial losses from associated companies	1,239	-	1,239	1,239	-
	(553)	(180)	(733)	(733)	-
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	6,474	(34,070)	(27,596)	(109,495)	81,899
Total comprehensive (loss) / income for the period	175,391	(32,670)	142,721	39,650	103,071

See accompanying notes to the interim consolidated financial statements

BANCO COMERCIAL PORTUGUÊS

Statement of Comprehensive income for the three month period between 1 July and 30 September 2015 and 2014

Third quarter 2015					
(Thousands of Euros)					
	Continuing operations	Discontinued operations	Total	Attributable to	
				Shareholders of the Bank	Non-controlling interests
<i>Items that may be reclassified to the income statement</i>					
Fair value reserves	147,934	-	147,934	153,650	(5,716)
Taxes	(42,691)	-	(42,691)	(43,766)	1,075
	105,243	-	105,243	109,884	(4,641)
Exchange differences arising on consolidation	(87,244)	-	(87,244)	(46,650)	(40,594)
	17,999	-	17,999	63,234	(45,235)
<i>Items that will not be reclassified to the income statement</i>					
Actuarial losses for the period					
Taxes	7,438	-	7,438	7,438	-
Other comprehensive (loss) / income after taxes	25,437	-	25,437	70,672	(45,235)
Consolidated net (loss) / income for the period	59,894	-	59,894	23,792	36,102
Total comprehensive (loss) / income for the period	85,331	-	85,331	94,464	(9,133)
Third quarter 2014					
(Thousands of Euros)					
	Continuing operations	Discontinued operations	Total	Attributable to	
				Shareholders of the Bank	Non-controlling interests
<i>Items that may be reclassified to the income statement</i>					
Fair value reserves	(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
<i>Items that will not be reclassified to the income statement</i>					
Actuarial losses for the period					
Gross amount					
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	4,996	(465)	4,531	(24,772)	29,303
Total comprehensive (loss) / income for the period	29,870	(1,043)	28,827	(25,244)	54,071

See accompanying notes to the interim consolidated financial statements

BANCO COMERCIAL PORTUGUÊS
Notes to the Interim Consolidated Financial Statements
30 September, 2015

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, 2015 and 2014.

In accordance with Regulation (EC) no. 1606/2002 from the European Parliament and the Council, of 19 July 2002 and Regulation no. 1/2005 from the Bank of Portugal, the Group's consolidated financial statements are required to be prepared in accordance with International Financial Reporting Standards ('IFRS') as endorsed by the European Union ('EU') since the year 2005. IFRS comprise accounting standards issued by the International Accounting Standards Board ('IASB') as well as interpretations issued by the International Financial Reporting Interpretations Committee ('IFRIC') and their predecessor bodies. The consolidated financial statements presented were approved on 2 November 2015 by the Bank's Board of Directors. The financial statements are presented in thousands of Euros, rounded to the nearest thousand.

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

The consolidated financial statements for the nine months ended 30 September, 2015 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 third quarter of 2015 with comparative figures for the third quarter of last year. The financial statements for the nine months period ended 30 September, 2015 do not include all the information to be published in the annual financial statements.

The Group has adopted IFRS and interpretations mandatory for accounting periods beginning on or after 1 January, 2015.

The accounting policies in this note were applied consistently to all entities of the Group and are consistent with those used in the preparation of the financial statements of the previous period, with the changes arising from the adoption of the following standards: IFRIC 21 – Levies.

IFRIC 21 – Levies

The IASB issued this interpretation on 20th May 2013, effective (with retrospective application) for annual periods beginning on or after 1st January 2014. This interpretation was endorsed by EU Commission Regulation no. 634/2014, 13th June (defining entry into force at the latest, as from the commencement date of first financial year starting on or after 17 June 2014).

IFRIC 21 defines a Levy as an outflow from an entity imposed by a government in accordance with legislation. It confirms that an entity recognizes a liability for a levy when – and only when – the triggering event specified in the legislation occurs.

In accordance with IAS 8, this policy change is presented for comparing proposes from 1 January 2014, as referred in note ae).

The Group's financial statements are prepared under the historical cost convention, as modified by the application of fair value for derivative financial instruments, financial assets and liabilities at fair value through profit or loss and financial assets available for sale, except those for which a reliable measure of fair value is not available. Financial assets and liabilities that are hedged under hedge accounting are stated at fair value in respect of the risk that is being hedged, if applicable. Other financial assets and liabilities and non-financial assets and liabilities are stated at amortised cost or historical cost. Non-current assets and disposal groups held for sale are stated at the lower of carrying amount or fair value less costs to sell. The liability for defined benefit obligations is recognised as the present value of the defined benefit obligation net of the value of the fund.

The preparation of the financial statements in accordance with IFRS requires the Executive Committee to make judgments, estimates and assumptions that affect the application of the accounting policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and other factors that are believed to be reasonable under the circumstances and form the basis for making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The issues involving a higher degree of judgment or complexity or for which assumptions and estimates are considered to be significant are presented in note 1 ad).

b) Basis of consolidation

As from 1 January, 2010, the Group applied IFRS 3 (revised) for the accounting of business combinations. The changes in the accounting policies resulting from the application of IFRS 3 (revised) are applied prospectively.

The consolidated financial statements now presented reflect the assets, liabilities, income and expenses of the Bank and its subsidiaries (the Group), and the results attributable to the Group financial investments in associates.

Investments in subsidiaries

Subsidiaries are entities controlled by the Group (including structure entities and investment funds). The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity (de facto control). The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Accumulated losses are attributed to non-controlling interests in the respective proportion, implying that the Group can recognise negative non-controlling interests.

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

Investments in associates

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

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

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

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

Goodwill - Differences arising from consolidation

Business combinations are accounted under the purchase method. The acquisition cost corresponds to the fair value, determined at the acquisition date, of the assets given and liabilities incurred or assumed.

Costs directly attributable to the acquisition of a subsidiary are booked directly in the income statement.

Positive goodwill arising from acquisitions is recognised as an asset carried at acquisition cost and is not subject to amortisation.

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

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

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

Goodwill is no longer adjusted due to changes in the initial estimate of the contingent purchase price and the difference is booked in the income statement, or in equity, when applicable.

Purchases and dilution of non-controlling interests

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

Loss of control

The gains and losses resulting from the dilution or sale of a financial position in a subsidiary, with loss of control, are recognised by the Group in the income statement.

Onwards, in an acquisition (dilution) of non-controlling interests not resulting in a loss of control, the difference between the fair value of the non-controlling interests acquired and the acquisition value, is accounted against reserves.

Investments in foreign subsidiaries and associates

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

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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)).

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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, or if it is not framed in the exceptions stated by the rules, will require the Group to reclassify the entire portfolio as Financial assets available for sale and the Group will not be allowed to classify any assets under this category for the following two years.

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4) Loans and receivables - Loans represented by securities

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

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

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

5) Other financial liabilities

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

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

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

(ii) Impairment

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

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

(iii) Embedded derivatives

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

e) Derivatives hedge accounting

(i) Hedge accounting

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

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

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

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

(ii) Fair value hedge

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

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(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.

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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 revalued 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.

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m) Interest income and expense

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

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

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

If a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is recognised based on the interest rate used to discount the future cash flows for the purpose of measuring the impairment loss.

Specifically regarding the accounting policy for interest on overdue loans' portfolio, the following aspects are considered:

- Interest income for overdue loans with collaterals are accounted for as income, up to the limit of the valuation of the collateral on a prudent basis, in accordance with IAS 18, assuming that there is a reasonable probability of recoverability; and
- The interests accrued and not paid for overdue loans for more than 90 days that are not covered by collaterals are written-off and are recognised only when received, in accordance with IAS 18, on the basis that its recoverability is considered to be remote.

For derivative financial instruments, except those classified as hedging instruments of interest rate risk, the interest component is not separated from the changes in the fair value and is classified under Net gains / (losses) from trading and hedging activities. For hedging derivatives of interest rate risk and those related to financial assets or financial liabilities recognised in the Fair Value Option category, the interest component of the changes in their fair value is recognised under interest income or expense (Net interest income).

n) Fee and commission income

Fees and commissions are recognised according to the following criteria:

- when are earned as services are provided, are recognised in income over the period in which the service is being provided;
- when are earned on the execution of a significant act, are recognised as income when the service is completed.

Fees and commissions, that are an integral part of the effective interest rate of a financial instrument, are recognised in net interest income.

o) Financial net gains / losses (Net gains / losses arising from trading and hedging activities, from financial assets available for sale and from financial assets held to maturity)

Financial net gains / losses includes gains and losses arising from financial assets and financial liabilities at fair value through profit and loss, that is, fair value changes and interest on trading derivatives and embedded derivatives, as well as the corresponding dividends received. This caption also includes the impairment losses and gains and losses arising from the sale of available for sale financial assets and financial assets held to maturity. The changes in fair value of hedging derivatives and hedged items, when fair value hedge is applicable, are also recognised in this caption.

p) Fiduciary activities

Assets held in the scope of fiduciary activities are not recognised in the Group's consolidated financial statements. Fees and commissions arising from this activity are recognised in the income statement in the period in which they occur.

q) Property and equipment

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

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

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

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

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

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

r) Investment property

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

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

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

s) Intangible Assets

Research and development expenditure

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

Software

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

t) Cash and cash equivalents

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

Cash and cash equivalents exclude restricted balances with Central Banks.

u) Offsetting

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

v) Foreign currency transactions

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

w) Employee benefits

Defined benefit plans

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

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

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

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

This agreement established that the responsibilities to be transferred related to the pensions in payment as at 31 December 2011 at fixed amounts (discount rate 0%) in the component established in the 'Instrumento de Regulação Colectiva de Trabalho (IRCT)' of the retirees and pensioners. The responsibilities related to the increase in pensions as well as any other complements namely, contributions to the Health System (SAMS), death benefit and death before retirement benefit continued to be under the responsibility of the Financial Institutions and being financed through the corresponding Pensions funds.

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

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

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

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

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

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

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

Defined contribution plan

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

As at 30 September 2015, the Group has two defined contribution plans. One plan covers employees who were hired before 1 July, 2009. For this plan, called non-contributory, Group's contributions will be made annually and equal to 1% of the annual remuneration paid to employees in the previous year. Contributions shall only be made if the following requirements are met: (i) the Bank's ROE equals or exceeds the rate of government bonds of 10 years plus 5 percentage points, and (ii) distributable profits or reserves exist in the accounts of Banco Comercial Português.

The other plan covers employees who have been hired after July 1, 2009. For this plan, designated contributory, monthly contributions will be made equal to 1.5% of the monthly remuneration received by employees in the current month, either by themselves or by the Group and employees.

Share based compensation plan

As at 30 September 2015 there are no share based compensation plans in force.

Variable remuneration paid to employees

The Executive Committee decides on the most appropriate criteria of allocation among employees, whenever it is attributed.

This variable remuneration is charged to income statement in the year to which it relates.

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x) Income taxes

The Group is subject to the regime established by the Income Tax Code ("CIRC"). Additionally, deferred taxes resulting from the temporary differences between the accounting net income and the net income accepted by the Tax Authorities for Income Taxes calculation, are accounted for, whenever there is a reasonable probability that those taxes will be paid or recovered in the future.

Income tax registered in net income for the year comprises current and deferred tax effects. Income tax is recognised in the income statement, except when related to items recognised directly in equity, which implies its recognition in equity. Deferred taxes arising from the revaluation of financial assets available for sale and cash flow hedging derivatives are recognised in shareholders' equity and are recognised after in the income statement at the moment the profit and loss that originated the deferred taxes are recognised.

Current tax is the value that determines the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred taxes are calculated in accordance with the liability method based on the balance sheet, considering temporary differences, between the carrying amounts of assets and liabilities and the amounts used for taxation purposes using the tax rates approved or substantially approved at balance sheet date and that is expected to be applied when the temporary difference is reversed.

Deferred tax liabilities are recognised for all taxable temporary differences except for goodwill not deductible for tax purposes, differences arising on initial recognition of assets and liabilities that affect neither accounting nor taxable profit and differences relating to investments in subsidiaries to the extent that probably they will not reverse in the foreseeable future.

Deferred taxes assets are recognised to the extent when it is probable that future taxable profits will be available to absorb deductible temporary differences for taxation purposes (including reportable taxable losses).

The Group, as established in IAS 12, paragraph 74, compensates the deferred tax assets and liabilities if, and only if: (i) has a legally enforceable right to set off current tax assets against current tax liabilities; and (ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

y) Segmental reporting

The Group adopted the IFRS 8 - Operating Segments for the purpose of disclosure financial information by operating segments. An operating segment is a Group's component: (i) which develops business activities that can obtain revenues or expenses; (ii) whose operating results are regularly reviewed by the management with the aim of taking decisions about allocating resources to the segment and assess its performance, and (iii) for which separate financial information is available. The Group controls its activity through the following major operating segments:

Portugal

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

Foreign activity

- Poland;
- Angola;
- Mozambique.

Considering the commitment agreed with the Directorate-General for Competition of the European Commission (DG Comp) regarding the Bank's Restructuring Plan, in particular the implementation of a new approach to the asset management business, and in accordance with IFRS 5, the activity of Millennium bcp Gestão de Activos was classified as discontinued operations during 2013. From this date onwards, the impact on results of these operations were presented on a separate line item in the profit and loss account, defined as "income arising from discontinued operations" with no change at balance sheet level from the criteria as that of the financial statements as at 30 September 2014. However, following the sale of the total shareholding in Millennium bcp Gestão de Activos in May 2015, its assets and liabilities are no longer considered from this date onwards.

Additionally, following the sale of the total shareholding in Banca Millennium in Romania in 2014, this subsidiary was classified as discontinued operation, with the impact on results of its operation presented on a separate line item in the profit and loss account, defined as "income arising from discontinued operations", as at September 2014. At the consolidated balance sheet level, assets and liabilities of Banca Millennium in Romania are considered in the consolidated financial statements as at 30 September 2014.

Others

The aggregate Others includes the activity not allocated to the segments mentioned above, namely the developed by subsidiaries in Switzerland and Cayman Islands.

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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.

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Provision for unearned premiums from direct insurance and reinsurance premiums ceded

The provision for unearned gross premiums is based on the evaluation of the premiums written before the end of the year but for which the risk period continues after the year end. This provision is calculated using the pro-rata temporis method applied to each contract in force.

Liability adequacy test

At each reporting date, the Group evaluates the adequacy of liabilities arising from insurance contracts and investment contracts with discretionary participating features. The evaluation of the adequacy of responsibilities is made based on the projection of future cash flows associated with each contract, discounted at market interest rate without risk. This evaluation is done product by product or aggregate of products when the risks are similar or managed jointly. Any deficiency, if exists, is recorded in the Group's results as determined.

ac) Insurance or reinsurance intermediation services

The Banco Comercial Português and Banco ActivoBank are entities authorized by the 'Autoridade de Supervisão de Seguros e Fundos de Pensões' (Portuguese Insurance Regulation) to practice the activity of insurance intermediation in the category of Online Insurance Broker, in accordance with Article 8., Paragraph a), point i) of Decree-Law n.º 144/2006, of July 31, developing the activity of insurance intermediation in life and non-life.

Within the insurance intermediation services, the banks perform the sale of insurance contracts. As compensation for services rendered for insurance intermediation, the Banks receive commissions for arranging contracts of insurance and investment contracts, which are defined in the agreements / protocols established between the Banks and the Insurance Companies.

Commissions received by insurance intermediation are recognised in accordance with the principle of accrual, so the commissions which payment occurs at different time period to which it relates, are subject to registration as an amount receivable under Other Assets.

ad) Accounting estimates and judgements in applying accounting policies

IFRS set forth a range of accounting treatments that require the Executive Committee and management to apply judgment and make estimates in deciding which treatment is most appropriate. The most significant of these accounting policies are discussed in this section in order to improve understanding of how their application affects the Group's reported results and related disclosure.

Considering that in some cases there are several alternatives to the accounting treatment chosen by the Executive Committee, the Group's reported results would differ if a different treatment was chosen. The Executive Committee believes that the choices made are appropriate and that the financial statements present the Group's financial position and results fairly in all material aspects.

The alternative outcomes discussed below are presented solely to assist the reader in understanding the financial statements and are not intended to suggest that other alternatives or estimates would be more appropriate.

Impairment of financial assets available for-sale

The Group determines that financial assets available for-sale are impaired when there has been a significant or prolonged decrease in the fair value below its acquisition cost. This determination of what is significant or prolonged requires judgment. In making this judgment, the Group evaluates among other factors, the volatility in the prices of the financial assets. According to the Group's policies, 30% of depreciation in the fair value of an equity instrument is considered a significant devaluation and the 1 year period is assumed to be a prolonged decrease in the fair value below the acquisition cost.

In addition, valuations are generally obtained through market quotation or valuation models that may require assumptions or judgment in making estimates of fair value.

Alternative methodologies and the use of different assumptions and estimates could result in a higher level of impairment losses recognised with a consequent impact in the consolidated income statement of the Group.

Impairment losses on loans and advances to customers

The Group reviews its loan portfolios to assess impairment losses on a regularly basis, as described in note 1 c).

The evaluation process in determining whether an impairment loss should be recorded in the income statement is subject to numerous estimates and judgments. The probability of default, risk ratings, value of associated collaterals recovery rates and the estimation of both the amount and timing of future cash flows, among other things, are considered in making this evaluation.

Alternative methodologies and the use of different assumptions and estimates could result in a different level of impairment losses with a consequent impact in the consolidated income statement of the Group.

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.

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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.

ae) Impact of change in accounting policy related to recognition rates

For the preparation of the consolidated condensed financial statements as at 30 September, 2015, the Group applied IFRIC 21 - Taxes, which clarifies the time when it should be recognized a liability for fees / taxes owed to government entities by setting the date on which occurs the event that generates an obligation as the moment in which to recognise the payment responsibility of a fee / tax.

The amendment resulted from the adoption of IFRIC 21, in 2015, of the moment of recognition of the liability by the payment of some taxes, in particular the contributions over the banking sector, to the guarantee fund deposits and the resolution fund, determined the record in the first nine months of the same, as the generator event of the obligation occurred in this period, according to note 8. The adoption of the interpretation involves the need to restate, for comparative purposes, the balances for first nine months of 2014 to include the same criteria for recognition of these charges in both periods.

The impact of this restatement on the financial statements of the first nine months of 2014 resulted in a cost in the item Other operating income / (costs) of Euros 12,058,000 (see note 8), and in the caption Income Taxes of a revenue of Euros 820,000 (see note 31).

The adoption of this interpretation does not affect the amounts reported in the annual consolidated financial statements, affecting only the amounts in the interim consolidated financial statements, so consequently the consolidated balance sheet as at 31 December, 2014 has not been restated.

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

IFRS requires separate disclosure of net interest income and net gains arising from trading and hedging activities, from financial assets available for sale and from financial assets held to maturity, as presented in notes 3, 6 and 7. A particular business activity can generate impact in each of these captions, whereby the disclosure requirement demonstrates the contribution of the different business activities for the net interest margin and net gains from trading and hedging, from financial assets available for sale and from financial assets held to maturity.

The amount of this account is comprised of:

	Sep 2015 Euros '000	Sep 2014 Euros '000
Net interest income	956,656	790,954
Net gains / (losses) from trading and hedging assets	147,342	117,725
Net gains / (losses) from financial assets available for sale	406,720	239,432
	<u>1,510,718</u>	<u>1,148,111</u>

3. Net interest income

The amount of this account is comprised of:

	Sep 2015 Euros '000	Sep 2014 Euros '000
<i>Interest and similar income</i>		
Interest on loans and advances	1,396,526	1,543,586
Interest on trading securities	17,923	12,970
Interest on available for sale financial assets	185,868	227,839
Interest on held to maturity financial assets	27,589	89,134
Interest on hedging derivatives	79,567	87,071
Interest on derivatives associated to financial instruments through profit and loss account	12,136	19,802
Interest on deposits and other investments	25,168	32,972
	<u>1,744,777</u>	<u>2,013,374</u>
<i>Interest expense and similar charges</i>		
Interest on deposits and inter-bank funding	520,863	703,058
Interest on securities issued	151,679	284,309
Interest on subordinated debt		
Hybrid instruments eligible as core tier 1 (CoCos)		
underwritten by the Portuguese State	48,732	162,751
Others	46,257	50,222
Interest on hedging derivatives	7,640	11,614
Interest on derivatives associated to financial instruments through profit and loss account	12,950	10,466
	<u>788,121</u>	<u>1,222,420</u>
	<u>956,656</u>	<u>790,954</u>

The balance Interest on loans and advances includes the amount of Euros 41,056,000 (30 September 2014: Euros 42,973,000) 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 69,108,000 (30 September 2014: Euros 121,870,000) related to commissions and other costs accounted for under the effective interest method, as referred in the accounting policy described in note 1 m).

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4. Dividends from equity instruments

The amount of this account is comprised of:

	Sep 2015 Euros '000	Sep 2014 Euros '000
Dividends from financial assets available for sale	5,861	5,821
Dividends from financial assets held for trading	5	2
	<u>5,866</u>	<u>5,823</u>

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 2015 Euros '000	Sep 2014 Euros '000
<i>Fees and commissions received</i>		
From guarantees	63,869	61,162
From credit and commitments	2,064	1,438
From banking services	342,013	345,752
From insurance activity	1,272	1,027
From securities operations	72,560	82,237
From management and maintenance of accounts	62,248	57,625
From fiduciary and trust activities	757	1,038
From other services	57,271	60,424
	<u>602,054</u>	<u>610,703</u>
<i>Fees and commissions paid</i>		
From guarantees	3,839	24,990
From banking services	61,508	63,627
From insurance activity	1,207	1,111
From securities operations	7,047	7,389
From other services	8,131	7,375
	<u>81,732</u>	<u>104,492</u>
	<u>520,322</u>	<u>506,211</u>

The balance Fees and commissions received - From banking services includes the amount of Euros 56,480,000 (30 September 2014: Euros 54,671,000) related to insurance mediation commissions.

The caption Fees and commissions expenses - From guarantees included, as at 30 September 2014, the amount of Euros 22,689,000 related to commissions paid relating the issues guaranteed given by the Portuguese State.

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

The amount of this account is comprised of:

	Sep 2015 Euros '000	Sep 2014 Euros '000
<i>Gains arising on trading and hedging activities</i>		
Foreign exchange activity	1,753,527	807,324
Transactions with financial instruments recognised at fair value through profit and loss account		
Held for trading		
Securities portfolio		
Fixed income	6,939	39,045
Variable income	791	281
Certificates and structured securities issued	47,331	51,816
Derivatives associated to financial instruments through profit and loss account	34,384	42,813
Other financial instruments derivatives	559,282	475,498
Other financial instruments through profit and loss account	12,742	7,399
Repurchase of own issues	41,681	49,848
Hedging accounting		
Hedging derivatives	79,388	68,796
Hedged item	18,327	18,954
Other activity	9,521	25,868
	<u>2,563,913</u>	<u>1,587,642</u>
<i>Losses arising on trading and hedging activities</i>		
Foreign exchange activity	1,647,362	736,123
Transactions with financial instruments recognised at fair value through profit and loss account		
Held for trading		
Securities portfolio		
Fixed income	12,129	5,935
Variable income	1,911	112
Certificates and structured securities issued	22,737	55,582
Derivatives associated to financial instruments through profit and loss account	43,768	41,232
Other financial instruments derivatives	577,322	502,450
Other financial instruments through profit and loss account	5,759	20,282
Repurchase of own issues	1,793	11,575
Hedging accounting		
Hedging derivatives	92,316	36,894
Hedged item	8,170	44,185
Other activity	3,304	15,547
	<u>2,416,571</u>	<u>1,469,917</u>
	<u><u>147,342</u></u>	<u><u>117,725</u></u>

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

The amount of this account is comprised of:

	Sep 2015 Euros '000	Sep 2014 Euros '000
<i>Gains arising from financial assets available for sale</i>		
Fixed income	413,593	242,849
Variable income	5,235	4,613
<i>Losses arising from financial assets available for sale</i>		
Fixed income	(12,108)	(6,525)
Variable income	-	(1,505)
	<u>406,720</u>	<u>239,432</u>

The caption Gains arising from financial assets available for sale - Fixed income - includes, as at 30 September 2015, the amount of Euros 393,818,000 (30 September 2014: Euros 232,295,000) related to gains resulting from the sale of Portuguese public debt.

As mentioned in note 23 and in accordance with the accounting policy 1 f) in the first semester of 2015 were transferred to the portfolio of financial assets available for sale Euros 1,742,354,000, the whole Portuguese public debt portfolio previously recorded in the portfolio financial assets held to maturity in order to arrange for its disposal.

8. Other operating income / (costs)

The amount of this account is comprised of:

	Sep 2015 Euros '000	Sep 2014 Euros '000
<i>Operating income</i>		
Income from services	19,704	23,315
Cheques and others	11,502	11,235
Other operating income	<u>10,121</u>	<u>1,025</u>
	<u>41,327</u>	<u>35,575</u>
<i>Operating costs</i>		
Indirect taxes	16,609	10,365
Donations and contributions	2,911	3,060
Contribution over the banking sector	24,937	37,195
Contribution for the resolution fund	6,393	8,016
Other operating expenses	<u>35,359</u>	<u>31,879</u>
	<u>86,209</u>	<u>90,515</u>
	<u>(44,882)</u>	<u>(54,940)</u>

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

The caption Contribution for the resolution fund corresponds to mandatory contributions to the fund in accordance with Decree-Law no. 24/2013. These contributions are calculated according to a specific rate set annually and applied to the liabilities of the institutions, with the exception of provisions, revaluation of derivative financial instruments, deferred income and liabilities by assets not derecognised in securitization transactions.

With the adoption of IFRIC 21, in accordance with the accounting policy described in note ae), the contributions values over the banking sector and for the resolution fund correspond to the total amount paid in each year, since the payment obligation occurred in the first semester.

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9. Staff costs

The amount of this account is comprised of:

	Sep 2015	Sep 2014
	Euros '000	Euros '000
Salaries and remunerations	353,878	364,417
Mandatory social security charges	81,116	81,604
Voluntary social security charges	19,475	24,582
Seniority premium	2,194	3,798
Other staff costs	4,402	3,634
	<u>461,065</u>	<u>478,035</u>

10. Other administrative costs

The amount of this account is comprised of:

	Sep 2015	Sep 2014
	Euros '000	Euros '000
Water, electricity and fuel	14,788	14,611
Consumables	4,180	4,315
Rents	81,012	86,191
Communications	20,043	21,336
Travel, hotel and representation costs	6,937	6,959
Advertising	21,225	23,214
Maintenance and related services	20,389	21,651
Credit cards and mortgage	4,043	3,186
Advisory services	8,278	8,429
Information technology services	15,800	15,416
Outsourcing	57,557	55,423
Other specialised services	21,767	22,214
Training costs	1,390	1,049
Insurance	4,279	3,835
Legal expenses	4,904	5,198
Transportation	8,515	8,016
Other supplies and services	20,234	30,158
	<u>315,341</u>	<u>331,201</u>

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11. Depreciation

The amount of this account is comprised of:

	Sep 2015 Euros '000	Sep 2014 Euros '000
<i>Intangible assets:</i>		
Software	10,436	10,433
Other intangible assets	132	256
	<u>10,568</u>	<u>10,689</u>
<i>Property, plant and equipment:</i>		
Land and buildings	18,986	20,144
Equipment		
Furniture	1,573	1,451
Machinery	1,697	1,681
Computer equipment	6,853	6,207
Interior installations	1,907	1,698
Motor vehicles	3,654	2,915
Security equipment	1,864	1,837
Other equipment	1,853	1,704
Other tangible assets	1	1
	<u>38,388</u>	<u>37,638</u>
	<u><u>48,956</u></u>	<u><u>48,327</u></u>

12. Loans impairment

The amount of this account is comprised of:

	Sep 2015 Euros '000	Sep 2014 Euros '000
<i>Loans and advances to credit institutions:</i>		
For overdue loans and credit risks		
Impairment charge for the period	10	2
Write-back for the period	(5)	(4)
	<u>5</u>	<u>(2)</u>
<i>Loans and advances to customers:</i>		
For overdue loans and credit risks		
Impairment charge for the period	1,089,358	1,113,934
Write-back for the period	(438,263)	(228,560)
Recovery of loans and interest charged-off	(23,092)	(10,834)
	<u>628,003</u>	<u>874,540</u>
	<u><u>628,008</u></u>	<u><u>874,538</u></u>

The caption Loans impairment is related to an estimate of the incurred losses determined according with the methodology for a regular evaluation of objective evidence of impairment, as referred in accounting policy described in note 1 c).

13. Other financial assets impairment

The amount of this account is comprised of:

	Sep 2015 Euros '000	Sep 2014 Euros '000
Impairment for financial assets available for sale		
Charge for the period	37,307	52,541
	<u><u>37,307</u></u>	<u><u>52,541</u></u>

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14. Other provisions

The amount of this account is comprised of:

	Sep 2015 Euros '000	Sep 2014 Euros '000
Provision for guarantees and other commitments		
Charge for the period	7,009	46,808
Write-back for the period	(17,264)	(12,268)
	(10,255)	34,540
Other provisions for liabilities and charges		
Charge for the period	26,999	34,511
Write-back for the period	(463)	(1,200)
	26,536	33,311
	16,281	67,851

15. 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 2015 Euros '000	Sep 2014 Euros '000
Banque BCP, S.A.S.	2,327	2,072
Banque BCP (Luxembourg), S.A.	32	42
Millenniumbcp Ageas Grupo Segurador, S.G.P.S., S.A.	10,357	27,968
SIBS, S.G.P.S., S.A.	2,296	2,284
Unicre - Instituição Financeira de Crédito, S.A.	4,475	1,299
VSC - Aluguer de Veículos Sem Condutor, Lda.	89	517
Other companies	5,508	(5,961)
	25,084	28,221

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

The amount of this account is comprised of:

	Sep 2015 Euros '000	Sep 2014 Euros '000
Disposal of the investments held in Ocidental - Companhia Portuguesa de Seguros, S.A. and in Médis - Companhia Portuguesa Seguros de Saúde, S.A.	-	69,396
Other assets	(23,705)	(6,970)
	(23,705)	62,426

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

The caption Disposal of the investments held in Ocidental - Companhia Portuguesa de Seguros, S.A. and in Médis - Companhia Portuguesa Seguros de Saúde, S.A. corresponded in 2014 to the gain generated on the sale of 49% of the investments held in the referred insurance companies that operate exclusively in the non-life insurance business. This operation was carried out with Ageas international insurance Group.

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17. (Loss) / income arising from discontinued operations

The amount of this account is comprised of:

	Sep 2015 Euros '000	Sep 2014 Euros '000
Net (loss) / income before income tax appropriated		
Millennium bcp Gestão de Activos - Sociedade Gestora de Fundos de Investimento, S.A.	1,463	2,704
Gains arising from sale of Millennium bcp Gestão de Activos - Sociedade Gestora de Fundos de Investimento, S.A.	13,643	-
Banca Millennium S.A. (Romania)	-	(1,291)
Impairment for Banca Millennium S.A. (Romania)	-	(35,000)
Others	-	109
	<u>15,106</u>	<u>(33,478)</u>
Taxes		
Millennium bcp Gestão de Activos - Sociedade Gestora de Fundos de Investimento, S.A.	(344)	(720)
Banca Millennium S.A.	-	146
Others	-	(18)
	<u>(344)</u>	<u>(592)</u>
	<u>14,762</u>	<u>(34,070)</u>

The Group concluded in May 2015, the process of sale of the entire share capital of Millennium bcp Gestão de Activos – Sociedade Gestora de Fundos de Investimento, S.A. to Corretaje e Información Monetária y de Divisas, S.A. (“Grupo CIMD”).

In accordance with accounting policy described in note 1k), with reference at 30 September 2014, the balance Impairment Banca Millennium S.A. (Romania), corresponded 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. with reference to 30 September 2014. The sale of Banca Millennium was completed on the 8 January 2015

18. Earnings per share

The earnings per share are calculated as follows:

	Sep 2015 Euros '000	Sep 2014 Euros '000
Net income / (loss) from continuing operations	249,774	(75,425)
Gains / (losses) in equity instruments	43,697	-
Adjusted net income / (loss) from continuing operations	293,471	(75,425)
Net income / (loss) arising from discontinued operations	14,762	(34,070)
Net income / (loss)	308,233	(109,495)
Average number of shares	56,164,375,490	38,999,792,529
Basic earnings per share (Euros):		
from continuing operations	0.007	(0.003)
from discontinued operations	0.000	(0.001)
	<u>0.007</u>	<u>(0.004)</u>
Diluted earnings per share (Euros)		
from continuing operations	0.007	(0.003)
from discontinued operations	0.000	(0.001)
	<u>0.007</u>	<u>(0.004)</u>

The Bank's share capital, amounts to Euros 4,094,235,361.88 and is represented by 59,039,023,275 ordinary, book-entry and nominate shares, without nominal value, which is fully paid.

In June 2015, the Bank carried out an increase in its share capital from Euros 3,706,690,253.08 to Euros 4,094,235,361.88, by the issuance of 4,844,313,860 new ordinary, book-entry shares without nominal value, as a result of the partial and voluntary public tender offer for the acquisition of securities (preferred shares, perpetual securities and subordinated bonds) for exchange of new shares issued at the issue price of Euros 0.0834 per share (of which Euros 0.08 corresponds to the unitary issue value and Euros 0.0034 to share premium) and listing of the new ordinary shares on Euronext Lisbon.

As at 30 September 2015 and 2014 in the calculation of diluted earnings per share, the qualifying hybrid instruments as common equity tier 1 issued in June 2012 and subscribed fully by the State (CoCos), were not considered, in 2014, by presenting an antidilutive effect and in 2015 it is not defined the conversion value of the shares to be issued according to the decree 150-A / 2012 of 17 May which will be the basis for determining this effect.

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19. Cash and deposits at Central Banks

This balance is analysed as follows:

	Sep 2015	Dec 2014
	Euros '000	Euros '000
Cash	539,476	602,810
Central Banks		
Bank of Portugal	132,714	194,459
Central Banks abroad	842,263	910,178
	<u>1,514,453</u>	<u>1,707,447</u>

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

20. Loans and advances to credit institutions repayable on demand

This balance is analysed as follows:

	Sep 2015	Dec 2014
	Euros '000	Euros '000
Credit institutions in Portugal	2,007	8,760
Credit institutions abroad	740,216	591,061
Amounts due for collection	241,814	195,953
	<u>984,037</u>	<u>795,774</u>

The balance Amounts due for collection represents essentially cheques due for collection on other financial institutions.

21. Other loans and advances to credit institutions

This balance is analysed as follows:

	Sep 2015	Dec 2014
	Euros '000	Euros '000
Central Banks abroad	33,720	87,765
Credit institutions in Portugal	1,706	18,268
Credit institutions abroad	940,635	1,350,046
	976,061	1,456,079
Impairment for other loans and advances to credit institutions	(7)	(53)
	<u>976,054</u>	<u>1,456,026</u>

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

	Sep 2015	Sep 2014
	Euros '000	Euros '000
Balance on 1 January	53	202
Transfers	(51)	(114)
Impairment charge for the period	10	2
Write-back for the period	(5)	(4)
Balance on 30 September	<u>7</u>	<u>86</u>

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22. Loans and advances to customers

This balance is analysed as follows:

	Sep 2015 Euros '000	Dec 2014 Euros '000
Public sector	1,194,686	1,389,373
Asset-backed loans	30,703,700	30,777,956
Personal guaranteed loans	9,378,130	10,069,656
Unsecured loans	3,359,201	3,390,246
Foreign loans	2,187,049	2,543,534
Factoring	1,368,078	1,482,708
Finance leases	3,303,757	3,231,521
	51,494,601	52,884,994
Overdue loans - less than 90 days	392,283	94,547
Overdue loans - Over 90 days	4,156,963	4,188,812
	56,043,847	57,168,353
Impairment for credit risk	(3,565,599)	(3,482,705)
	52,478,248	53,685,648

As at 30 September 2015, the balance Loans and advances to customers includes the amount of Euros 12,737,097,000 (31 December 2014: Euros 12,951,710,000) regarding mortgage loans which are allocated as collateral for asset-back securities, issued by the Group.

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 2015 Euros '000	Dec 2014 Euros '000
<i>Loans not represented by securities</i>		
Discounted bills	290,580	353,128
Current account credits	2,285,292	2,543,984
Overdrafts	1,758,798	1,657,598
Loans	14,907,345	15,597,520
Mortgage loans	25,414,826	25,959,333
Factoring	1,368,078	1,482,708
Finance leases	3,303,757	3,231,521
	49,328,676	50,825,792
<i>Loans represented by securities</i>		
Commercial paper	1,833,188	1,729,210
Bonds	332,737	329,992
	2,165,925	2,059,202
	51,494,601	52,884,994
Overdue loans - less than 90 days	392,283	94,547
Overdue loans - Over 90 days	4,156,963	4,188,812
	56,043,847	57,168,353
Impairment for credit risk	(3,565,599)	(3,482,705)
	52,478,248	53,685,648

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

	Sep 2015	Dec 2014
	Euros '000	Euros '000
Agriculture	449,801	429,887
Mining	167,220	207,428
Food, beverage and tobacco	620,889	582,472
Textiles	488,061	487,611
Wood and cork	216,679	221,308
Paper, printing and publishing	211,116	202,393
Chemicals	806,004	660,935
Machinery, equipment and basic metallurgical	1,055,745	1,018,095
Electricity, water and gas	1,036,835	1,096,016
Construction	3,860,519	4,097,247
Retail business	1,235,282	1,199,603
Wholesale business	2,119,042	2,165,597
Restaurants and hotels	1,035,024	1,222,994
Transports and communications	1,972,996	1,947,866
Services	10,240,449	10,714,045
Consumer credit	3,986,199	4,037,116
Mortgage credit	25,296,746	25,545,160
Other domestic activities	8,122	7,890
Other international activities	1,237,118	1,324,690
	<u>56,043,847</u>	<u>57,168,353</u>
Impairment for credit risk	<u>(3,565,599)</u>	<u>(3,482,705)</u>
	<u><u>52,478,248</u></u>	<u><u>53,685,648</u></u>

Loans and advances to customers includes the effect of traditional securitization transactions owned by Special Purpose Entities (SPEs) consolidated following the application of IFRS 10, in accordance with accounting policy 1 b) and synthetic securitization.

Securitization transactions engaged by the Group refer to mortgage loans and are set through specifically created SPE. As at 30 September 2015, the loans and advances referred to these traditional securitization transactions amounts to Euros 600,778,000 (31 December 2014: Euros 641,456,000) As referred in accounting policy 1 b), when the substance of the relationships with the SPEs indicates that the Group holds control of its activities, the SPE are fully consolidated.

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

	Sep 2015	Dec 2014
	Euros '000	Euros '000
Gross amount	3,774,630	3,718,449
Interest not yet due	<u>(470,873)</u>	<u>(486,928)</u>
Net book value	<u><u>3,303,757</u></u>	<u><u>3,231,521</u></u>

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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 2015	Dec 2014
	Euros '000	Euros '000
Agriculture	34,169	18,710
Mining	160	122
Food, beverage and tobacco	3,330	5,276
Textiles	1,014	1,227
Wood and cork	13,670	4,317
Paper, printing and publishing	3,461	3,599
Chemicals	3,491	1,613
Machinery, equipment and basic metallurgical	35,990	32,661
Electricity, water and gas	539	988
Construction	50,812	51,475
Retail business	7,326	7,796
Wholesale business	30,493	31,760
Restaurants and hotels	1,769	1,995
Transports and communications	7,357	4,822
Services	17,741	75,317
Consumer credit	107,234	92,535
Mortgage credit	89,513	78,159
Other domestic activities	28	9
Other international activities	9,145	11,657
	417,242	424,038

The restructured loans are subject to an impairment analysis resulting from the revaluation of expectation to meet new cash flows inherent to the new contract terms, discounted at the original effective interest rate and considering new collaterals.

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

	Sep 2015	Dec 2014
	Euros '000	Euros '000
Agriculture	24,957	22,108
Mining	10,137	9,312
Food, beverage and tobacco	20,541	19,214
Textiles	33,170	38,658
Wood and cork	19,710	35,751
Paper, printing and publishing	11,948	12,417
Chemicals	64,659	63,760
Machinery, equipment and basic metallurgical	88,509	74,460
Electricity, water and gas	4,182	15,608
Construction	1,176,818	1,116,612
Retail business	164,091	177,217
Wholesale business	203,447	200,528
Restaurants and hotels	130,635	269,483
Transports and communications	161,148	129,927
Services	1,465,056	1,121,653
Consumer credit	604,929	637,491
Mortgage credit	317,471	295,855
Other domestic activities	8,099	7,269
Other international activities	39,739	36,036
	4,549,246	4,283,359

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

	Sep 2015	Sep 2014
	Euros '000	Euros '000
Balance on 1 January	3,482,705	3,420,059
Transfers resulting from changes in the		
Group's structure	-	37,572
Other transfers	110,809	(36,916)
Impairment charge for the period	1,089,358	1,113,934
Write-back for the period	(438,263)	(228,560)
Loans charged-off	(665,770)	(770,947)
Exchange rate differences	(13,240)	8,805
Balance on 30 September	<u>3,565,599</u>	<u>3,543,947</u>

If the impairment loss decreases in a subsequent period to its initial accounting and this decrease can be objectively associated to an event that occurred after the recognition of the loss, the impairment in excess is reversed through profit and loss.

The analysis of impairment, by sector of activity, is as follows:

	Sep 2015	Dec 2014
	Euros '000	Euros '000
Agriculture	43,122	42,398
Mining	11,879	12,186
Food, beverage and tobacco	19,361	19,285
Textiles	27,189	26,145
Wood and cork	26,999	32,237
Paper, printing and publishing	16,492	14,707
Chemicals	54,505	54,057
Machinery, equipment and basic metallurgical	70,462	66,419
Electricity, water and gas	12,734	10,561
Construction	709,075	685,947
Retail business	136,117	139,861
Wholesale business	192,416	193,361
Restaurants and hotels	121,826	151,605
Transports and communications	151,197	113,661
Services	1,159,282	1,074,482
Consumer credit	428,531	414,983
Mortgage credit	320,321	328,891
Other domestic activities	6,698	33,134
Other international activities	57,393	68,785
	<u>3,565,599</u>	<u>3,482,705</u>

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

	Sep 2015 Euros '000	Sep 2014 Euros '000
Agriculture	3,152	870
Mining	195	275
Food, beverage and tobacco	2,333	6,936
Textiles	9,175	5,576
Wood and cork	10,042	11,102
Paper, printing and publishing	1,740	26,309
Chemicals	2,810	3,154
Machinery, equipment and basic metallurgical	7,921	11,087
Electricity, water and gas	324	2
Construction	100,332	183,564
Retail business	19,893	33,164
Wholesale business	39,483	32,153
Restaurants and hotels	36,839	13,073
Transports and communications	178,975	15,879
Services	137,065	342,340
Consumer credit	82,531	79,369
Mortgage credit	6,426	4,292
Other domestic activities	17,452	738
Other international activities	9,082	1,064
	<u>665,770</u>	<u>770,947</u>

In compliance with the accounting policy described in note 1 c), loans and advances to customers are charged-off when there are no feasible expectations, from an economic perspective, of recovering the loan amount. For collateralised loans, the charge-off occurs for the unrecoverable amount when the funds arising from the execution of the respective collaterals are effectively received. This charge-off is carried out only for loans that are considered not to be recoverable and fully provided.

The analysis of recovered loans and interest, during the first nine months of 2015 and 2014, by sector of activity, is as follows:

	Sep 2015 Euros '000	Sep 2014 Euros '000
Agriculture	44	90
Mining	1	80
Food, beverage and tobacco	92	87
Textiles	455	222
Wood and cork	152	146
Paper, printing and publishing	7	128
Chemicals	128	70
Machinery, equipment and basic metallurgical	239	1,241
Electricity, water and gas	7	25
Construction	15,230	1,022
Retail business	310	617
Wholesale business	731	910
Restaurants and hotels	43	202
Transports and communications	66	215
Services	1,663	734
Consumer credit	2,793	4,817
Other domestic activities	64	169
Other international activities	1,067	59
	<u>23,092</u>	<u>10,834</u>

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23. 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 2015 Euros '000	Dec 2014 Euros '000
Bonds and other fixed income securities		
Issued by public entities	7,779,741	5,674,624
Issued by other entities	2,748,918	1,716,746
	10,528,659	7,391,370
Overdue securities	4,079	4,083
Impairment for overdue securities	(4,077)	(4,077)
	10,528,661	7,391,376
Shares and other variable income securities	1,530,336	1,464,597
	12,058,997	8,855,973
Trading derivatives	978,676	1,081,492
	13,037,673	9,937,465

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

	Sep 2015			Dec 2014		
	Securities			Securities		
	Trading	Available	Total	Trading	Available	Total
	Euros '000	for sale Euros '000	Euros '000	Euros '000	for sale Euros '000	Euros '000
<i>Fixed income:</i>						
Bonds issued by public entities						
Portuguese issuers	182,886	4,666,684	4,849,570	193,972	1,812,499	2,006,471
Foreign issuers	197,862	2,151,703	2,349,565	291,829	1,948,834	2,240,663
Bonds issued by other entities						
Portuguese issuers	5,175	1,154,315	1,159,490	1,072	884,740	885,812
Foreign issuers	100,608	1,492,899	1,593,507	89,866	745,151	835,017
Treasury bills and other						
Government bonds	-	580,606	580,606	-	1,427,490	1,427,490
	486,531	10,046,207	10,532,738	576,739	6,818,714	7,395,453
Impairment for overdue securities	-	(4,077)	(4,077)	-	(4,077)	(4,077)
	486,531	10,042,130	10,528,661	576,739	6,814,637	7,391,376
<i>Variable income:</i>						
Shares in Portuguese companies	13,877	104,123	118,000	13,555	83,635	97,190
Shares in foreign companies	120	21,250	21,370	187	26,204	26,391
Investment fund units	1,319	1,389,117	1,390,436	1,244	1,338,749	1,339,993
Other securities	530	-	530	1,023	-	1,023
	15,846	1,514,490	1,530,336	16,009	1,448,588	1,464,597
Trading derivatives	978,676	-	978,676	1,081,492	-	1,081,492
	1,481,053	11,556,620	13,037,673	1,674,240	8,263,225	9,937,465

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 42. As at 30 September 2015, the amount of fair value reserves of Euros 33,633,000 (31 December 2014: Euros 177,879,000) is presented net of impairment losses in the amount of Euros 293,650,000 (31 December 2014: Euros 287,106,000).

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During the first semester of 2015, in accordance with the accounting policy 1 f), the Group reclassified Government bonds, from the portfolio of financial assets held to maturity to the portfolio of financial assets available for sale, in the amount of Euros 1,742,354,000, whose market value was Euros 2,024,570,000. The decision comes as part of the process of strengthening the Group's capital ratios, according to the strategy set by the Board of Directors to meet the challenges posed by the prudential determinations of the ECB and implied the reclassification on the date of decision, of all the securities portfolio of public debt recorded at the portfolio of securities held to maturity. Under the scope of IAS 39, considering its characteristics and the applicable framework (IAS 39 AG22 point e)), this situation did not imply the tainting of the remaining held to maturity portfolio. During the first semester of 2015, and as mentioned in note 7, part of these securities were sold.

The portfolio of financial assets available for sale, as at 30 September 2015, is analysed as follows:

	Sep 2015					
	Amortised cost Euros '000	Impairment Euros '000	Amortised cost net of impairment Euros '000	Fair value reserves Euros '000	Fair value hedge adjustments Euros '000	Total Euros '000
<i>Fixed income:</i>						
Bonds issued by public entities						
Portuguese issuers	4,726,530	-	4,726,530	(75,329)	15,483	4,666,684
Foreign issuers	2,147,584	-	2,147,584	4,119	-	2,151,703
Bonds issued by other entities						
Portuguese issuers	1,177,270	(77,366)	1,099,904	49,972	362	1,150,238
Foreign issuers	1,486,566	-	1,486,566	6,333	-	1,492,899
Treasury bills and other						
Government bonds	580,498	(11)	580,487	119	-	580,606
	10,118,448	(77,377)	10,041,071	(14,786)	15,845	10,042,130
<i>Variable income:</i>						
Shares in Portuguese companies	177,611	(77,315)	100,296	3,827	-	104,123
Shares in foreign companies	21,149	(167)	20,982	268	-	21,250
Investment fund units	1,483,584	(138,791)	1,344,793	44,324	-	1,389,117
	1,682,344	(216,273)	1,466,071	48,419	-	1,514,490
	11,800,792	(293,650)	11,507,142	33,633	15,845	11,556,620

The portfolio of financial assets available for sale, as at 31 December 2014, is analysed as follows:

	Dec 2014					
	Amortised cost	Impairment	Amortised cost net	Fair value	Fair value hedge	Total
	Euros '000	Euros '000	of impairment	reserves	adjustments	
			Euros '000	Euros '000	Euros '000	Euros '000
<i>Fixed income:</i>						
Bonds issued by public entities						
Portuguese issuers	1,729,783	-	1,729,783	67,645	15,071	1,812,499
Foreign issuers	1,936,685	-	1,936,685	12,149	-	1,948,834
Bonds issued by other entities						
Portuguese issuers	892,562	(69,566)	822,996	57,134	533	880,663
Foreign issuers	731,325	-	731,325	13,826	-	745,151
Treasury bills and other						
Government bonds	1,427,411	(5)	1,427,406	84	-	1,427,490
	<u>6,717,766</u>	<u>(69,571)</u>	<u>6,648,195</u>	<u>150,838</u>	<u>15,604</u>	<u>6,814,637</u>
<i>Variable income:</i>						
Shares in Portuguese companies	162,311	(82,589)	79,722	3,913	-	83,635
Shares in foreign companies	26,104	(191)	25,913	291	-	26,204
Investment fund units	1,450,667	(134,755)	1,315,912	22,837	-	1,338,749
	<u>1,639,082</u>	<u>(217,535)</u>	<u>1,421,547</u>	<u>27,041</u>	<u>-</u>	<u>1,448,588</u>
	<u>8,356,848</u>	<u>(287,106)</u>	<u>8,069,742</u>	<u>177,879</u>	<u>15,604</u>	<u>8,263,225</u>

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The analysis of financial assets held for trading and available for sale by sector of activity as at 30 September 2015 is as follows:

	Sep 2015				
			Other Financial Assets	Overdue Securities	Total
	Bonds	Shares			
	Euros '000	Euros '000	Euros '000	Euros '000	Euros '000
Food, beverage and tobacco	-	-	-	2	2
Textiles	-	6,913	-	361	7,274
Wood and cork	-	501	-	998	1,499
Paper, printing and publishing	13,440	40	-	-	13,480
Chemicals	-	7	-	-	7
Machinery, equipment and basic metallurgical	-	10	-	-	10
Construction	-	970	-	2,540	3,510
Retail business	3,000	1,055	-	-	4,055
Wholesale business	-	983	-	176	1,159
Restaurants and hotels	-	14,298	-	-	14,298
Transport and communications	447,011	45,930	-	-	492,941
Services	2,285,467	68,663	1,390,112	2	3,744,244
Other international activities	-	-	854	-	854
	2,748,918	139,370	1,390,966	4,079	4,283,333
Government and Public securities	7,199,135	-	580,606	-	7,779,741
Impairment for overdue securities	-	-	-	(4,077)	(4,077)
	9,948,053	139,370	1,971,572	2	12,058,997

The analysis of financial assets held for trading and available for sale by sector of activity as at 31 December 2014 is as follows:

	Dec 2014				
	Bonds	Shares	Other Financial Assets	Overdue Securities	Total
	Euros '000	Euros '000	Euros '000	Euros '000	Euros '000
Food, beverage and tobacco	-	-	-	6	6
Textiles	-	7,403	-	361	7,764
Wood and cork	-	501	-	998	1,499
Paper, printing and publishing	13,040	37	-	-	13,077
Chemicals	-	11	-	-	11
Machinery, equipment and basic metallurgical	-	10	-	-	10
Electricity, water and gas	-	8	-	-	8
Construction	-	952	-	2,540	3,492
Retail business	-	127	-	-	127
Wholesale business	-	983	-	176	1,159
Restaurants and hotels	-	69	-	-	69
Transport and communications	365,060	47,139	-	-	412,199
Services	1,338,646	66,341	1,339,992	2	2,744,981
Other international activities	-	-	1,024	-	1,024
	1,716,746	123,581	1,341,016	4,083	3,185,426
Government and Public securities	4,247,134	-	1,427,490	-	5,674,624
Impairment for overdue securities	-	-	-	(4,077)	(4,077)
	5,963,880	123,581	2,768,506	6	8,855,973

The Group, as part of the management process of the liquidity risk, holds a pool of eligible assets that can serve as collateral in funding operations in the European Central Bank and other Central Banks in countries where the Group operates, which includes fixed income securities.

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24. Hedging derivatives

This balance is analysed as follows:

	Sep 2015		Dec 2014	
	Assets	Liabilities	Assets	Liabilities
	Euros '000	Euros '000	Euros '000	Euros '000
<i>Hedging instruments</i>				
Swaps	85,114	548,975	75,325	352,543

25. Financial assets held to maturity

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

	Sep 2015	Dec 2014
	Euros '000	Euros '000
<i>Bonds and other fixed income securities</i>		
Issued by Government and public entities	50,002	1,917,366
Issued by other entities	382,939	393,815
	432,941	2,311,181

During the first semester of 2015, in accordance with the accounting policy 1 f), the Group reclassified Government bonds, from the portfolio of financial assets held to maturity for the portfolio of financial assets available for sale, in the amount of Euros 1,742,354,000, whose market value was Euros 2,024,570,000. The decision comes as part of the process of strengthening the Group's capital ratios, according to the strategy set by the Board of Directors to meet the new challenges posed by the prudential determinations of the ECB and implied the reclassification on the date of decision, of all the securities portfolio of public debt recorded in the portfolio of securities held to maturity. Under the scope of IAS 39, considering its characteristics and the applicable framework (IAS 39 AG22 point e)), this situation did not imply the tainting of the remaining held to maturity portfolio. During the first semester of 2015, and as mentioned in note 7, part of these securities were sold.

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 2015	Dec 2014
	Euros '000	Euros '000
Transports and communications	174,865	172,060
Services	208,074	221,755
	382,939	393,815
Government and Public securities	50,002	1,917,366
	432,941	2,311,181

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

26. Investments in associated companies

This balance is analysed as follows:

	Sep 2015	Dec 2014
	Euros '000	Euros '000
Portuguese credit institutions	33,673	30,143
Foreign credit institutions	31,033	29,862
Other Portuguese companies	243,261	256,213
Other foreign companies	5,947	7,248
	313,914	323,466

The balance Investments in associated companies is analysed as follows:

	Sep 2015	Dec 2014
	Euros '000	Euros '000
Banque BCP, S.A.S.	28,535	27,395
Banque BCP (Luxembourg), S.A.	2,499	2,467
Millenniumbcp Ageas Grupo Segurador, S.G.P.S., S.A.	222,405	236,768
SIBS, S.G.P.S., S.A.	19,453	18,090
Unicre - Instituição Financeira de Crédito, S.A.	33,673	30,143
Other	7,349	8,603
	313,914	323,466

These investments correspond to unquoted companies. According to the accounting policy described in note 1 b), these investments are measured at the equity method. The investment held in the associated company Millenniumbcp Ageas Grupo Segurador, S.G.P.S. corresponds to 49% of the share capital of the Group. The Group's companies included in the consolidation perimeter are presented in note 48.

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27. Non-current assets held for sale

This balance is analysed as follows:

	Sep 2015	Dec 2014
	Euros '000	Euros '000
Investments, properties and other assets arising from recovered loans	1,880,474	1,810,881
Subsidiaries acquired exclusively with the purpose of short-term sale	70,784	72,710
	1,951,258	1,883,591
Impairment	(276,789)	(261,575)
	<u>1,674,469</u>	<u>1,622,016</u>

The assets included in this balance are accounted for in accordance with the accounting policy note 1 k).

The balance Investments, properties and other assets arising from recovered loans includes assets resulting from (i) foreclosure, with an option to repurchase or leaseback, which are accounted following the establishment of the contract or the promise of contract and the respective irrevocable power of attorney issued by the client on behalf of the Bank, or (ii) resolution of leasing contracts.

These assets are available for sale in a period less than one year and the Bank has a strategy for its sale. However, taking into account the actual market conditions, it was not possible in all instances to conclude the sales in the expected time. The strategy of alienation results in an active search of buyers, with the Bank having a website where advertises these properties and through partnerships with the mediation of companies having more ability for the product that every time the Bank has for sale. Prices are periodically reviewed and adjusted for continuous adaptation to the market.

As at 30 September 2015, the balance Investments, properties and other assets arising from recovered loans includes the amount of Euros 337,091,000 (31 December 2014: Euros 325,070,000) related to properties of Closed Real Estate Investment Funds, whose units were received following foreclosure operations and in accordance with IFRS, were subject to full consolidation method.

The balance Subsidiaries acquired exclusively with the view of short-term sale corresponds to three real estate companies acquired by the Group within the restructuring of a loan exposure that the Group intends to sell in less than one year. However, taking into account the actual market conditions, it was not possible to conclude the sales in the expected time. Until the date of the sale, the Group continues to consolidate in reserves and income, any changes occurred in the net assets of the subsidiaries.

28. Investment property

The balance Investment property includes the amount of Euros 145,997,000 (31 December 2014: Euros 174,861,000) related to real estate accounted in the "Fundo de Investimento Imobiliário Imosotto Acumulação", "Fundo de Investimento Imobiliário Gestão Imobiliária", "Fundo de Investimento Imobiliário Imorenda", "Fundo de Investimento Imobiliário Fechado Gestimo" and "Imoport - Fundo de Investimento Imobiliário Fechado", which are consolidated under the full consolidation method as referred in the accounting policy presented in note 1 b).

The real estate is evaluated in accordance with the accounting policy presented in note 1 r), based on independent assessments and compliance with legal requirements.

29. Property and equipment

This balance is analysed as follows:

	Sep 2015	Dec 2014
	Euros '000	Euros '000
Land and buildings	1,069,065	1,151,149
Equipment		
Furniture	88,158	89,254
Machinery	56,447	57,657
Computer equipment	297,666	299,446
Interior installations	147,560	146,542
Motor vehicles	26,487	26,125
Security equipment	80,313	82,467
Other equipment	30,694	32,301
Work in progress	14,622	16,704
Other tangible assets	4,591	549
	<u>1,815,603</u>	<u>1,902,194</u>
<i>Accumulated depreciation</i>		
Charge for the period	(38,388)	(51,298)
Accumulated charge for the previous periods	(1,103,741)	(1,095,445)
	<u>(1,142,129)</u>	<u>(1,146,743)</u>
	<u>673,474</u>	<u>755,451</u>

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30. Goodwill and intangible assets

This balance is analysed as follows:

	Sep 2015 Euros '000	Dec 2014 Euros '000
<i>Intangible assets</i>		
Software	113,431	114,817
Other intangible assets	52,361	54,906
	<u>165,792</u>	<u>169,723</u>
<i>Accumulated depreciation</i>		
Charge for the period	(10,568)	(14,245)
Accumulated charge for the previous periods	(124,677)	(117,083)
	<u>(135,245)</u>	<u>(131,328)</u>
	<u>30,547</u>	<u>38,395</u>
<i>Goodwill</i>		
Bank Millennium, S.A. (Poland)	125,447	164,040
Real estate and mortgage credit	40,859	40,859
Unicre - Instituição Financeira de Crédito, S.A.	7,436	7,436
Others	18,689	18,766
	<u>192,431</u>	<u>231,101</u>
<i>Impairment</i>		
Others	(16,707)	(16,707)
	<u>175,724</u>	<u>214,394</u>
	<u><u>206,271</u></u>	<u><u>252,789</u></u>

31. Income Tax

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

	Sep 2015			Dec 2014		
	Assets Euros '000	Liabilities Euros '000	Net Euros '000	Assets Euros '000	Liabilities Euros '000	Net Euros '000
Deferred taxes not depending on the future profits						
Impairment losses	896,154	-	896,154	887,902	-	887,902
Employee benefits	766,661	-	766,661	685,579	-	685,579
	<u>1,662,815</u>	<u>-</u>	<u>1,662,815</u>	<u>1,573,481</u>	<u>-</u>	<u>1,573,481</u>
Deferred taxes depending on the future profits						
Intangible assets	43	-	43	43	-	43
Other tangible assets	7,401	3,849	3,552	7,353	3,906	3,447
Impairment losses	862,148	572,151	289,997	887,837	579,459	308,378
Employee benefits	3,472	-	3,472	4,200	-	4,200
Financial assets available for sale	27,828	27,261	567	8,839	44,288	(35,449)
Derivatives	-	6,387	(6,387)	-	1,697	(1,697)
Tax losses carried forward	428,241	-	428,241	434,767	-	434,767
Others	163,195	56,852	106,343	160,139	55,433	104,706
	<u>1,492,328</u>	<u>666,500</u>	<u>825,828</u>	<u>1,503,178</u>	<u>684,783</u>	<u>818,395</u>
Total deferred taxes	3,155,143	666,500	2,488,643	3,076,659	684,783	2,391,876
Offset between deferred tax assets and deferred tax liabilities	(649,764)	(649,764)	-	(678,097)	(678,097)	-
Net deferred taxes	<u><u>2,505,379</u></u>	<u><u>16,736</u></u>	<u><u>2,488,643</u></u>	<u><u>2,398,562</u></u>	<u><u>6,686</u></u>	<u><u>2,391,876</u></u>

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The expire date of the recognised tax losses carried forward is presented as follows:

Expire date	Sep 2015 Euros '000	Dec 2014 Euros '000
2015	1,899	3,471
2016	1	1
2017	137,928	139,513
2018	115,173	115,893
2019	186	179
2020 and following years	173,054	175,710
	428,241	434,767

In accordance with the accounting policy and with the requirements of IAS 12, the deferred tax assets were recognized based on the Group's expectation of their recoverability. The assessment of the recoverability of deferred tax assets was performed for each entity included in the consolidation perimeter based on the respective business plans approved by the Board of Directors for the period 2015-2019.

The Group adopted the special regime applicable to deferred tax assets. The amount of unrecognized deferred taxes is as follows:

	Sep 2015 Euros '000	Dec 2014 Euros '000
Tax losses carried forward	405,056	401,771

The impact of income taxes in Net (loss) / income and in other captions of Group's equity, as at 30 September 2015, is analysed as follows:

	Sep 2015			
	Net (loss) / income	Reserves and retained earnings	Exchange differences	Discontinued operations and other variations
	Euros '000	Euros '000	Euros '000	Euros '000
<i>Deferred taxes</i>				
Deferred taxes not depending on the future profits				
Impairment losses	8,251	-	-	-
Employee benefits	19,318	61,764	-	-
	27,569	61,764	-	-
Deferred taxes depending on the future profits				
Other tangible assets	89	-	16	-
Impairment losses	(20,871)	-	2,491	-
Employee benefits	(296)	-	31	(463)
Financial assets available for sale	-	35,737	280	-
Derivatives	(4,780)	-	90	-
Tax losses carried forward	(22,662)	14,629	1,507	-
Others	2,919	(1,136)	(149)	-
	(45,601)	49,230	4,266	(463)
	(18,032)	110,994	4,266	(463)
<i>Current taxes</i>	(62,856)	96	-	-
	(80,888)	111,090	4,266	(463)

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The impact of income taxes in Net (loss) / income and in other captions of Group's equity, as at 31 December 2014, is analysed as follows:

	Dec 2014			
	Net (loss) / income Euros '000	Reserves and retained earnings Euros '000	Exchange differences Euros '000	Discontinued operations Euros '000
<i>Deferred taxes</i>				
Deferred taxes not depending on the future profits				
Impairment losses	66,101	-	-	-
Employee benefits	(55,220)	(45,016)	-	(113)
	10,881	(45,016)	-	(113)
Deferred taxes depending on the future profits				
Intangible assets	(3)	-	-	(12)
Other tangible assets	314	-	(55)	(28)
Impairment losses	44,037	-	(2,417)	1
Employee benefits	(131)	(5,054)	(274)	44
Financial assets available for sale	-	(4,350)	(562)	(97)
Derivatives	(431)	-	45	-
Tax losses carried forward	103,641	89,748	(2,002)	(12,861)
Others	40,362	-	997	108
	187,789	80,344	(4,268)	(12,845)
	198,670	35,328	(4,268)	(12,958)
<i>Current taxes</i>	(100,995)	877	-	(910)
	97,675	36,205	(4,268)	(13,868)

The reconciliation of the effective tax rate, arising from the permanent effects, is analysed as follows:

	Sep 2015 Euros '000	Sep 2014 Euros '000
Net loss before income taxes	435,616	(165,122)
Current tax rate	29.5%	31.5%
Expected tax	(128,507)	52,014
Accruals for the purpose of calculating the taxable income (i)	(50,518)	(30,502)
Deductions for the purpose of calculating the taxable income (ii)	22,564	51,356
Fiscal incentives not recognised in profit/loss accounts (iii)	8,138	188
Effect of the difference of rate tax and of deferred tax not recognised previously (iv)	67,726	102,926
Correction of previous periods	944	(2,295)
(Autonomous tax) / tax credits	(1,235)	(2,091)
	(80,888)	171,596
Effective rate	18.6%	103.9%

References:

- (i) Refers, essentially, to the tax associated with the additions of impairment losses not deductible for tax purposes and the contribution over the banking sector.
- (ii) This is mainly associated with the tax deductions of net income of non-resident companies and net income of associated companies consolidated under the equity method, impairment reversals and capital gains on the sale of investments;
- (iii) Corresponds, essentially, to the recognition of deferred tax assets associated to post-employment benefits or long-term employee in excess of the limits.

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32. Other assets

This balance is analysed as follows:

	Sep 2015	Dec 2014
	Euros '000	Euros '000
Debtors	179,644	164,870
Supplementary capital contributions	143,803	113,546
Amounts due for collection	20,460	26,043
Recoverable tax	24,703	21,302
Recoverable government subsidies on interest on mortgage loans	8,298	7,367
Associated companies	461	228
Interest and other amounts receivable	56,765	48,538
Prepayments and deferred costs	42,661	44,246
Amounts receivable on trading activity	119,982	33,897
Amounts due from customers	201,274	244,544
Reinsurance technical provision	2,499	2,151
Sundry assets	278,270	217,156
	1,078,820	923,888
Impairment for other assets	(173,929)	(138,959)
	<u>904,891</u>	<u>784,929</u>

33. Deposits from credit institutions

This balance is analysed as follows:

	Sep 2015	Dec 2014
	Euros '000	Euros '000
Central Banks	6,361,347	6,817,673
Credit institutions in Portugal	229,147	219,515
Credit institutions abroad	3,698,450	3,928,967
	<u>10,288,944</u>	<u>10,966,155</u>

34. Deposits from customers

This balance is analysed as follows:

	Sep 2015	Dec 2014
	Euros '000	Euros '000
Deposits from customers:		
Repayable on demand	18,617,884	16,792,677
Term deposits	25,958,951	29,511,327
Saving accounts	2,174,385	1,287,817
Structured deposits	3,470,096	1,918,419
Treasury bills and other assets sold under repurchase agreement	59,987	13,986
Others	362,448	292,510
	<u>50,643,751</u>	<u>49,816,736</u>

In the terms of the Law, the Deposit Guarantee Fund was established to guarantee the reimbursement of funds deposited in Credit Institutions. The criteria to calculate the annual contributions to the referred fund are defined in the Regulation no. 11/94 of the Bank of Portugal.

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35. Debt securities issued

This balance is analysed as follows:

	Sep 2015 Euros '000	Dec 2014 Euros '000
Debt securities at amortized cost		
Bonds	1,870,582	1,914,640
Covered bonds	1,336,101	1,344,538
MTNs	552,429	1,318,416
Securitizations	449,020	483,427
	4,208,132	5,061,021
Accruals	44,198	56,102
	4,252,330	5,117,123
Debt securities at fair value through profit and loss		
Bonds	32,608	36,560
MTNs	160,278	159,960
	192,886	196,520
Accruals	2,140	3,398
	195,026	199,918
Certificates	462,386	392,528
	4,909,742	5,709,569

36. Financial liabilities held for trading

The balance is analysed as follows:

	Sep 2015 Euros '000	Dec 2014 Euros '000
FRA	35	-
Swaps	731,421	846,837
Options	90,101	100,979
Embedded derivatives	301	369
Forwards	6,520	4,784
	828,378	952,969

37. Provisions

This balance is analysed as follows:

	Sep 2015 Euros '000	Dec 2014 Euros '000
Provision for guarantees and other commitments	80,515	250,158
Technical provision for the insurance activity		
For direct insurance and reinsurance accepted		
Unearned premium / reserve	14,594	13,787
Life insurance	49,497	55,990
Bonuses and rebates	3,648	2,161
Other technical provisions	9,430	10,794
Other provisions for liabilities and charges	143,084	127,403
	300,768	460,293

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

	Sep 2015 Euros '000	Sep 2014 Euros '000
Balance on 1 January	250,158	211,765
Transfers resulting from changes in the Group's structure	-	(17)
Other transfers	(158,872)	-
Charge for the period	7,009	46,808
Write-back for the period	(17,264)	(12,268)
Exchange rate differences	(516)	625
Balance on 30 September	<u>80,515</u>	<u>246,913</u>

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

	Sep 2015 Euros '000	Sep 2014 Euros '000
Balance on 1 January	127,403	80,017
Transfers resulting from changes in the Group's structure	-	(931)
Other transfers	(1,297)	7,128
Charge for the period	26,999	34,511
Write-back for the period	(463)	(1,200)
Amounts charged-off	(8,883)	(2,801)
Exchange rate differences	(675)	226
Balance on 30 September	<u>143,084</u>	<u>116,950</u>

The provisions are accounted in accordance with the probability of occurrence of certain contingencies related to 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.

38. Subordinated debt

This balance is analysed as follows:

	Sep 2015 Euros '000	Dec 2014 Euros '000
Bonds		
Non Perpetual Bonds	859,278	1,224,603
Perpetual Bonds	28,624	28,510
CoCos	<u>760,605</u>	<u>762,767</u>
	1,648,507	2,015,880
Accruals	<u>35,310</u>	<u>9,792</u>
	<u>1,683,817</u>	<u>2,025,672</u>

The caption Subordinated debt - CoCos corresponds to hybrids subordinated debt instruments that qualify as Core Tier I Capital, issued on 29 June 2012, by Banco Comercial Português, S.A. with an initial amount of Euros 3,000,000,000 and fully subscribed by the Portuguese State. These instruments are fully reimbursable by the Bank through a five years period and only in specific circumstances, such as delinquency or lack of payment are susceptible of being converted in Bank's ordinary shares. The Bank repaid in May 2014 the amount of Euros 400,000,000 of core tier I capital instruments (CoCos) issued by the Portuguese State, and in August 2014 repaid Euros 1,850,000,000 of common equity tier I capital instruments (CoCos), after having received the authorization from the Bank of Portugal, based on the regulator's analysis of the evolution of BCP's capital ratios and as announced during the recent capital increase.

The referred instruments were issued under the scope of the recapitalisation program of the bank, using the Euros 12,000,000,000 line made available by the Portuguese State, under the scope of the IMF intervention program, in accordance with the Law no. 150-A/2012. These instruments are eligible for prudential effects as Core Tier I. However, under the IAS 32 - Financial Instruments: Presentation for accounting purposes, these instruments are classified as liability according to its characteristics, namely: (i) mandatory obligation to pay capital and interests; and (ii) in case of settlement through the delivery of equity securities, the number of securities to delivery is depending on the market value at the date of conversion, in order to have the value of the bond settled.

Thus, the classification as liability results from the fact that the investor, as holder of the instrument issued, is not exposed to the company equity instruments risk, and will always receive the equivalent amount of the value invested, in cash or in ordinary shares of the Bank. The operation has an increasing interest rate beginning in 8.5% and ending at the maturity at 10% in 2017.

As mentioned in note 46, it was made in June 2015 a public exchange offer of securities for shares which aimed to reinforce the Bank's share capital. This operation was led through contributions in kind, as part of new entries consisting of the subordinated securities issued by the Bank in the amount of Euros 370,632,000 and that involved the extinction of these emissions.

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As at 30 September 2015, the characteristics of subordinated debt issued are analysed as follows:

Issue	Issue date	Maturity date	Interest rate	Nominal value Euros '000	Book value Euros '000
<i>Non Perpetual Bonds</i>					
<i>Banco Comercial Português:</i>					
Mbcp Ob Cx Sub 1 Serie 2008-2018	September, 2008	September, 2018	See reference (i)	52,587	52,587
Mbcp Ob Cx Sub 2 Serie 2008-2018	October, 2008	October, 2018	See reference (i)	14,888	14,888
Bcp Ob Sub Jun 2020 - Emtn 727	June, 2010	June, 2020	See reference (ii)	14,791	14,791
Bcp Ob Sub Aug 2020 - Emtn 739	August, 2010	August, 2020	See reference (iii)	9,278	9,278
Bcp Ob Sub Mar 2021 - Emtn 804	March, 2011	March, 2021	Euribor 3M + 3.750%	114,000	114,000
Bcp Ob Sub Apr 2021 - Emtn 809	April, 2011	April, 2021	Euribor 3M + 3.750%	64,100	64,100
Bcp Ob Sub 3S Apr 2021 - Emtn 812	April, 2011	April, 2021	Euribor 3M + 3.750%	35,000	35,000
Bcp Sub 11/25.08.2019 - Emtn 823	August, 2011	August, 2019	Fixed rate of 6.383%	7,500	8,139
Bcp Subord Sep 2019 - Emtn 826	October, 2011	September, 2019	Fixed rate of 9.310%	50,000	51,756
Bcp Subord Nov 2019 - Emtn 830	November, 2011	November, 2019	Fixed rate of 8.519%	40,000	40,435
Bcp Subord Dec 2019 - Emtn 833	December, 2011	December, 2019	Fixed rate of 7.150%	26,600	26,104
Mill Bcp Subord Jan 2020 - Emtn 834	January, 2012	January, 2020	Fixed rate of 7.010%	14,000	13,247
Mbcp Subord Feb 2020 - Vm Sr. 173	April, 2012	February, 2020	Fixed rate of 9.000%	23,000	22,387
Bcp Subord Apr 2020 - Vm Sr 187	April, 2012	April, 2020	Fixed rate of 9.150%	51,000	49,777
Bcp Subord 2 Serie Apr 2020 - Vm 194	April, 2012	April, 2020	Fixed rate of 9.000%	25,000	24,276
Bcp Subordinadas Jul 20-Emtn 844	July, 2012	July, 2020	Fixed rate of 9.000%	26,250	24,708
<i>Bank Millennium:</i>					
MB Finance AB	December, 2007	December, 2017	Euribor 6M + 2.000%	149,781	149,781
<i>BCP Finance Bank:</i>					
BCP Fin Bank Ltd EMTN - 295	December, 2006	December, 2016	See reference (iv)	71,209	71,201
BCP Fin Bank Ltd EMTN - 828	October, 2011	October, 2021	Fixed rate of 13.000%	96,450	72,779
<i>Magellan No. 3:</i>					
Magellan No. 3 Series 3 Class F	June, 2005	May, 2058	-	44	44
					<u>859,278</u>
<i>Perpetual Bonds</i>					
<i>Obrigações Caixa Perpétuas</i>					
Subord 2002/19jun2012	June, 2002	-	See reference (v)	92	66
TOPS BPSM 1997	December, 1997	-	Euribor 6M + 0.900%	22,892	23,152
BCP Leasing 2001	December, 2001	-	Euribor 3M + 2.250%	5,406	5,406
					<u>28,624</u>
<i>CoCos</i>					
Bcp Coco Bonds 12/29.06.2017	June, 2012	June, 2017	See reference (vi)	750,000	760,605
					<u>35,310</u>
					<u><u>1,683,817</u></u>

References:

- (i) - 1st year 6.000%; 2nd to 5th year Euribor 6M + 1.000%; 6th year and following Euribor 6M + 1.400%;
- (ii) - Until the 5th year fixed rate of 3.250%; 6th year and following years Euribor 6M + 1.000%;
- (iii) - 1st year: 3.000%; 2nd year 3.250%; 3rd year 3.500%; 4th year 4.000%; 5th year 5.000%; 6th year and following Euribor 6M + 1.250%;
- (iv) - Euribor 3M + 0.300% (0.800% after December 2011);
- (v) - Until 40th coupon 6.131%; After 40th coupon Euribor 3M + 2.400%;
- (vi) - 1st year: 8.500%; 2nd year 8.750%; 3rd year 9.000%; 4th year 9.500%; 5th year 10.000%.

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39. Other liabilities

This balance is analysed as follows:

	Sep 2015 Euros '000	Dec 2014 Euros '000
Creditors:		
Suppliers	26,235	35,842
From factoring operations	9,498	6,132
Associated companies	23	798
Other creditors	206,272	236,944
Public sector	43,587	56,712
Interests and other amounts payable	104,341	98,533
Deferred income	9,934	9,804
Holiday pay and subsidies	69,350	61,900
Other administrative costs payable	1,048	3,347
Amounts payable on trading activity	21,635	14,859
Other liabilities	528,184	526,721
	1,020,107	1,051,592

40. Share capital, preference shares and other capital instruments

The Bank's share capital amounts to Euros 4,094,235,361.88 and is represented by 59,039,023,275 ordinary, book-entry and nominates shares, without nominal value, which is fully paid.

Following the authorization given in the Annual General Meeting of Shareholders of 11 May 2015, the Bank carried out an increase in its share capital from Euros 3,706,690,253.08 to Euros 4,094,235,361.88, by the issuance of 4,844,313,860 new ordinary, book-entry shares without nominal value, as a result of the partial and voluntary public tender offer for the acquisition of securities (preferred shares, perpetual securities and subordinated bonds) for exchange of new shares issued at the issue price of Euros 0.0834 per share (of which Euros 0.08 corresponds to the unitary issue value and Euros 0.0034 to share premium) and listing of the new ordinary shares on Euronext Lisbon.

The issue price or value of the Public Exchange Offer was calculated using the volume weighted average quotation of BCP in the last five days applying a discount of 7.5%. The difference between the issue price (Euros 0.0834 per share), and the issue value (Euros 0.08 per share), resulted in a share premium of Euros 16,470,667.11.

On 24 July 2014, the Bank had registered a share capital increase from Euros 1,465,000,000 to Euros 3,706,690,253.08 through the issuance of new 34,487,542,355 ordinary, book-entry and nominates shares, without nominal value, which were offered to the Bank's shareholders for subscription through the exercise of their pre-emptive subscription rights.

In accordance with the Shareholders General Meeting in 30 May of 2014, the bank had reduced the share capital from Euros 3,500,000,000 to Euros 1,465,000,000, without changing the number of shares without nominal value at this date, being the reduction of Euros 2,035,000,000 to cover losses on the separate financial statements of the Bank occurred in the year 2013.

The preference shares includes two issues by BCP Finance Company Ltd which considering the rules established in IAS 32 and in accordance with the accounting policy presented in note 1 h), were considered as equity instruments. The issues are analysed as follows:

- 5,000,000 Perpetual Non-cumulative Guaranteed Non-voting Preference Shares with par value of Euros 100 each, in the total amount of Euros 500,000,000, issued on 9 June, 2004.
- 10,000 preference shares with par value of Euros 50,000 perpetual each without voting rights, in the total amount of Euros 500,000,000, issued on 13 October 2005.

In October 2011 and July 2015, the majority of the preference shares were exchanged for new debt instruments. As at 30 September 2015, the balance preference shares amounts to Euros 59,910,000.

The balance 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 offerings of perpetual subordinated securities for ordinary shares, performed in 2011 and 2015. As at 30 September 2015, the balance amounts to Euros 2,922,000.

Pursuant to the conditions of the issue of Core Tier I Capital Instruments underwritten by the State, under Law no. 63-A/2008 and Implementing Order no. 150-A/2012 (CoCos), the Bank cannot distribute dividends until the issue is fully reimbursed.

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41. Legal reserve

Under Portuguese legislation, the Bank is required to set-up annually a legal reserve equal to a minimum of 10 percent of annual profits until the reserve equals the share capital. Such reserve is not normally distributable. The Bank maintained its legal reserve in the amount of Euros 193,270,000.

In accordance with current legislation, the Group companies must set-up annually a reserve with a minimum percentage between 5 and 20 percent of their net annual profits depending on the nature of their economic activity.

42. Fair value reserves, other reserves and retained earnings

This balance is analysed as follows:

	Sep 2015 Euros '000	Dec 2014 Euros '000
Fair value reserves		
Financial assets available for sale		
Potential gains and losses recognised		
in fair value reserves	33,633	177,879
Loans represented by securities (*)	(16)	(20)
Financial assets held to maturity (*)	(1,019)	(1,207)
Of associated companies and others	8,013	2,056
Cash-flow hedge	(26,819)	(28,529)
	<u>13,792</u>	<u>150,179</u>
Tax		
Financial assets available for sale		
Potential gains and losses recognised		
in fair value reserves	(9,328)	(48,764)
Loans represented by securities	5	6
Financial assets held to maturity	301	356
Cash-flow hedge	4,233	5,121
	<u>(4,789)</u>	<u>(43,281)</u>
Fair value reserve net of taxes	9,003	106,898
Others	(2,411,742)	(2,383,487)
	<u>(2,402,739)</u>	<u>(2,276,589)</u>
Other reserves and retained earnings:		
Legal reserve	193,270	193,270
Statutory reserve	30,000	30,000
Other reserves and retained earnings	2,636,083	2,788,179
Other reserves arising on consolidation	(173,558)	(169,875)
	<u>2,685,795</u>	<u>2,841,574</u>

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

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

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

43. Treasury stock

This balance is analysed as follows:

	Banco Comercial Português, S.A. shares	Other treasury stock	Total
Sep 2015			
Net book value (Euros '000)	1,089	-	1,089
Number of securities	25,032,020		
Average book value (Euros)	0.04		
Dec 2014			
Net book value (Euros '000)	1,595	11,952	13,547
Number of securities	24,280,365		
Average book value (Euros)	0.07		

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As at 30 September 2015, Banco Comercial Português, S.A. does not held treasury stocks and does not performed any purchases or sales of own shares during the period. However, as at 30 September 2015, this balance includes 25,032,020 shares (31 December 2014: 24,280,365 shares) owned by clients. Considering the fact that for these clients there is evidence of impairment, under the IAS 39, the shares of the Bank owned by these clients were, in accordance with this standard, considered as treasury stock, and, in accordance with the accounting policies, written off from equity.

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".

The change in treasury stock balance, results from the capital increase process (as mentioned in note 46) by voluntary purchase of securities (preferred shares and perpetual securities) as exchange to common shares. This transaction generated a gain of Euros 43,697,000 recognised against reserves.

44. Non-controlling interests

This balance is analysed as follows:

	Sep 2015	Dec 2014
	Euros '000	Euros '000
Actuarial losses (net of taxes)	(526)	(526)
Exchange differences arising on consolidation	(103,378)	(40,300)
Fair value reserves	(30,648)	(9,268)
Deferred taxes	5,649	1,582
	(128,903)	(48,512)
Other reserves and retained earnings	1,145,409	822,883
	<u>1,016,506</u>	<u>774,371</u>

The balance Non-controlling interests is analysed as follows:

	Balance Sheet		Income Statement	
	Sep 2015	Dec 2014	Sep 2015	Sep 2014
	Euros '000	Euros '000	Euros '000	Euros '000
Bank Millennium, S.A.	722,578	465,303	53,263	40,717
BIM - Banco Internacional de Moçambique, SA	140,555	151,942	23,416	22,264
Banco Millennium Angola, S.A.	153,772	157,140	28,662	18,589
Other subsidiaries	(399)	(14)	(387)	329
	<u>1,016,506</u>	<u>774,371</u>	<u>104,954</u>	<u>81,899</u>

			% held	
			Non-controlling interests	
Name	Head office	Segment	Sep 2015	Dec 2014
Bank Millennium, S.A.	Warsaw	Bank	49.9%	34.5%
BIM - Banco Internacional de Moçambique, S.A.	Maputo	Bank	33.3%	33.3%
Banco Millennium Angola, S.A.	Luanda	Bank	49.9%	49.9%

At the end of March 2015, the Group sold 15.41% of the share capital of the company Bank Millennium SA (Poland) through the accelerated placement of 186,979,631 ordinary shares at unit price of PLN 6.65, which generated a gain of Euros 31,079,000 recognized against reserves.

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45. Guarantees and other commitments

This balance is analysed as follows:

	Sep 2015 Euros '000	Dec 2014 Euros '000
Guarantees granted	5,232,224	5,482,897
Guarantees received	31,213,752	31,254,692
Commitments to third parties	6,697,437	7,453,290
Commitments from third parties	11,292,576	10,769,188
Securities and other items held for safekeeping on behalf of customers	129,110,512	119,368,385
Securities and other items held under custody by the Securities Depository Authority	134,198,873	123,425,276
Other off balance sheet accounts	136,284,569	135,896,783

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

	Sep 2015 Euros '000	Dec 2014 Euros '000
<i>Guarantees granted</i>		
Guarantees	3,902,638	4,145,369
Stand-by letter of credit	91,284	93,034
Open documentary credits	452,894	464,433
Bails and indemnities	785,408	780,061
	<u>5,232,224</u>	<u>5,482,897</u>
<i>Commitments to third parties</i>		
Irrevocable commitments		
Term deposits contracts	11,779	16,292
Irrevocable credit lines	1,904,767	2,462,932
Other irrevocable commitments	291,790	291,835
Revocable commitments		
Revocable credit lines	3,692,024	3,706,528
Bank overdraft facilities	631,968	751,355
Other revocable commitments	165,109	224,348
	<u>6,697,437</u>	<u>7,453,290</u>

The guarantees granted by the Group may be related to loans transactions, where the Group grants a guarantee in connection with a loan granted to a client by a third entity. According to its specific characteristics it is expected that some of these guarantees expire without being executed and therefore these transactions do not necessarily represent a cash-outflow.

Stand-by letters and open documentary credits aim to ensure the payment to third parties from commercial deals with foreign entities and therefore financing the shipment of the goods. Therefore the credit risk of these transactions is limited since they are collateralised by the shipped goods and are generally short term operations.

Irrevocable commitments are non-used parts of credit facilities granted to corporate or retail customers. Many of these transactions have a fixed term and a variable interest rate and therefore the credit and interest rate risk is limited.

The financial instruments accounted as Guarantees and other commitments are subject to the same approval and control procedures applied to the credit portfolio, namely regarding the analysis of objective evidence of impairment, as described in note 1 c). The maximum credit exposure is represented by the nominal value that could be lost related to guarantees and commitments undertaken by the Group in the event of default by the respective counterparties, without considering potential recoveries or collaterals. Considering their nature, as described above, no material losses are anticipated as a result of these transactions.

46. Relevant events occurred during the first semester of 2015

Increase of the Bank's Share Capital from Euros 3,706,690,253.08 to Euros 4,094,235,361.88

In June 2015, Banco Comercial Português, S.A carried out an increase in its share capital from Euros 3,706,690,253.08 to Euros 4,094,235,361.88, by the issuance of 4,844,313,860 new ordinary, book-entry shares without nominal value, as a result of the partial and voluntary public tender offer for the acquisition of securities (preferred shares, perpetual securities and subordinated bonds) for exchange of new shares issued at the issue price of Euros 0.0834 per share (of which Euros 0.08 corresponds to the unitary issue value and Euros 0.0034 to share premium) and listing of the new ordinary shares on Euronext Lisbon.

The issue price or value of the Public Exchange Offer was calculated using the volume weighted average quotation of BCP in the last five days applying a discount of 7.5%. The difference between the issue price (Euros 0.0834 per share), and the issue value (Euros 0.08 per share), resulted in a share premium of Euros 16,470,667.11.

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Conclusion of the sale of the whole share capital of Millennium bcp Gestão de Activos – Sociedade Gestora de Fundos de Investimento, S.A.

Banco Comercial Português, S.A. concluded, in May 2015, the sale of the whole share capital of Millennium bcp Gestão de Activos – Sociedade Gestora de Fundos de Investimento, S.A. to Corretaje e Información Monetária y de Divisas, S.A. (CIMD Group).

The Bank will continue to sell investment funds managed by MGA, which is the depositary

Resolutions of the Annual General Meeting

Banco Comercial Português, S.A. concluded, on 11 May 2015, the Annual General Meeting of Shareholders, with 46.63% of the share capital represented and the following resolutions:

- i) – Approval of the individual and consolidated annual reports, balance sheet and financial statements for 2014;
- ii) – Approval of the appropriation of the net losses on the individual balance sheet for “Retained Earnings”;
- (iii) – Approval of a vote of trust and praise addressed to the Board of Directors, including to the Executive Committee and to the Audit Committee and each one of their members, as well as to the Chartered Accountant and its representative;
- (iv) – Approval of the statement on the remuneration policy of the Members of the Management and Supervision Bodies;
- (v) – Approval of the policy for the selection and evaluation of the adequacy of the Members of the Management and Supervision Bodies;
- (vi) – Approval of the cooptation of a non executive member of the Board of Directors to exercise functions in the triennial 2012/2014;
- (vii) – Approval of the election of the members of the Board of Directors and of the Audit Committee to exercise functions in the triennial 2015/2017;
- (viii) – Approval of the election of the members of the International Strategic Board to exercise functions in the triennial 2015/2017;
- (ix) – Approval of the election of the members of the Remuneration and Welfare Board to exercise functions in the triennial 2015/2017, and of their remuneration;
- (x) – Approval of the appointment of a firm of independent statutory auditors, to, pursuant to article 28 of the Companies Code, make a report on the contributions in kind to be made within the scope of the subscription of shares to be issued by new contributions in kind object of Item Eleven of the Agenda of the general meeting;
- (xi) – Approval of the launching of a public offer for the exchange of subordinated securities and consequent increase of the share capital by contributions in kind up to 428,000,000.00 Euros, made through the issue of up to 5,350,000,000 new shares without nominal value, under which:
 - a) the new contributions will be composed of securities issued by the Bank and by the subsidiary company BCP Finance Company Ltd with the ISIN PTBCPMOM0002, PTBCLWXE0003, PTBCPZOE0023, PTBIPNOM0062, PTBCTCOM0026, XS0194093844 and XS0231958520, and
 - b) these new shares will be issued with an issue price per share corresponding to 93% of the weighted average per volumes of the BCP share price in the regulated market Euronext Lisbon, in the five trading days immediately before the exchange public offer is launched, and, without prejudice to the minimum amount required by law, the issue price of up to 0.08 Euros per share corresponding to the issue value and the remaining amount corresponding to the premium, and on the consequent alteration of the articles of association (article 4.1);
- (xii) – Approval of the acquisition and sale of own shares or bonds.

Sale of 15.41% of the share capital of Bank Millennium SA (Poland)

At the end of March 2015, as part of an accelerated placement operation, the Group sold to institutional investors 186 979 631 shares of Bank Millennium, S.A. (Poland), representing 15.41% of the share capital of the Bank for the amount of approximately Euros 304 million (PLN 1,240 million).

Following this transaction, the Group now holds a 50.1% stake in the share capital of the Bank maintaining control in accordance with IFRS 10. This operation generated a gain of Euros 31,079 million on a consolidated basis, which had no impact on profit and loss because the transaction did not imply change of control of the subsidiary

Under this operation, and considering an option provided for in IFRS, the Group incorporated in the calculation of the gain the amortization of a portion of the goodwill of Bank Millennium, S.A (Poland) according to the proportion of the sold stake (23.5%). The goodwill currently associated with the investment in Bank Millennium, S.A (Poland) amounts to Euros 126 million (31 December 2014: Euros 164 million).

Assessment process scenarios for Activobank

On 24 February 2015, Banco Comercial Português, SA informed about the process of evaluation of various strategic scenarios that promote the appreciation of ActivoBank, the online reference bank in Portugal.

However, during October 2015, the Bank decided to suspend the sale of ActivoBank and postpone the operation for the beginning of next year, since, after the withdrawal of CTT announced even during the summer, the potential list of buyers was reduced to just two candidates - the bank of Angolan capitals Atlântico Europa and the British private equity fund Cabot Square

Conversion of loans in Swiss Francs - Bank Millennium SA (Poland)

On 5 August, 2015, it was approved by the Lower House of the Polish Parliament a legislative proposal providing for the participation of banks in the costs associated with the conversion of mortgage loans denominated in Swiss Francs (CHF) by about 90%. This legislative process is not yet finalized, being subject to approval of the upper house of the Polish Parliament House and subsequent promulgation by the President, so it is not possible to predict their outcome.

At the moment, it is not possible to estimate the impacts resulting from the eventual enactment of the law as well as the details of its implementation.

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47. Segmental reporting

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

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

Segments description

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

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

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

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

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

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

The Asset Management and Private Banking segment, for purposes of the business segments, comprises (i) the Private Banking network in Portugal, (ii) Asset Management and also includes the activities of (iii) Banque Privée BCP and (iv) 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 2015, 71% of this portfolio benefited from asset backed loans, including 66% with real estate collateral and 4% 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.

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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 and September 2015. The capital allocation for each segment on those dates, resulted from the application of 10% to the risks managed by each segment, reflecting the application of Basel III methodologies. Each operation is balanced through internal transfers of funds, with no impact on consolidated accounts.

Operating costs determined for each business area rely on one hand on the amounts accounted directly in the respective cost centres, and on the other hand, on the amounts resulting from internal cost allocation processes. As an example, in the first set of costs are included costs related to phone communication, travelling accommodation and representation expenses and to advisory services and in the second set are included costs related to correspondence, water and electricity and to rents related to spaces occupied by organic units, among others. The allocation of this last set of costs is based on the application of previously defined criteria, related to the level of activity of each business area, like the number of current accounts, the number of customers or employees, the business volume and the space occupied.

The following information is based on financial statements prepared according to IFRS and on the organisational model in place for the Group, as at 30 September 2015.

The Group operates with special emphasis in the Portuguese market, and also in a few affinity markets and in markets of recognised growth potential. Considering this, the geographical segments include Portugal, Poland, Mozambique, Angola and Other. The segment Portugal reflects, essentially, the activities carried out by Banco Comercial Português in Portugal, ActivoBank and Banco de Investimento Imobiliário. The segment Poland includes the business carried out by Bank Millennium (Poland); while the segment Mozambique contains the activity of BIM - Banco Internacional de Moçambique and the segment Angola contains the activity of Banco Millennium Angola. The segment Other, indicated within the geographical segment reporting, comprises the Group's operations not included in the remaining segments, namely the activities developed in other countries, such as Banque Privée BCP in Switzerland and Millennium bcp Bank & Trust in the Cayman Islands.

Considering the commitment agreed with the Directorate-General for Competition of the European Commission (DG Comp) regarding the Bank's Restructuring Plan, in particular the implementation of a new approach to the asset management business, and in accordance with IFRS 5, the activity of Millennium bcp Gestão de Activos was classified as discontinued operations during 2013. From this date onwards, the impact on results of these operations were presented on a separate line item in the profit and loss account, defined as "income arising from discontinued operations" with no change at balance sheet level from the criteria as that of the financial statements as at 30 September 2014. However, following the sale of the total shareholding in Millennium bcp Gestão de Activos in May 2015, its assets and liabilities are no longer considered from this date onwards.

Additionally, following the sale of the total shareholding in Banca Millennium in Romania in 2014, this subsidiary was classified as discontinued operation, with the impact on results of its operation presented on a separate line item in the profit and loss account, defined as "income arising from discontinued operations", as at September 2014. At the consolidated balance sheet level, assets and liabilities of Banca Millennium in Romania are considered in the consolidated financial statements as at 30 September 2014.

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As at 30 September 2015, the net contribution of the major operational segments is analysed as follows:

	Commercial Banking			Companies Banking			Asset Management and Private Banking	Portfolio non core business	Other (*)	Consolidated
	Retail in Portugal	Foreign Business	Total	Companies in Portugal	Corporate and Investment Banking in Portugal	Total				
Income statement										
Interest income	406,717	706,469	1,113,186	124,034	206,219	330,253	39,441	158,600	103,297	1,744,777
Interest expense	(198,465)	(284,831)	(483,296)	(43,818)	(44,426)	(88,244)	(29,400)	(125,304)	(61,877)	(788,121)
Net interest income	208,252	421,638	629,890	80,216	161,793	242,009	10,041	33,296	41,420	956,656
Commissions and other income	246,436	237,088	483,524	46,775	82,883	129,658	46,284	12,112	8,769	680,347
Commissions and other costs	(11,210)	(68,565)	(79,775)	(2,452)	(2,609)	(5,061)	(4,302)	(29)	(96,920)	(186,087)
Net commissions and other income	235,226	168,523	403,749	44,323	80,274	124,597	41,982	12,083	(88,151)	494,260
Net gains arising from trading activity	43,001	119,062	162,063	-	-	-	3,406	-	388,593	554,062
Staff costs and administrative costs	371,303	305,226	676,529	44,267	27,521	71,788	31,277	17,983	(21,171)	776,406
Depreciations	1,405	25,864	27,269	260	71	331	168	17	21,171	48,956
Operating costs	372,708	331,090	703,798	44,527	27,592	72,119	31,445	18,000	-	825,362
Other financial assets impairment	(94,996)	(82,590)	(177,586)	(154,517)	66,597	(87,920)	(1,268)	(458,824)	60,283	(665,315)
Other assets impairment	(49)	(3,254)	(3,303)	(10)	-	(10)	(36)	(6,427)	(70,288)	(80,064)
Share of profit of associates under the equity method	-	(333)	(333)	-	-	-	-	-	25,417	25,084
Gains / (losses) arising from the sale of subsidiaries and other assets	-	1,134	1,134	-	-	-	-	-	(24,839)	(23,705)
Net (loss) / income before income tax	18,726	293,090	311,816	(74,515)	281,072	206,557	22,680	(437,872)	332,435	435,616
Income tax	(3,847)	(58,252)	(62,099)	22,218	(82,916)	(60,698)	(5,743)	129,172	(81,520)	(80,888)
(Loss) / income after income tax from continuing operations	14,879	234,838	249,717	(52,297)	198,156	145,859	16,937	(308,700)	250,915	354,728
(Loss) / income arising from discontinued operations	-	-	-	-	-	-	-	-	14,762	14,762
Net (loss) / income after income tax	14,879	234,838	249,717	(52,297)	198,156	145,859	16,937	(308,700)	265,677	369,490
Non-controlling interests	-	(104,591)	(104,591)	-	-	-	-	-	(363)	(104,954)
Net (loss) / income after income tax	14,879	130,247	145,126	(52,297)	198,156	145,859	16,937	(308,700)	265,314	264,536
Balance sheet										
Cash and Loans and advances to credit institutions	7,659,169	1,888,226	9,547,395	35,675	1,114,078	1,149,753	2,623,439	5,235	(9,851,278)	3,474,544
Loans and advances to customers	17,286,931	13,034,998	30,321,929	4,584,868	6,689,006	11,273,874	469,899	10,001,781	410,765	52,478,248
Financial assets (**)	2,771	4,142,205	4,144,976	-	-	-	10,100	597,663	8,802,989	13,555,728
Other assets	156,926	670,577	827,503	12,674	35,188	47,862	17,997	339,806	5,243,345	6,476,513
Total Assets	25,105,797	19,736,006	44,841,803	4,633,217	7,838,272	12,471,489	3,121,435	10,944,485	4,605,821	75,985,033
Deposits from other credit institutions	21,117	1,819,303	1,840,420	2,541,510	1,140,159	3,681,669	334,531	10,395,959	(5,963,635)	10,288,944
Deposits from customers	23,842,799	15,254,274	39,097,073	1,860,060	5,965,967	7,826,027	2,579,563	312,134	828,954	50,643,751
Debt securities issued	701,810	403,587	1,105,397	2,726	-	2,726	73,847	694	3,727,078	4,909,742
Other financial liabilities	-	603,034	603,034	-	-	-	11,098	-	2,447,038	3,061,170
Other liabilities	23,701	433,671	457,372	13,652	27,333	40,985	7,401	4,077	835,044	1,344,879
Total Liabilities	24,589,427	18,513,869	43,103,296	4,417,948	7,133,459	11,551,407	3,006,440	10,712,864	1,874,479	70,248,486
Equity and non-controlling interests	516,370	1,222,137	1,738,507	215,269	704,813	920,082	114,995	231,621	2,731,342	5,736,547
Total Liabilities, Equity and non-controlling interests	25,105,797	19,736,006	44,841,803	4,633,217	7,838,272	12,471,489	3,121,435	10,944,485	4,605,821	75,985,033

(*) Includes the activity of Millennium bcp Gestão de Activos

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

Note: As at 30 September 2015, the goodwill disclosed in the financial statements is reflected in Mozambique Euros 3 millions and Euros 173 millions in Other Portugal, as described in note 30.

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

	Commercial Banking			Companies Banking			Asset Management and Private Banking	Portfolio non core business	Other	Consolidated
	Retail in Portugal	Foreign Business	Total	Companies in Portugal	Investment Banking in Portugal	Total				
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)	(135,630)	(212,271)
Net commissions and other income	237,665	165,018	402,683	46,610	82,005	128,615	37,897	15,425	(113,440)	471,180
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
Other financial assets impairment	(151,570)	(62,240)	(213,810)	(155,065)	(145,962)	(301,027)	1,201	(333,938)	(79,505)	(927,079)
Other assets impairment	(41)	(572)	(613)	111	-	111	(150)	-	(89,766)	(90,418)
Share of profit of associates under the equity method	-	-	-	-	-	-	-	-	28,221	28,221
Gains / (losses) arising from the sale of subsidiaries and 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)	16,213	(165,122)
Income tax	47,764	(53,572)	(5,808)	21,672	(24,596)	(2,924)	(4,514)	100,337	84,505	171,596
(Loss) / income after income tax from continuing operations	(104,514)	205,562	101,048	(46,564)	53,487	6,923	15,977	(218,192)	100,718	6,474
(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)	102,702	(27,596)
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)	95,495	(109,495)
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	5,599,271	6,552,657
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	6,095,502	78,786,415
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	1,006,959	1,533,364
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	4,182,644	73,213,051
Equity and non-controlling interests	546,228	1,051,996	1,598,224	509,663	875,953	1,385,616	191,746	484,920	1,912,858	5,573,364
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	6,095,502	78,786,415

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

Note: As at 30 September 2014, the goodwill disclosed in the financial statements is reflected in Mozambique Euros 3 millions and Euros 211 millions in Other Portugal, as described in note 30.

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	Portugal						Total	Poland	Angola	Mozam- bique	Other	Consoli- dated
	Retail Banking	Companies	Corporate and Investment Banking	Asset Ma- nagement and Private Banking	Portfolio non core business	Other (*)						
Income statement												
Interest income	406,717	124,034	206,219	24,469	158,600	103,297	1,023,336	417,973	116,506	171,990	14,972	1,744,777
Interest expense	(198,465)	(43,818)	(44,426)	(19,309)	(125,304)	(61,877)	(493,199)	(182,605)	(37,704)	(64,523)	(10,090)	(788,121)
Net interest income	208,252	80,216	161,793	5,160	33,296	41,420	530,137	235,368	78,802	107,467	4,882	956,656
Commissions and other income	246,436	46,775	82,883	24,177	12,112	8,769	421,152	137,917	32,597	66,574	22,107	680,347
Commissions and other costs	(11,210)	(2,452)	(2,609)	(197)	(29)	(96,920)	(113,417)	(39,463)	(8,651)	(20,450)	(4,106)	(186,087)
Net commissions and other income	235,226	44,323	80,274	23,980	12,083	(88,151)	307,735	98,454	23,946	46,124	18,001	494,260
Net gains arising from trading activity	43,001	-	-	-	-	388,593	431,594	39,580	48,125	31,357	3,406	554,062
Staff costs and administrative costs	371,303	44,267	27,521	12,352	17,983	(21,171)	452,255	173,347	58,520	73,357	18,927	776,406
Depreciations	1,405	260	71	5	17	21,171	22,929	8,916	7,978	8,969	164	48,956
Operating costs	372,708	44,527	27,592	12,357	18,000	-	475,184	182,263	66,498	82,326	19,091	825,362
Other financial assets impairment	(94,996)	(154,517)	66,597	(1,264)	(458,824)	60,283	(582,721)	(48,596)	(14,374)	(19,620)	(4)	(665,315)
Other assets impairment	(49)	(10)	-	-	(6,427)	(70,288)	(76,774)	(2,317)	(328)	(609)	(36)	(80,064)
Share of profit of associates under the equity method	-	-	-	-	-	25,417	25,417	(333)	-	-	-	25,084
Gains / (losses) arising from the sale of subsidiaries and other assets	-	-	-	-	-	(24,839)	(24,839)	420	274	440	-	(23,705)
Net (loss) / income before income tax	18,726	(74,515)	281,072	15,519	(437,872)	332,435	135,365	140,313	69,947	82,833	7,158	435,616
Income tax	(3,847)	22,218	(82,916)	(4,582)	129,172	(81,520)	(21,475)	(28,921)	(13,384)	(15,947)	(1,161)	(80,888)
(Loss) / income after income tax from continuing operations	14,879	(52,297)	198,156	10,937	(308,700)	250,915	113,890	111,392	56,563	66,886	5,997	354,728
(Loss) / income arising from discontinued operations	-	-	-	-	-	14,762	14,762	-	-	-	-	14,762
Net (loss) / income after income tax	14,879	(52,297)	198,156	10,937	(308,700)	265,677	128,652	111,392	56,563	66,886	5,997	369,490
Non-controlling interests	-	-	-	-	-	(363)	(363)	(55,585)	(26,733)	(22,273)	-	(104,954)
Net (loss) / income after income tax	14,879	(52,297)	198,156	10,937	(308,700)	265,314	128,289	55,807	29,830	44,613	5,997	264,536
Balance sheet												
Cash and Loans and advances to credit institutions	7,659,169	35,675	1,114,078	1,550,247	5,235	(9,851,278)	513,126	1,055,872	475,293	357,062	1,073,191	3,474,544
Loans and advances to customers	17,286,931	4,584,868	6,689,006	200,401	10,001,781	410,765	39,173,752	10,881,834	855,360	1,297,804	269,498	52,478,248
Financial assets (***)	2,771	-	-	-	597,663	8,802,989	9,403,423	3,155,806	486,886	499,512	10,101	13,555,728
Other assets	156,926	12,674	35,188	9,850	339,806	5,243,345	5,797,789	244,345	250,243	175,988	8,148	6,476,513
Total Assets	25,105,797	4,633,217	7,838,272	1,760,498	10,944,485	4,605,821	54,888,090	15,337,857	2,067,782	2,330,366	1,360,938	75,985,033
Deposits from other credit institutions	21,117	2,541,510	1,140,159	-	10,395,959	(5,963,635)	8,135,110	1,365,906	285,392	168,005	334,531	10,288,944
Deposits from customers	23,842,799	1,860,060	5,965,967	1,669,974	312,134	828,954	34,479,888	12,058,358	1,479,908	1,716,008	909,589	50,643,751
Debt securities issued	701,810	2,726	-	73,847	694	3,727,078	4,506,155	382,046	-	21,541	-	4,909,742
Other financial liabilities	-	-	-	-	-	2,447,038	2,447,038	603,034	-	-	11,098	3,061,170
Other liabilities	23,701	13,652	27,333	410	4,077	835,044	904,217	235,018	55,808	142,844	6,992	1,344,879
Total Liabilities	24,589,427	4,417,948	7,133,459	1,744,231	10,712,864	1,874,479	50,472,408	14,644,362	1,821,108	2,048,398	1,262,210	70,248,486
Equity and non-controlling interests	516,370	215,269	704,813	16,267	231,621	2,731,342	4,415,682	693,495	246,674	281,968	98,728	5,736,547
Total Liabilities, Equity and non-controlling interests	25,105,797	4,633,217	7,838,272	1,760,498	10,944,485	4,605,821	54,888,090	15,337,857	2,067,782	2,330,366	1,360,938	75,985,033

(*) Includes the activity of Millennium bcp Gestão de Activos

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

Note: As at 30 September 2015, the goodwill disclosed in the financial statements is reflected in Mozambique Euros 3 millions and Euros 173 millions in Other Portugal, as described in note 30.

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

	Portugal						Total	Poland	Angola	Mozam- bique	Other	Consoli- dated
	Retail Banking	Companies	Corporate and Investment Banking	Asset Ma- nagement and Private Banking	Portfolio non core business	Other						
Income statement												
Interest income	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)	(135,630)	(151,985)	(32,928)	(5,710)	(17,516)	(4,132)	(212,271)
Net commissions and other income	237,665	46,610	82,005	19,841	15,425	(113,440)	288,106	97,893	25,471	41,654	18,056	471,180
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
Other financial assets impairment	(151,570)	(155,065)	(145,962)	142	(333,938)	(79,505)	(865,898)	(49,718)	(6,721)	(5,801)	1,059	(927,079)
Other assets impairment	(41)	111	-	-	-	(89,766)	(89,696)	1,602	(578)	(1,596)	(150)	(90,418)
Share of profit of associates under the equity method	-	-	-	-	-	28,221	28,221	-	-	-	-	28,221
Gains / (losses) arising from the sale of subsidiaries and 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)	16,213	(434,867)	141,052	42,318	75,764	10,611	(165,122)
Income tax	47,764	21,672	(24,596)	(3,110)	100,337	84,505	226,572	(32,996)	(6,847)	(13,729)	(1,404)	171,596
(Loss) / income after income tax												
from continuing operations	(104,514)	(46,564)	53,487	6,770	(218,192)	100,718	(208,295)	108,056	35,471	62,035	9,207	6,474
(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)	102,702	(206,311)	108,056	35,471	62,035	(26,847)	(27,596)
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)	95,495	(213,518)	70,787	18,706	41,377	(26,847)	(109,495)
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	5,599,271	5,813,365	281,665	218,075	205,557	33,995	6,552,657
Total Assets	24,703,512	4,727,288	9,573,061	1,821,630	11,271,706	6,095,502	58,192,699	14,519,883	1,894,815	2,331,989	1,847,029	78,786,415
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	1,006,959	1,074,084	241,544	61,302	146,397	10,037	1,533,364
Total Liabilities	24,157,284	4,217,625	8,697,108	1,801,980	10,786,786	4,182,644	53,843,427	13,864,218	1,746,003	2,122,784	1,636,619	73,213,051
Equity and non-controlling interests	546,228	509,663	875,953	19,650	484,920	1,912,858	4,349,272	655,665	148,812	209,205	210,410	5,573,364
Total Liabilities, Equity and non-controlling interests	24,703,512	4,727,288	9,573,061	1,821,630	11,271,706	6,095,502	58,192,699	14,519,883	1,894,815	2,331,989	1,847,029	78,786,415

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

Note: As at 30 September 2014, the goodwill disclosed in the financial statements is reflected in Mozambique Euros 3 millions and Euros 211 millions in Other Portugal, as described in note 30.

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

Description of the relevant items of reconciliation:

	Sep 2015	Sep 2014
	Euros '000	Euros '000
Net contribution:		
Retail Banking in Portugal	14,879	(104,514)
Companies	(52,297)	(46,564)
Corporate and Investment Banking	198,156	53,487
Asset Management and Private Banking	10,937	6,770
Portfolio non core business	(308,700)	(218,192)
Foreign Business (continuing operations)	240,838	214,769
Non-controlling interests (1)	(104,954)	(81,899)
	(1,141)	(176,143)
Income / (Loss) from discontinued operations	14,762	(34,070)
	<u>13,621</u>	<u>(210,213)</u>
Amounts not allocated to segments:		
Interests of hybrid instruments	(48,732)	(162,751)
Net interest income of the bond portfolio	54,411	86,210
Interests written off	(28,788)	(44,013)
Cost of debt issue with State Guarantee	-	(22,689)
Own Credit Risk	(16,328)	1,322
Impact of exchange rate hedging of investments	(10,116)	(6,290)
Equity accounted earnings	25,418	28,221
Impact of the adoption of IFRIC 21 as referred in notes 8	-	(11,238)
Impairment and other provisions (2)	(10,003)	(169,272)
Gain on sale of the non life insurance business	-	69,396
Gains on sale of public debt	385,768	260,291
Others (3)	(100,715)	71,531
Total not allocated to segments	<u>250,915</u>	<u>100,718</u>
Consolidated net income / (loss)	<u>264,536</u>	<u>(109,495)</u>

(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.

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

As at 30 September 2015 the Banco Comercial Português Group's subsidiary companies included in the consolidated accounts using the full consolidation method were as follows:

Subsidiary companies	Head office	Share capital	Currency	Activity	Group		Bank
					% control	% held	% held
Banco de Investimento Imobiliário, S.A.	Lisbon	17,500,000	EUR	Banking	100.0	100.0	100.0
Banco ActivoBank, S.A.	Lisbon	17,500,000	EUR	Banking	100.0	100.0	—
Banco Millennium Angola, S.A.	Luanda	4,009,893,495	AOA	Banking	50.1	50.1	—
Bank Millennium, S.A.	Warsaw	1,213,116,777	PLN	Banking	50.1	50.1	50.1
Banque Privée BCP (Suisse) S.A.	Geneve	70,000,000	CHF	Banking	100.0	100.0	—
BIM - Banco Internacional de Moçambique, S.A.	Maputo	4,500,000,000	MZN	Banking	66.7	66.7	—
Millennium bcp Bank & Trust	George Town	340,000,000	USD	Banking	100.0	100.0	—
BCP Finance Bank, Ltd.	George Town	246,000,000	USD	Banking	100.0	100.0	—
BCP Finance Company	George Town	90,911,293	EUR	Investment	100.0	34.1	—
Caracas Financial Services, Limited	George Town	25,000	USD	Financial Services	100.0	100.0	100.0
MB Finance AB	Stockholm	500,000	SEK	Investment	100.0	50.1	—
Millennium BCP - Escritório de Representações e Serviços, Ltda.	Sao Paulo	48,840,067	BRL	Financial Services	100.0	100.0	100.0
BCP International B.V.	Amsterdam	18,000	EUR	Holding company	100.0	100.0	100.0
BCP Investment B.V.	Amsterdam	620,774,050	EUR	Holding company	100.0	100.0	100.0
bcp holdings (usa), Inc.	Newark	250	USD	Holding company	100.0	100.0	—
BCP África, S.G.P.S., Lda.	Funchal	682,965,800	EUR	Holding company	100.0	100.0	100.0
Bitapart, B.V.	Rotterdam	19,370	EUR	Holding company	100.0	100.0	100.0
Millennium bcp Participações, S.G.P.S., Sociedade Unipessoal, Lda.	Funchal	25,000	EUR	Holding company	100.0	100.0	100.0
BCP Capital - Sociedade de Capital de Risco, S.A.	Oeiras	2,000,000	EUR	Venture capital	100.0	100.0	100.0
BG Leasing, S.A.	Gdansk	1,000,000	PLN	Leasing	74.0	37.1	—
Enerparcela - Empreendimentos Imobiliários, S.A.	Alverca	8,850,000	EUR	Real-estate management	100.0	100.0	—
Imábida - Imobiliária da Arrábida, S.A. (*)	Oeiras	1,750,000	EUR	Real-estate management	100.0	100.0	100.0
Interfundos - Gestão de Fundos de Investimento Imobiliários, S.A.	Oeiras	1,500,000	EUR	Investment fund management	100.0	100.0	100.0
Adelphi Gere, Investimentos Imobiliários, S.A.	Oeiras	2,550,000	EUR	Real-estate management	100.0	100.0	—
Sadamora - Investimentos Imobiliários, S.A.	Oeiras	1,000,000	EUR	Real-estate management	100.0	100.0	—
Millennium bcp - Prestação de Serviços, A. C. E.	Lisbon	331,000	EUR	Services	91.1	90.8	78.0

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Subsidiary companies	Head office	Share capital	Currency	Activity	Group		Bank
					% control	% held	% held
Millennium Dom Maklerski, S.A.	Warsaw	16,500,000	PLN	Services	100.0	50.1	–
Millennium Leasing, Sp.z o.o.	Warsaw	48,195,000	PLN	Leasing	100.0	50.1	–
Millennium Service, Sp.z o.o.	Warsaw	1,000,000	PLN	Services	100.0	50.1	–
Millennium Telecommunication, Sp.z o.o.	Warsaw	100,000	PLN	Brokerage services	100.0	50.1	–
Millennium TFI - Towarzystwo Funduszy Inwestycyjnych, S.A.	Warsaw	10,300,000	PLN	Investment fund management	100.0	50.1	–
Millennium bcp Teleserviços - Serviços de Comércio Electrónico, S.A.	Lisbon	50,004	EUR	Videotext services	100.0	100.0	100.0
MBCP REO I, LLC	Delaware	1,389,835	USD	Real-estate management	100.0	100.0	–
MBCP REO II, LLC	Delaware	3,410,939	USD	Real-estate management	100.0	100.0	–
Millennium bcp Imobiliária, S.A.	Oeiras	50,000	EUR	Real-estate management	99.9	99.9	99.9
Propaço- Sociedade Imobiliária De Paço D'Arcos, Lda	Lisbon	5,000	EUR	Real-estate company	52.7	52.7	52.7
QPR Investimentos, S.A. (*)	Oeiras	50,000	EUR	Advisory and services	100.0	100.0	100.0
Servitrust - Trust Management Services S.A.	Funchal	100,000	EUR	Trust services	100.0	100.0	100.0
TBM Sp.z o.o.	Warsaw	500,000	PLN	Advisory and services	100.0	50.1	–
Irgossai - Urbanização e construção, S.A. (*)	Lisbon	50,000	EUR	Construction and sale of real estate projects	100.0	100.0	100.0

(*) - Companies classified as non-current assets held for sale

As at 30 September 2015 the Banco Comercial Português Group's subsidiary insurance companies included in the consolidated accounts under the full consolidation method were as follows:

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

As referred in the accounting policy presented in note 1 b), the Group also consolidates under the full consolidation method the following Investment Funds: "Fundo de Investimento Imobiliário Imosotto Acumulação", "Fundo de Investimento Imobiliário Gestão Imobiliária", "Fundo de Investimento Imobiliário Imorenda", "Fundo Especial de Investimento Imobiliário Oceânico II", "Fundo Especial de Investimento Imobiliário Fechado Stone Capital", "Fundo Especial de Investimento Imobiliário Fechado Sand Capital", "Fundo de Investimento Imobiliário Fechado Gestimo", "M Inovação - Fundo de Capital de Risco BCP Capital", "Fundo Especial de Investimento Imobiliário Fechado Intercapital", "Millennium Fundo de Capitalização - Fundo de Capital de Risco", "Funsita - Fundo Especial de Investimento Imobiliário Fechado", "Imoport - Fundo de Investimento Imobiliário Fechado", "Multiusos Oriente - Fundo Especial de Investimento Imobiliário Fechado", "Grand Urban Investment Fund - Fundo Especial de Investimento Imobiliário Fechado", "Fundial – Fundo Especial de Investimento Imobiliário Fechado", "DP Invest – Fundo Especial de Investimento Imobiliário Fechado" and "Fundipar – Fundo Especial de Investimento Imobiliário Fechado".

During the first semester of 2015, was sold the investment held in Millennium bcp Gestão de Activos, SA and it was included in the consolidation perimeter the fund "Fundipar – Fundo Especial de Investimento Imobiliário Fechado".

Additionally, as part of the process of strengthening capital ratios, the Group at the end of March 2015 sold 15.41% of Bank Millennium SA (Poland), holding now 50.1% and maintaining the control.

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As at 30 September 2015 the Banco Comercial Português Group's associated companies included in the consolidated accounts under the equity method were as follows:

Associated companies	Head office	Share capital	Currency	Activity	Group		Bank
					% control	% held	% held
Banque BCP, S.A.S.	Paris	108,941,724	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	–
Flitptrell III SA	Lisbon	50,000	EUR	Tourism	50.0	50.0	50.0
Lubuskie Fabryki Mebli, S.A.	Swiebodzin	13,400,050	PLN	Furniture manufacturer	50.0	25.1	–
Nanium, S.A.	Vila do Conde	15,000,000	EUR	Electronic equipments	41.1	41.1	41.1
Quinta do Furão - Sociedade de Animação Turística e Agrícola de Santana, Lda	Funchal	1,870,492	EUR	Tourism	31.3	31.3	31.3
SIBS, S.G.P.S., S.A.	Lisbon	24,642,300	EUR	Banking services	21.9	21.9	21.5
Sicit - Sociedade de Investimentos e Consultoria em Infra-Estruturas de Transportes, S.A	Oeiras	50,000	EUR	Advisory 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	–

(**) - Given the nature of the Group's involvement, the Board of Directors believes that the Group maintains a significant influence on these companies.

As at 30 September 2015 the Banco Comercial Português Group's associated insurance companies included in the consolidated accounts under the equity method were as follows:

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

The Group held a set of securitization transactions regarding mortgage loans which were set through specifically created SPE. As referred in accounting policy 1 b), when the substance of the relationships with the SPEs indicates that the Group holds control of its activities, the SPE are fully consolidated, following the application of IFRS 10.

49. Subsequent events

Banco Comercial Português, S.A. strengthens its capacity to grow in Angola

Banco Comercial Português, S.A. (BCP) is strengthening its capacity to grow in Angola through a merger of Banco Millennium Angola, S.A. with Banco Privado Atlântico, S.A., thereby creating the conditions for growth in adverse conditions and simultaneously adapting the bank to the implications of recent changes in supervisory equivalence.

BCP signed, on 8 October, a memorandum of understanding with the main shareholder of Banco Privado Atlântico, S.A. (Global Pactum – Gestão de Ativos, S.A.), to merge Banco Millennium Angola, S.A. with Banco Privado Atlântico, S.A., resulting in the second-largest private sector bank in terms of loans to the economy, with a market share of approximately 10% by business volume.