

2015

First Half Report

Statement pursuant to article 9 of CMVM Regulation number 5/2008 of the

REPORT & ACCOUNTS FOR THE 1ST HALF OF 2015

BANCO COMERCIAL PORTUGUÊS, S.A.

Public Company

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The First Half Report & Accounts 2015 is a translation of the Relatório e Contas do 1.º Semestre de 2015 document delivered by Banco Comercial Português, S.A. to the Portuguese Securities and Market Commission (CMVM), in accordance with Portuguese law.

The sole purpose of the English version is to facilitate consultation of the document by English-speaking Shareholders, Investors and other Stakeholders, and, in case of any doubt or contradiction between the documents, the Portuguese version of the Relatório e Contas do 1.º Semestre de 2015 prevails.

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

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Information on the BCP Group

KEY INDICATORS

FINANCIAL HIGHLIGHTS

Million euros

	30 Jun. 15	30 Jun. 14	Change 15/14
Balance sheet			
Total assets	78,730	80,418	-2.1%
Loans to customers (gross) (1)	57,085	58,261	-2.0%
Total customer funds (1)	65,742	63,976	2.8%
Balance sheet customer funds (1)	53,148	51,915	2.4%
Customer deposits (1)	50,601	48,463	4.4%
Loans to customers, net / Customer deposits (2)	107%	115%	
Loans to customers, net / Balance sheet customer funds	100%	106%	
Results			
Net income	240.7	(84.7)	
Net interest income	628.0	496.0	26.6%
Net operating revenues	1,471.3	1,064.3	38.2%
Operating costs	555.2	576.7	-3.7%
Loan impairment charges (net of recoveries)	475.0	371.6	27.8%
Other impairment and provisions	91.8	114.0	-19.4%
Income taxes			
Current	44.8	62.3	
Deferred	9.6	(61.8)	
Profitability			
Net operating revenues / Average net assets (2)	3.8%	2.6%	
Return on average assets (ROA) (3)	0.8%	-0.1%	
Income before tax and non-controlling interests / Average net assets (2)	0.9%	-0.1%	
Return on average equity (ROE)	11.4%	-6.9%	
Income before tax and non-controlling interests / Average equity (2)	14.1%	-2.0%	
Credit quality			
Overdue loans and doubtful loans / Total loans (2)	9.7%	9.4%	
Overdue loans and doubtful loans, net / Total loans, net (2)	3.5%	4.3%	
Credit at risk / Total loans (2)	12.4%	11.9%	
Credit at risk, net / Total loans, net (2)	6.4%	6.9%	
Impairment for loan losses / Overdue loans by more than 90 days (1)	86.4%	73.1%	
Efficiency ratios (2) (4)			
Operating costs / Net operating revenues	37.7%	58.0%	
Operating costs / Net operating revenues (Portugal)	33.2%	65.1%	
Staff costs / Net operating revenues	21.0%	32.5%	
Capital (5)			
Common equity tier I phased-in (6)	13.1%	12.5%	
Common equity tier I fully-implemented (6)	9.6%	9.0%	
Common equity tier I fully-implemented (7)	10.7%	10.1%	
Branches			
Portugal activity	691	740	-6.6%
Foreign activity	669	730	-8.4%
Employees			
Portugal activity	7,599	8,351	-9.0%
Foreign activity	9,699	10,054	-3.5%

(1) Adjusted from the effect related to the classification of Millennium bank in Romania and Millennium bcp Gestão de Activos as discontinued operations.

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

(3) 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 (69.4 million euros in 2014).

(5) According with CRD IV/CRR.

(6) Includes net income for the first half of 2015. The ratio as at 30 June 2014 includes the impact of the new DTAs regime for capital purposes (according with IAS), of the July 2014 rights issue, of the repayment of 1,850 million euros of CoCos and of the deconsolidation of the Romanian operation.

(7) Includes net income for the first half of 2015. The ratio as at 30 June 2014 includes the impact of the new DTAs regime for capital purposes (according with the Notice from Bank of Portugal no. 3/95), of the July 2014 rights issue, of the repayment of 1,850 million euros of CoCos and of the deconsolidation of the Romanian operation.

BCP GROUP IN THE FIRST HALF OF 2015

OVERVIEW

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

HISTORY

Foundation and organic growth to become a relevant player	Development in Portugal through acquisitions and partnerships	Internationalisation and creation of a single brand	Restructuring Process involving the divesture in non-strategic assets
<p>1985: Incorporation</p> <p>1989: Launch of NovaRede</p> <p>Up to 1994: Organic growth, reaching a market share of approximately 8% in loans and deposits in 1994</p>	<p>1995: Acquisition of Banco Português do Atlântico, S.A.</p> <p>2000: Acquisition of Banco Pinto & Sotto Mayor from CGD and incorporation of José Mello Group (Mello Bank and Império)</p> <p>2004: Agreement with CGD Group and Fortis (Ageas) for the insurance business</p>	<p>1993: Beginning of the presence in the East</p> <p>1995: Beginning of the presence in Mozambique</p> <p>1998: Partnership agreement with BBG (Poland)</p> <p>1999: Set up of a greenfield operation in Greece</p> <p>2000: Integration of the insurance operation into Eureka</p> <p>2003:</p> <ul style="list-style-type: none"> - Banque Privée incorporation - Change of Poland operation's denomination to Bank Millennium <p>2006: Adoption of a single brand "Millennium"</p> <p>2006: BMA incorporation</p> <p>2007: Beginning of activity in Romania</p> <p>2008: Strategic partnership agreement with Sonangol and BPA</p> <p>2010: Transformation of Macau branch from off-shore</p>	<p>2005:</p> <ul style="list-style-type: none"> - Sale of Crédilar - Sale of BCM and maintenance of an off-shore branch in Macao - Divesture in the insurance activity, following the partnership agreement with Ageas for the bancassurance activity <p>2006:</p> <ul style="list-style-type: none"> - Sale of the financial holding of 50.001% in Interbanco - Conclusion of the sale of 80.1% of the share capital of the Banque BCP in France and Luxembourg <p>2010:</p> <ul style="list-style-type: none"> - Sale of 95% of Millennium bank AS in Turkey and sale agreement for the entire branch network and the deposit basis of Millennium bcpbank in USA <p>2013:</p> <ul style="list-style-type: none"> - Sale of the entire share capital of Millennium Bank Greece (MBG) to Piraeus Bank - Sale of 10% of the share capital of Banque BCP in Luxembourg - Sale of the full shareholding in Piraeus Bank <p>2014:</p> <ul style="list-style-type: none"> - Sale of the entire share capital of Banca Millennium Romania (BMR) to OTP Bank - Sale of the entire share capital of 49% in the non-life insurance business, held in Ocidental and Média <p>2015:</p> <ul style="list-style-type: none"> - Sale of the entire share capital of Millennium bcp Gestão de Ativos

COMPETITIVE POSITIONING

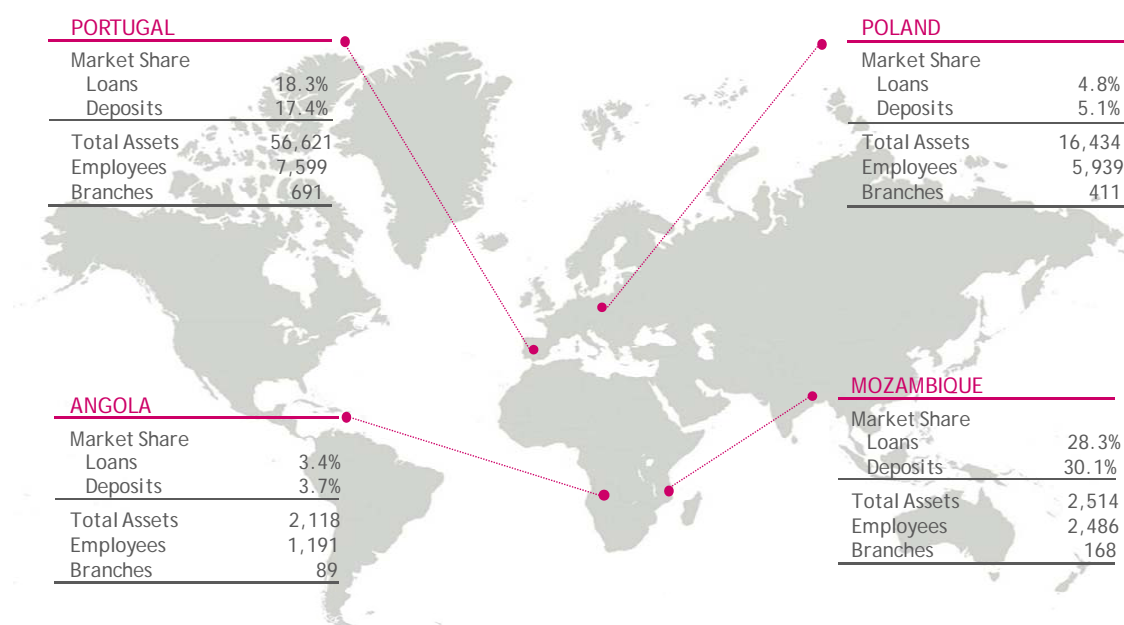
At the end of June 2015, Millennium bcp had the second largest branch network in Portugal (691) and a position of growing expansion in other countries where it operates, especially in African affinity markets.

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

Its mission of ensuring excellence, quality service and innovation makes the Bank distinctive and differentiated from the competition.

At the end of June 2015, operations in Portugal accounted for 72% of total assets, 75% of total loans to customers (gross) and 73% of total customer funds. The Bank had over 2.3 million customers in Portugal and market shares of 18.3% and 17.4% for loans to customers and customer deposits, respectively, as at May 2015.

Millennium bcp was also present in the five continents of the world through its banking operations, representative offices and/or commercial protocols, serving over 5.3 million customers, at the end of June 2015.



Millennium bcp continues to pursue plans to expand its operations in Africa. Millennium bim, a universal bank, has been operating since 1995 in Mozambique, where it is the leading bank, with over 1.3 million customers, 28.3% of loans to customers and 30.1% of deposits. Millennium bim is a highly reputed brand in the Mozambican market, associated with innovation, significant penetration in terms of electronic banking and an exceptional capacity to attract new customers, as well as being a reference in terms of profitability.

Banco Millennium Angola (BMA) was incorporated on April 3, 2006 via the transformation of the local branch into a bank under Angolan law. Benefiting from the strong image of the Millennium bcp brand, BMA presents distinctive characteristics such as innovation, dynamic communication, availability and convenience. In Angola, the Group aspires, with the investment in progress, to become a reference player in the banking sector in the medium term. In 2013, BMA constituted a corporate centre dedicated to the oil industry, a sector characterised by low credit positions (loan-to-deposit ratio of 4.2% as at 30 June 2015) and generator of funds in foreign currency. In this segment, BMA mainly provides treasury and trade finance services. As at 31 May 2015, the Bank had a market share of 3.4% in loans to customers and of 3.7% in deposits.

In Poland, Bank Millennium has a well-distributed network of branches, supported on modern multi-channel infrastructure, top service quality, high brand recognition, a robust capital base, comfortable liquidity and solid risk management and control. At the end of May 2015, Bank Millennium had market share of 4.8% in loans to customers and 5.1% in deposits.

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

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

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

MILLENNIUM NETWORK

DISTRIBUTION NETWORK

NUMBER OF BRANCHES

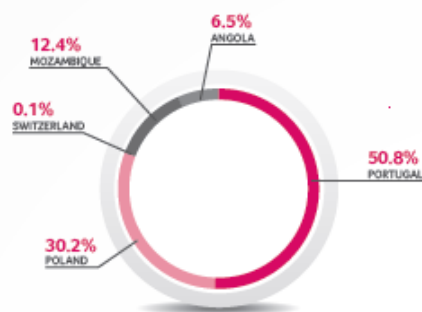
	Jun. 2015	Dec. 2014	Dec. 2013 ^(*)	Change % Jun.15/ Dec.14
TOTAL IN PORTUGAL ^(*)	691	695	774	-0.6%
Poland	411	423	439	-2.8%
Switzerland	1	1	1	-
Mozambique	168	166	157	1.2%
Angola	89	88	82	1.1%
TOTAL OF INTERNATIONAL OPERATIONS	669	678	679	-1.3%
TOTAL	1,360	1,373	1,453	-0.9%

(*) Includes Macao branch.

(**) 2013 excludes companies discontinued or to be discontinued.


1,360 MILLENNIUM BRANCHES


BRANCHES BREAKDOWN





PORTUGAL



TOTAL OF BRANCHES 

BRANCHES OPENED ON SATURDAY 

BRANCHES WITH DIFFERENTIATED SCHEDULE 

BRANCHES WITH ACCESS CONDITIONS TO PEOPLE WITH REDUCED MOBILITY 

(*) Includes Macao branch.

INTERNATIONAL
POLAND AND SWITZERLAND

ANGOLA AND MOZAMBIQUE



REMOTE CHANNELS AND SELF-BANKING

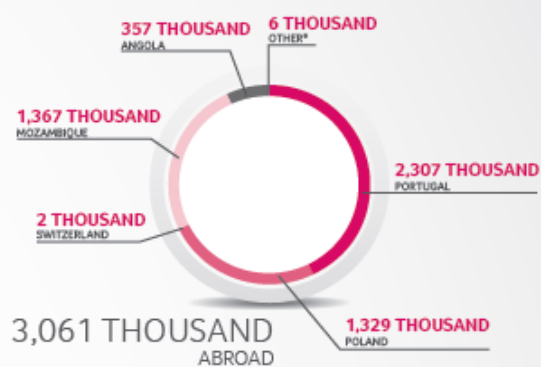
5.367 MILLION CUSTOMERS

	Internet	Call Centre	Mobile Banking	ATM ^(*)	POS ^(**)
TOTAL IN PORTUGAL	560,073	100,891	103,516	2,045	38,772
Poland	875,787	94,061	279,000	523	-
Switzerland	385	-	-	-	-
Mozambique	17,184	87,985	292,442	452	6,512
Angola	8,376	439	2,175	120	2,181
TOTAL OF INTERNATIONAL OPERATIONS	901,732	182,485	573,617	1,095	8,693
TOTAL	1,461,805	283,376	677,133	3,140	47,465

Note: in Portugal, there are considered Customers/active users those who used Internet, call centre or mobile banking at least once in the last 90 days.

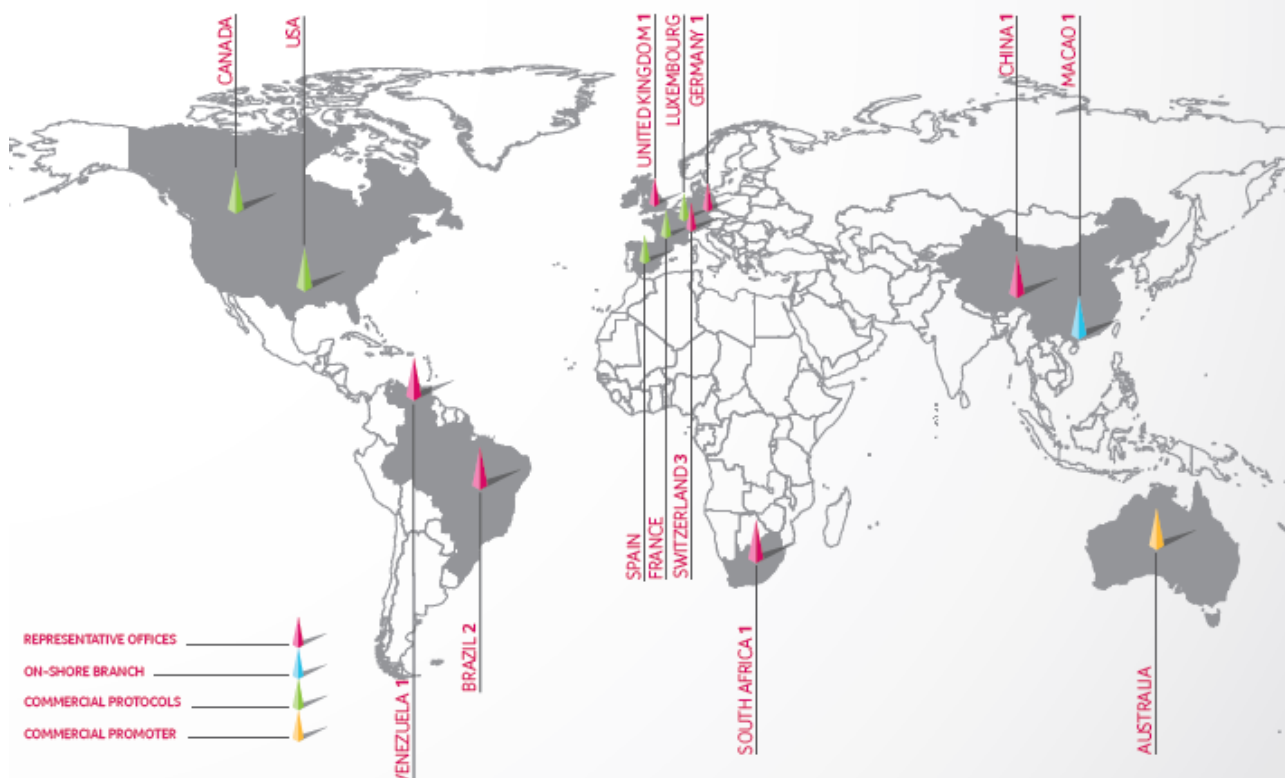
(*) Automated Teller Machines.

(**) Point of Sales.



* Including Macao and Cayman Islands

REPRESENTATIVE OFFICES, BRANCHES, COMMERCIAL PROTOCOLS AND COMMERCIAL PROMOTER



BUSINESS MODEL

NATURE OF THE OPERATIONS AND MAIN ACTIVITIES

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

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

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

DISTINCTIVE FACTORS AND SUSTAINABILITY OF THE BUSINESS MODEL

Largest privately-owned banking institution

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

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

The Bank also offers remote banking channels (banking service by telephone and Internet), which operate as distribution points for its financial products and services.

At the end of the first half of 2015, the Bank had 691 branches, serving over 2.3 million Customers, and held the position of second bank (first privately-owned bank) in terms of market share for both loans to customers (18.3%), and customer deposits (17.4%), in May 2015.

Resilience and sustainability of the business model

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

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

The share capital increase operation concluded in July 2014 enabled the Bank to accelerate its strategic plan, by repaying a total of Eur 2,250 million of the hybrid capital instruments (CoCos) underwritten by the Portuguese State in 2014, bringing forward the full repayment of these instruments to 2016 and increasing the organic generation of capital, building the foundation for sustainable earnings growth,

which will promote greater balance between the contribution of the domestic and international components.

In June 2015, the Bank successfully completed a share capital increase in the amount of Euro 387.5 million, from Euro 3,706.7 million to Euro 4,094.2 million by the issuance of 4,844,313,860 new ordinary, nominative and book-entry shares without nominal value, as a result of the partial and voluntary public tender offer for the acquisition of subordinated securities in exchange for new shares issued at the price of Euro 0.0834 per share, which contributed to the favourable evolution of the CET1 ratio in the 2nd quarter of 2015.

Innovation and capability to deliver

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

Technology

With the purpose of continuing to improve its information systems, the Bank developed a number of structuring initiatives and projects, of which we highlight: (i) the completion of the project "Customization of Channels" that gave the individuals, corporate and Individuals Mobile channels the possibility of making customized commercial offers adjusted to each Customer's profile and needs; (ii) the improvements to the websites as the automatic credit requests (online credit) and the reformulation of the front ends of the personal and car loan's simulators or the provision of new tools in the App, the M Contacto which offers to managed customers a personalized contact with his/her Manager on the website and on the App; (iii) the developments to the iPAC Platform, namely in the "New Management of Customers", which provided a simpler and clearer vision of the most important portfolio indicators; (iv) the changes to the Advisory Model of Private Banking, by the provision of standard models for portfolio allocation based on the previously defined investment profiles of the customers; (v) the improvements introduced to the process for the subscription in Certificate issues; (vi) concerning the Retail Investment Funds Open Architecture we must also point out the implementation of a number of new requirements, such as a greater offer of new types of funds and (vii) the adjustments to Indexed Deposits injecting greater flexibility in the execution of these operations. Additionally, we must refer the launching of the Credit Line Cash On-Time, part of the current redesign of the Bank's Confirming current offer, the online access to the Central Credit Register (CRC) of Banco de Portugal providing an increasing efficiency to the credit decision making processes and the possibility, within the project "GO Paperless" of subscribing Term Deposits with a digital signature.

Concerning projects with a legal and/or regulatory nature, among other, we must mention the adjustments introduced to the account opening process and maintenance of customers, in accordance with the most recent legislation in force, and strengthening of the applicable internal control principles.

Internet & Mobile

In Mobile, and during the first six months of 2015, the number of users increased 24% and the number of operations made increased around 30% versus the same period of 2014 and the Bank presented new tools through the App Millennium, being the subscription of savings through QR Code one of the most significant.

The number of users of the individuals website increased by 3% versus the same period of 2014. The Bank implemented some new tools like the customization (through Banners) and the launching of a micro site Prestige World, for Prestige Clients.

The number of users of the corporate website also increased 3% and the number of transactions increased 6% versus the same period of 2014. The Bank enhanced business continuity by implementing the Store&Forward solution for contingent situations, increasing the offer of tutorial videos to help assisting Customers in services available for companies, implemented the online platforms for FX trading and the acceptance of scanned documents of Documentary Operations.

The Bank updated the App MEmpresas in what concerns SEPA international transfers and included the Confirming in the authorizations. The number of users increased 31% and the number of transactions

increased more than 150% versus the first six months of 2014. The Bank also provides a Spanish version to keep up with the internationalization of the Portuguese companies.

During the first six months of 2015, the Bank perfected the value proposal made through the Prestige Direto (remote management of Clients) strengthening the business relation with Prestige Clients, achieving business and profit and loss account results that were considered one of the best performances ever achieved by Retail.

The co-branded Cards Centre, which manages at a distance Customers with only credit cards, fostered the relation and the business with the Customers that it manages and also increased the number of new cards attributed, confirming the sustained growth of this business.

The Millennium Brand and Communication with Customers

The Millennium brand is the basis of the Bank's entire commercial offer; it is crucial for its strategy and has direct impact on its results. It puts Millennium bcp in the mind of its Customer and projects credibility, strengthens the relation of trust in the Bank and the feeling of loyalty, increasing the brand's value.

In the first six months of 2015 the bank pursued its business and communication strategy focused on two main segments of Millennium bcp - Corporate and Prestige.

Stressing the message based on the claim "Moving forward", which was launched together with the Companies Institutional Campaign by the end of 2014, the Bank developed a number of company-oriented communication actions of which we point out the sponsorship of the television show Shark Tank - one of the most acclaimed TV shows focused on businesses in the entire world - involving a multimedia campaign with a strong participation of the media.

The communication established with Companies was also marked, as usual, by a campaign addressed to the Aplauso Customers, as a recognition of the Company Clients which, year on year, strengthen their relation with Millennium bcp.

For Prestige Clients the Bank also developed several initiatives to reinforce the Bank's positioning in this segment. We must emphasize the launching of the campaign "Vantagem Família Prestige" (Prestige-Family Benefits) featured by a an original and informal type of communication passing the message that the most significant advantages that the Prestige Clients have may now be extended to their families.

In Retail, the communication relied mostly on products and core solutions for the Bank's business, being the most notable one the Frequent Customer Campaign. Under the motto "500,000 Families already manage their expenses better", the Campaign intended to point out the real savings associated with this integrated solution, a fact already experienced by more than 500 thousand of our Customers.

Thus, the communication activities developed during the first six months of 2015 endeavoured to meet the new positioning of Millennium bcp as an institution that remains close to its clients, pays attention to new trends, behaviours, needs and motivations of the community where it operates and with which it interacts on a daily basis.

Main awards received¹

During the first six months of 2015, Millennium bcp received several awards, such as:

- It was distinguished as the best distributor in Portugal of structured products by Structured Retail Products, a division of Group Euromoney.
- The custodian services of Bank Millennium were distinguished in the category of best performance by the magazine Global Custodian in the 2014 survey "Agent Banks in Emerging Markets".
- ActivoBank ranked first in the Marktest Reputation Index (MRI) 2015, for the 2nd consecutive time in the category of online bank and was distinguished as the "Most Innovative Bank Portugal

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

2015” by the International Finance Magazine, a prestigious magazine and a recognised source of information and analysis on the global financial community.

- Election of Bank Millennium as the best distributor of structured products and derivatives in Poland by StructuredRetailProducts.com.
- The team of analysts of Bank Millennium won the national competition organized by the newspaper Parkiet for the most accurate market and macroeconomic projections in 2014.
- Bank Millennium won the 4th Edition of the survey "Quality Bank", made by the agency TNS Polska, as the bank supplying the best service to its Customers.
- The brand "Millennium bim" was, for the 6th consecutive time, distinguished as the "Best Brand in Mozambique" in the banking sector. Millennium bim received the award "The most innovative bank in Africa" by the prestigious magazine African Banker and four distinctions PMR África 2015, in the categories of bank services - Individuals, Companies and Investment banking and, in terms of products, in the credit cards category
- Banco Millennium Angola was distinguished with the award "Best Commercial Bank Angola 2015" by Capital Finance Internacional (cfi.co), the prestigious British magazine specialized in economic and financial issues.

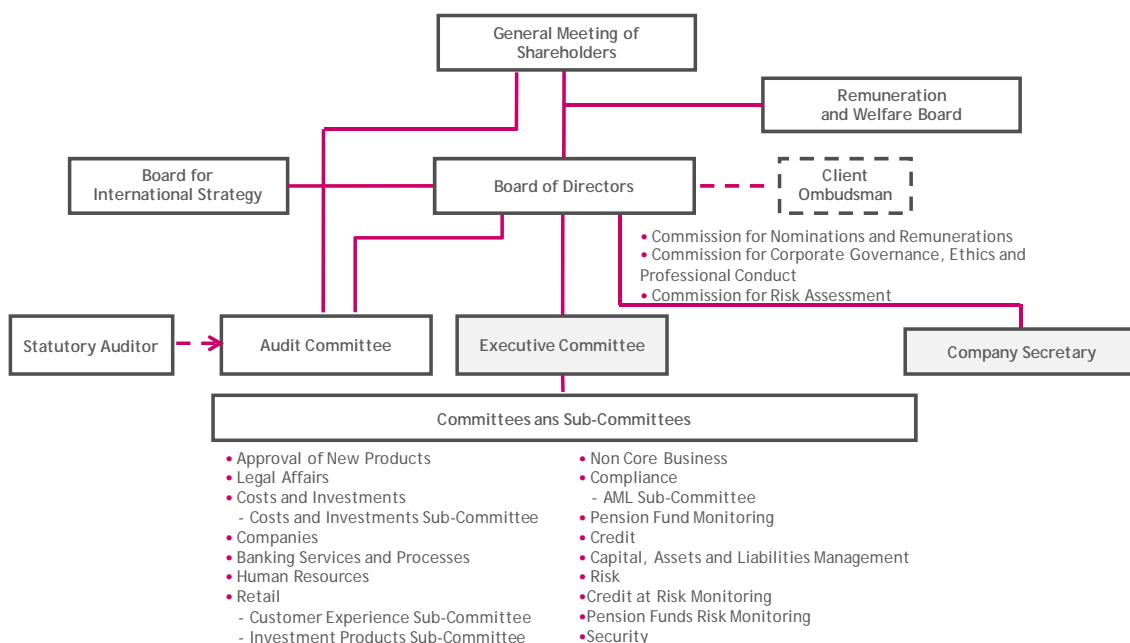
GOVERNANCE

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

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

At the General Meeting of Shareholders held on 11 May 2015, Board Members were elected to hold office in the three-year period from 2015 to 2017.

ORGANISATIONAL CHART OF THE COMPANY'S CORPORATE GOVERNANCE MODEL



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

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

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

Under the terms of the articles of association in force, the Board of Directors is composed of a minimum of 17 and maximum of 25 members with and without executive duties, elected by the General Meeting for a period of three years, who may be re-elected.

The Board of Directors in office as at 30 June 2015 was composed of 20 permanent members, with 13 non-executives, including 2 members appointed by the State for the period the public investment to strengthen the Bank's own funds is in force, and 7 executives.

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

The supervision of the company is ensured by an Audit Committee, elected by the General Meeting, composed of a minimum of 3 and maximum of 5 members, elected together with all the other directors. The proposed lists for the Board of Directors must detail which members will be part of the Audit Committee and indicate the respective Chairman.

The Remuneration and Welfare Board is composed of 3 to 5 members, elected by the General Meeting, the majority of whom should be independent.

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

IDENTIFICATION AND COMPOSITION OF THE GOVERNING BODIES

	Board of Directors	Executive Committee	Audit Committee	Remuneration and Welfare Board	Board for International Strategy
António Vítor Martins Monteiro (Chairman of the BD)	•				•
Carlos José da Silva (Vice-chairman of BD)	•				•
Nuno Manuel da Silva Amado (Vice-chairman of BD and CEO)	•	•			•
Álvaro Roque de Pinho Bissaia Barreto	•				
André Magalhães Luiz Gomes	•				
António Henriques de Pinho Cardão	•				
António Luís Guerra Nunes Mexia	•				
Bernardo de Sá Braamcamp Sobral Sottomayor ^(*)	•			•	
Cidália Maria Mota Lopes	•		•		
Jaime de Macedo Santos Bastos	•		•		
João Bernardo Bastos Mendes Resende	•				
João Manuel de Matos Loureiro (Chairman of AUDC)	•		•		
José Jacinto Iglésias Soares	•	•			
José Miguel Bensliman Schorcht da Silva Pessanha	•	•			
José Rodrigues de Jesus ^(*)	•		•		
Maria da Conceição Mota Soares de Oliveira Callé Lucas	•	•			
Miguel de Campos Pereira Bragança	•	•			
Miguel Maya Dias Pinheiro	•	•			
Raquel Rute da Costa David Vunge	•				
Rui Manuel da Silva Teixeira	•	•			
José Gonçalo Ferreira Maury (Chairman of RWB)				•	
José Guilherme Xavier de Basto				•	
José Luciano Vaz Marcos				•	
Manuel Soares Pinto Barbosa				•	
Carlos Jorge Ramalho dos Santos Ferreira (Chairman of BIS)					•
Francisco de Lemos José Maria					•
Josep Oliu Creus					•

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

MAIN EVENTS IN THE FIRST HALF OF 2015

JANUARY

- Completion, on 8 January 2015, of the sale of Banca Millennium in Romania to OTP Bank, pursuant to the general conditions announced on 30 July 2014, with BCP having received Euro 39 million of the total price agreed for the sale from OTP Bank. OTP Bank also ensured the full repayment to BCP of the funding it granted to Banca Millennium of approximately Euro 150 million. The operation had a negligible impact on the consolidated Common Equity Tier 1 ratio of BCP.

FEBRUARY

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

MARCH

- On 26 March 2015, Banco Comercial Português S.A. announced the pricing of the accelerated placement to institutional investors of 186,979,631 ordinary shares of Bank Millennium S.A. constituting 15.41% of the Company’s existing share capital, at a price of PLN6.65 per ordinary share. Gross proceeds raised by BCP from the placement was approximately PLN 1.24 billion (Euro 304 million), resulting in an increase in the Group CET1 ratio versus the end of 2014 figures of 46 bps under fully-implemented rules and of 64 bps according to phased-in criteria. As already announced, after the completion of the placement, BCP continues to hold a majority shareholding in Bank Millennium, corresponding to 50.1% of the Company’s share capital.
- “Tourism Entrepreneurship Days - Visit the Future” took place in Évora.

MAY

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

JUNE

- Completion of the share capital increase of Millennium bcp in the amount of Euro 387,545,108.8, from Euro 3,706,690,253.08 to Euro 4,094,235,361.88, by the issuance of 4,844,313,860 new ordinary, nominative and book-entry shares without nominal value, as a result of the partial and voluntary public tender offer for the acquisition of subordinated securities in exchange for new shares issued at the price of Euro 0.0834 per share and the listing of the new ordinary shares on Euronext Lisbon.

RESPONSIBLE BUSINESS

The Sustainability Master Plan (SMP) reflects the Sustainability strategy of Millennium bcp, and constitutes the reference framework of the lines of action to be carried out by the Bank in Portugal. The definition of the intervention areas that constitute the multiannual SMP are the result of the joint assessment of the material issues identified by Stakeholders, the Bank's available resources, the economic scenario and market context at the moment.

Thus, the activity developed by Millennium bcp under the Responsible Business during the first half of 2015, synthesized in this chapter, constitutes a testimony of the Bank's commitment with the full implementation of SMP set for the period 2014-2015.

SUSTAINABILITY MASTER PLAN 2014 - 2015

Ethics and professional conduct	Enhance the ties established between the employees and the Bank's Values Foster a culture of compliance and a strict management of risk Publish clear policies on the prevention of corruption, on health and safety issues, human rights and the protection of maternity
Service quality	Implement and improve the satisfaction evaluation processes Create mechanisms for the immediate detection and management of improvement opportunities in the services provided to Customers
Accessibilities	Improve the implementation of differentiated working hours Enhance and promote accessibilities for individuals with special needs
Proximity and reporting	Enhance the proximity and involvement with the Bank's Shareholders Improve the institutional report in the wake of sustainability Make a consultation to identify the Stakeholder's expectations
Management of expectations	Consult the Bank's Stakeholders to know and meet their expectations Collect and implement ideas suggested by the Employees on Sustainability issues
Motivation	Identify best performances at Client Service level Support the adoption of healthy lifestyles Improve the mechanisms ensuring a greater proximity between the Employees and top managers
Products and Services	Consolidate the Bank's position in the micro credit market Improve the negotiation and search for solutions able to meet increasing financial difficulties of the Customers Promote and launch products that observe social responsibility principles and cope with the new environmental challenges
Share and promote awareness	Institutionalize the donation of the Bank's furniture and IT equipment to institutions in need Implemented social and/ or environmental awareness actions common to the entire Group Launch a financial literacy program transversal to the Bank
Volunteer actions	Structure a volunteering program for and with the participation of the Employees
Partnerships	Develop campaigns together with nongovernmental organizations and charitable institutions to foster a sustainable development
Millennium bcp Foundation	Improve the identity of Fundação Millennium bcp
Social and environmental risk	Promote climate changes awareness near Corporate Clients developing their activities in sectors more exposed to risks and environmental regulations Identify and classify Corporate Clients with greater environmental and social risks

	Formalize compliance with social and environmental requisites in the relation established with Suppliers
Environmental performance	Enhance the measures for the reduction of consumption Implement measures aimed at the reduction of waste and the creation of a formal recycling process Formalize and communicate Environmental Performance quantitative objectives

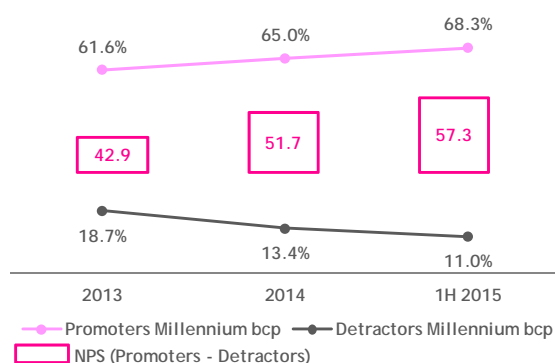
ETHICS AND PROFESSIONAL CONDUCT

- Within the prevention and detection of potential situations of money laundering and financing of terrorism (ML/FT), Compliance Office, during the first half of 2015, focused its activity on risk approach, increasing the fine tuning of operations filters, improving efficiency of resource allocation in its analysis, but also the respective spectrum of analysis. In this context, highlight for: the enhanced scrutiny of the account openings, the continuous process of fine-tuning of the algorithms of the informatics solutions in order to minimize false hits, as well as the Actimize models RCM SAM/AML in this case aiming the reduction of alerts with profile of 'false positives'. Additionally, was changed the organization of the analysis processes of alerts of Actimize technological solution, with the objective of increasing the capacity for analysis of risk alerts, focusing on those that show greater potential.
- Was established a channel of contact with the ministries of Foreign Affairs (MFA) and of Finance (MF) concerning authorizations for transactions with countries under sanctions or embargo.
- Start of work for the assessment and anticipation of the impacts arising from the publication of new European legislation, highlighting the work already carried out in the wake of the legislation known as DMIF II and CRS.
- It was also initiated the review and update of the programs and training contents on issues of Compliance, task included in the Millennium Banking Academy Project that will be in course until the end of the year.
- Were still published the commitments of the Millennium Group within working conditions and equal opportunities, through the formalization and promotion of institutional documents - Occupational Health and Safety Policy and Equality - and - Non-Discrimination Policy -.
- It began a renewed and systematic due diligence procedure for account opening and for the establishment of relations with correspondent banks.

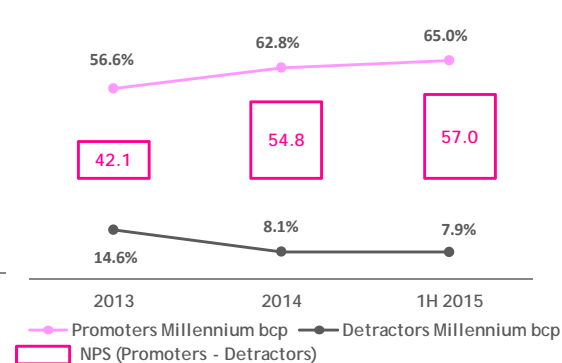
QUALITY SERVICE

- Millennium bcp continues to bet on the evaluation model of customer experiences. 24 hours after interaction with the Bank, the Client is asked to answer a short questionnaire that is intended to gauge their satisfaction with the experience and the grade of recommendation of the Bank. In the first semester of 2015, the NPS (Net Promoter Score) of Prestige Clients, which reflects the level of recommendation of the Bank, rose to 57 points, +2.2 points than in 2014, following the increase in the percentage of promoters clients, from 62.8% to 65.0%, and the reduction in the percentage of detractors Clients, from 8.1% to 7.9%. To the Mass Market Clients, the percentage of promoters climbed 3.3%, of 65% to 68.3%, and the percentage of detractors went down 2.4%, which resulted in a rise in Millennium bcp NPS from 51.7 to 57.3 (+5.6 points).

MASS MARKET



PRESTIGE



- It was also developed another action "Mystery Client", with 629 visits to Mass Market branches, assessing a scenario of "account opening". Comparing with the actions carried out in 2014, there is a slight improvement in the percentage of implementation of the define service choreography, which is now 77%.
- Continuing the "Maximum Quality" program, which aims to capitalize internally on the advantages of assessment model "Evaluation of Experiences" and "Mystery Client" actions through recognition of employees and branches with an outstanding performance in customer service quality; have been distinguished over 500 Employees of the Retail network through the award of prizes and/or certificates of "Maximum Quality."
- Millennium bcp has continued to monitor several studies carried out by external companies in order to obtain indicators that allow positioning the Bank in the sector and as regards the quality of the service provided, the image of the Bank, the products and services commercialized and the satisfaction and loyalty of Customers. One of these studies is the CSI Banking, conducted by Marktest. This is a bi-annual study which allows the comparison between banks in dimensions as the "Image", "Communication", "Quality of Products and Services", "Competitiveness" and "Expectations", which, in aggregate, resulting in customer satisfaction index (Customer Satisfaction Index). In the first half of 2015, the Millennium bcp occupies the 1st place in the ranking of the 5 largest banks operating in Portugal, with a CSI of 75.2 points, value above the global banking sector indicator that was 73.6.
- Concerning safety, the Bank has continued its work in the communication of content to its Customers, alerting fundamentally for operations in remote channels and self-banking, with highlight to: i) Security Newsletter, which addressed issues related to the safe use of the internet and of millenniumbcp.pt site; ii) campaign aimed at users of the Corporate sit during the adoption of the mandatory use of SAFE for all banking transactions carried out via the internet that affect the equity of the company sphere; and iii) Online Security Forum of APB - collaboration with the Portuguese Association of Banks, in the publication of regular content to inform customers of security issues.



SUSTAINABILITY AND REPORTING

- Was published, in digital format, the 2014 sustainability report, document that allows obtaining an integrated view of BCP Group performance in the economic, social and environmental dimensions, but also a summary on each of its operations, namely Angola, Mozambique, Poland, Portugal and Switzerland.
- It was also published the sustainability report of Bank Millennium, in this case with detail information concerning the operation in Poland.
- Millennium bcp, in addition to periodically reporting public information included in Sustainability perimeter, responds to external and independent entities, through the filling in exhaustive questionnaires about this matter. Collaboration in the report has not only allowed a comparison of performance between companies, but also the integration in sustainability indexes.



In the first half of 2015 the Bank integrated the indexes: Ethibel Sustainability Indices; STOXX Sustainability; and Ethibel EXCELLENCE Investment Register.

- BCP Group joined yet, for the first time, "The Sustainability Yearbook 2015", published annually by reference analyst "RobecoSAM" based on the information collected in response to "Dow Jones Sustainability Indices" and that this edition has identified the most 457 sustainable companies in the world.
- In the context of continuous communication flow directed to different target audiences on topics and sustainability initiatives, remained the systematic dissemination of informative content, with special focus on diversity and frequency of publications:
 - External communication, through the regular update of the institutional site, Sustainability area, and communications made on social networks, Facebook and YouTube.
 - Internal communication, through corporate channels of the Bank.

MOTIVATION

- In the first half of 2015 Millennium bcp assured 131,644 hours of training to its Employees, of which more than ten percent in classroom format, which translates the Organization's effort to share knowledge and develop skills, where necessary, close to the trainees.
- The design of training courses for Employees new in the function has been the main activity during the first semester, reflecting the strategic concern of Human Resources to support people in the most important moments of his professional life.
- Millennium bcp sponsored the biggest competition of strategy and management worldwide - Global Management Challenge -, having counted on a total of 100 Employees enrolled, from 18 Directions and with very distinct pathways and functions at the Bank. Distributed in 21 teams, Employees had the opportunity to enhance the development of numerous technical and behavioural skills, decisive for the individual and collective success and, simultaneously, the possibility of interaction with colleagues and other participants.

PRODUCTS AND SERVICES

- Supporting education, for students who have decided to pursue his academic career, the Bank in the year 2014/2015 attributed the entire budget set under the University Credit Line with Mutual Guarantee. This credit line provides advantageous interest rates that can low progressively since they are indexed to the student's academic performance. Since the entry into force of the protocol, in 2007, were granted loans totalizing 19 million Euros. In 2015 were hired 92 new loans for an amount of around 1 million Euros.
- Credit cards issued by Millennium bcp - Visa/MasterCard and the Membership Rewards Program from American Express - have continued to encourage the social support, through loyalty programs, which allow the Clients to swing the card points in donations to charities Institutions, as Cáritas Portuguesa, Liga Portuguesa Contra o Cancro, Unicef, Casa do Gaiato, Acreditar, Ajuda de Berço, Cerci and AMI.
- Meeting the needs of Investors who consider relevant contemplate in their investments, social and environmental risk factors, Millennium bcp has maintained available for subscription the social responsible investment funds (SRI), through the online platform of Millennium bcp and ActivoBank.
- In order to continue to support Customers in financial difficulties and avoid non-compliance continued promotion of the Financial Monitoring Service (FMS). Under the FMS packages, were performed 13,973 contractual changes (4,219 home loans and 9,754 consumer credit), totaling a value of restructuring of 301,6 million Euros (265,1 in home loans and 36,5 in consumer credit), with predominance of the introduction of grace periods and extension of term.
- In the scope of the partnership established with NOS Cinemas, the credit cards issued by Millennium bcp continue to allow their holders enjoy the with the offer of a movie ticket with the purchase of the first ticket at regular price.
- Remained available Minimum Bank Services Account for Customers without any checking account in the banking system, and that seeks to reduce the enhancer's factors of social exclusion, particularly through the accessibility to a bank account, a debit card and the home banking service. Between openness and migration of accounts, were incremented 400 more accounts under these conditions.
- Within the entities that comprise the social sector, Millennium bcp has maintained available an Account to non-profit Associations, a checking account with special conditions, which does not require a minimum of openness and free maintenance committees and discovered. During the first half were opened 190 accounts in these conditions, which correspond to a total of 2,674 accounts in wallet at the Bank.
- Within the protocol signed with the Institute of Employment and Professional Training and with mutual guarantee societies, continued support investment projects of creation of enterprises by unemployed with favorable financing conditions through specific lines of Credit - Line Microinvest and Invest Line +-. 55 operations were financed for a total funding of more than 1,3 million Euros.
- A protocol was signed between Millennium bcp, the Institute of Employment and Professional Training, António Sérgio Cooperative for the Social Economy and Mutual Guarantee Societies, which defines a line of credit - Social Invest - in order to support Social Economy. Operations were financed amounting to approximately 648 thousand Euros.



- In the context of support to agriculture and fisheries, remained the availability of funding under the protocol concluded with the Institute of Funding Agriculture and Fisheries, through credit lines - PRODER/ PROMAR and IFAP Curto Prazo -. Were achieved 74 operations, with a value of funded more than 4,1 million Euros.
- Under the Protocol signed between Millennium bcp and the Turismo de Portugal, kept the line of credit that allows companies to invest in refurbishment projects of tourist complexes and creation of new enterprises, catering establishments and animation activities, having been funded a total global value of more than 22 million Euros.
- Under the protocols concluded with IAPMEI, the PME Investimentos (managing Entity of the line) and mutual guarantee societies, to support investment projects or increased working capital, remained the line PME Crescimento. 1,260 operations were financed, with total lending of more than 97 million Euros.
- Continued financing line - INVESTE QREN - under the protocol signed with the Portuguese State through the Financial Institute for Regional Development and mutual guarantee societies, for, in the context of the current economic climate, support companies in access to bank credit, to bridge cash-flow needs and to implement the respective investment projects. Were financed operations with a global accumulated amount of more than 3,2 million Euros.
- The Contact Centre, channel with great accessibility and proximity to customers as part of their daily banking relationship, allows, by dial-up, customers to access to a wide range of banking services in extended hours 24 hours, 365 days in the year. The foreign community residing in Portugal has at its disposal the services in English and Spanish. In order to monitor continuously the quality of the service provided was also implemented a survey at the end of telephone interactions and the results allow to establish process improvements and training actions for the themes that are, at every moment, critical.
- It was further released a video calling service that allows users of the "Pontos Millennium" establishing contact with employees of the Bank.

MICROCREDIT

- In 2015, the Millennium bcp continues to strengthen its commitment to microfinance activity, with its main strategic priorities set in the dissemination of this model of financing in order to strengthen the position of reference and Millennium bcp's leadership in this area. To this end, various initiatives were undertaken with the city councils, parish councils, universities, schools and other entities of expertise, located closer to the target population. Among these, we highlight:
 - Protocol with the Municipalities of Sardoal, Vendas Novas and Leiria;
 - Participation as speakers in a class about Microfinance in the Master in Social and Solidarity Economy of ISCTE;
 - Participation in the Fair of Entrepreneurship sponsored by the European Commission Representation in Portugal;
 - Presence in the Idea Lab sponsored by the European Microfinance Network (EMN), with the aim of organising the annual Conference of Microfinance in 2015.
 - Participation in Project DELI - Diversity in the Economy and Local Integration, which aims to support the integration of immigrants in the local economy;
 - Participation as speakers at various workshops on "entrepreneurship and microcredit", particularly in Beja, Armamar, Moimenta da Beira and Vouzela.



SHARE AND PROMOTE AWARENESS

- Within the management of obsolete computer equipment and office furniture in conditions of reuse, Millennium bcp has given continuity to the donation policy of this material to nonprofit entities. Were delivered more than 1,646 pieces.
- The event "Portugal Restaurant Week", with the participation of Millennium bcp, allowed to assign a financial support to charities, Acreditar, Mulheres de Vermelho and Operação Nariz Vermelho. With a donation of one euro for each Restaurant Week menu consumed, the total value reached about 27,500 Euros.
- Millennium bcp has, during defined periods, a space available to private institutions of social solidarity at Tagus Park (Bank central buildings) for collecting funds and disclosure of the work developed. In the first half of 2015, example of this practice was the presence of the CERCÍ Oeiras.
- Within financial management, Millennium bcp has contributed to increase the levels of financial knowledge and adoption of adequate banking behaviors, helping in the management of the family budget:
 - It remained the promotion, in the institutional site, of the instruments - Centro de Poupanças (Savings Center), Gestor de Finanças (Finance Manager) and Kit Despesas Imprevistas (Unforeseen Costs Kit), although distinct and independent have the common goal of supporting Customers in the management of its budgets. In the area of the site, M Videos, it is also possible to find tutorials and suggestions for savings;
 - The Facebook page - Mais Millennium - continued to share contents related to financial planning, among others;
 - Aiming increasing financial literacy levels of our Customers, the Prestige reissued the piece Conhecer para Investir (Know to Invest) included in the Welcome Pack Prestige. This is a booklet that explains the concepts behind each product family of savings/investment;
 - Participation in the Working Group of the APB - Associação Portuguesa de Bancos (Portuguese Association of Banks), which represents several financial institutions and the Instituto de Formação Bancária (Banking Training Institute), and whose mission is to develop and support initiatives aimed at promoting financial education of citizens. Example of the activity developed in 2015, the realization of European Money Week (EMW) launched by the European Banking Federation (EBF) with the participation of 21 countries and various activities directed especially to the younger audience.
- Millennium bcp has renewed, in 2015, the adherence to Movimento ECO 2015 - Companies Against Fires, a project that aims to contribute to the prevention of forest fires and raise public awareness to risk behaviors.



VOLUNTEER ACTIONS

- Continued collaboration with the Junior Achievement Portugal, in the development of its programmes aimed at entrepreneurship, risk-taking, creativity and innovation through: i) exclusive sponsorship of the Fundação Millennium bcp to StartUp Programme (8th Edition), aimed at University students; and ii) of Millennium bcp, in support of programmes for basic and secondary education.

In the school year 2014/2015, around 70 volunteers of Millennium bcp accompanied more than 1,650 students in various programs of Junior Achievement Portugal.

- Continued the voluntary action which involves the participation of Employees and their families in the regular campaigns to collect food from the Banco Alimentar (Food Bank). Together, about 150 Volunteers, among employees, families and friends, gave, in may 2015, a solidarity contribution in various warehouses in the country, helping in the process of weighing, sorting and packaging of the products donated.
- On Dia Mundial da Árvore (World Arbor Day), joining the city hall of Oeiras and its Afforestation Plan, about 40 Volunteers Millennium helped to plant 200 trees and shrubs. This action aimed to draw attention to the urgent need for a responsible use of natural resources and ecological balance.



PARTNERSHIPS

- The Bank has remained close to the Universities, creating conditions for realization of traineeships. During the first semester, 15 students had the opportunity to put into practice the knowledge acquired through the realization of a curricular internship, each trainee was accompanied by an experienced tutor that tutored and guided in their learning process.
- Also the 39 summer internships that Millennium bcp will provide on the second half fall in the strategy of articulation of academic life with professional life, stimulating the acquisition of important knowledge for future professional life of students, regardless of which path they will chose to go.
- Continuing the Professional Internship Program, which began in 2013 with the support of the Instituto de Emprego e Formação Profissional (IEFP) (Institute of Employment and Professional Training) in partnership with the Calouste Gulbenkian Foundation and COTEC - Associação Empresarial para a Inovação (Business Association for Innovation), within the Movimento para a Empregabilidade (Movement for Employability), the Bank promoted during the 1st half of 2015, already without State support, the achievement of 114 professional internships.

The Millennium bcp to bet that these stages are an enriching experience for young people reflects the concern of the Bank on its social responsibility and the creation of conditions for a greater future employability of young people.

FUNDAÇÃO MILLENNIUM BCP

- In the first half of 2015 the Fundação Millennium bcp (Millennium bcp Foundation) maintained its activity, inserted in the context of social responsibility policies and institutional cultural patronage, focused on the production and generation of benefits to society through collaboration in projects aimed at expanding the access to culture, to education and to social inclusion.
- In the field of Culture, the main vocation of the Foundation, were considered 46 initiatives, including:



Conservation and dissemination of Bank heritage

- Maintenance of the Núcleo Arqueológico da Rua dos Correeiros (NARC) and management of guided tours, which received in this period 6,289 visitors. Point out that the NARC, which celebrated 20 years of opening to the public, was this year ranked as a National Monument;
- Exhibitions in the Millennium Gallery, also with free access, where were presented " O Modernismo na Coleção Millennium bcp " and " A Minha Vida Dava uma Sardinha ", visited by 6,729 people.

On promotion of museological activities, heritage and other cultural initiatives

- Palácio Nacional da Ajuda - renovation of the graphic identity and signage;
- Museu Nacional de Arte Antiga (MNAA) - support for exhibitions;
- Museu Nacional dos Coches - reopening to the public in the museum's new space;
- Museu Nacional de Arte Contemporânea - Museu do Chiado (MNAC): support for exhibitions;
- Museu de Geologia da Universidade de Trás-os-Montes e Alto Douro;
- Igreja de Santa Clara - works of refurbishment and improvement of visit's conditions;
- Igreja Paroquial de São Nicolau - rehabilitation;
- Fundação Cupertino de Miranda;
- Fundação Arpad Szenes Vieira da Silva;
- Trienal de Arquitetura de Lisboa / The Lisbon Architecture Triennale;



- Fundação da Juventude / Youth Foundation;
- AICA - Associação Internacional dos Críticos de Arte: awards of Visual Arts and Architecture;
- Revista História de Arte da Universidade Nova de Lisboa - support for editing;
- Spira - Revitalização Patrimonial - Feira do Património Millennium bcp;
- Artistas Unidos / United Artists: support the production of leaflet.

The Fundação Millennium bcp was awarded this year, by the Portuguese Government, with the Medal of Cultural Merit.

- In the field of Education and Scientific Research, which includes 22 projects, we refer as example:
 - Universidade Católica Portuguesa - Faculdade de Ciências Económicas e Empresariais - Lisbon MBA scholarships;
 - Universidade Católica Portuguesa - Instituto de Estudos Políticos - support the Chair of studies in European Law;
 - Instituto de Direito Bancário, da Bolsa e dos Seguros (BBS): support for postgraduate courses in Banking Law, in collaboration with the Faculdade de Direito da Universidade de Coimbra;
 - Instituto de Cooperação Jurídica - Faculdade Eduardo Mondlane, Mozambique: College-masters degree in Legal and Political Sciences;
 - IPRI - Instituto Português de Relações Internacionais da Universidade Nova de Lisboa - support for activities;
 - Centro de Astrofísica da Universidade do Porto - 2015 Astrocamp, summer academic programme;
 - Instituto Camões - Award for best Portuguese-speaking student;
 - Sociedade do Bem - educational project in the region of Évora.
- Within the framework of Social Solidarity, the Foundation has supported to date, 17 actions from different entities, as:
 - Banco Alimentar Contra a Fome - support the production of bags for holding food collection campaigns and acquisition of tuna;
 - Centro Doutor João dos Santos - support for summer camp and commemorative 40th anniversary;
 - Associação BUS - Bens de Utilidade Social - supporting the development of activities;
 - Associação de Apoio aos Deficientes Visuais Distrito Braga - supporting activities;
 - Associação O Joãozinho - support for the new pediatric ward of the Hospital de S. João, in Oporto;
 - Associação de Doentes com Lupus: support the outreach activities of the disease with all civil society and integration with the patients;
 - Karingana Wa Karingana - national campaign to collect school supplies for distribution to families in need.



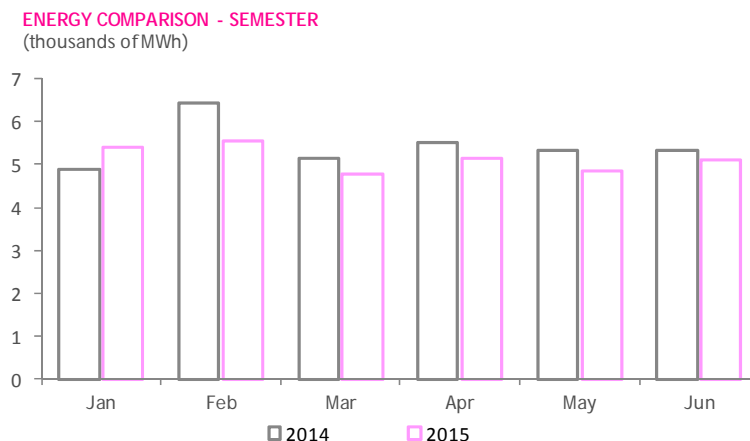
ENVIRONMENTAL PERFORMANCE

- Under the consumption reduction program in Portugal, we highlight the good overall energy behaviour in the first half of the year in terms of optimization of energy consumption levels. This improvement is expressed in a decrease of 5.6% (the goal of annual reduction proposed for 2015 is 5%) of the energy consumption when compared to the same period in 2014, which corresponds to a decrease of 1.75 GWh of electric energy consumption and of about 821 tonnes of CO2 avoided.

This reduction is due to a constant and continuing concern not only with questions of rational use of energy, but also with the materialization of energy efficiency policies, such as:



- Dynamic permanent control of the hours of operation of lighting and air conditioning in Central Buildings or in Branches;
- Replacement of fluorescent lighting by LED technology in various facilities;
- Monitoring of consumption as a way to define a stricter energy policy on the basis of specific profiles.



- There was also continuity to the internal communications campaign - Consumption Reduction / Environmental Signs -. This initiative, which includes the consumptions of electricity, water and paper, aims to contribute to the optimization of the Bank's operating costs, improve their environmental performance and increase the identification of Employees with the Organization, through the encouragement of behavioural practices which make it possible to rationalize its use.
- Continued the program - Green IT -, pivoted by the IT Division, which includes a set of actions aimed at the identification of measures and solutions which result in technological and environmental gains. Under the technological projects, a reference for the evolution of the "GO P@perless" betting on dematerialization of the operations as a way to innovate and optimize the processes, using production solutions and electronic signature of documents.
- Remained still the strategy to promote the adherence of the Clients to documents in digital format - e-Statement and other business documents -. Millennium bcp continues thus to contribute to the reduction of the use and circulation of paper, doing, on the one hand, communication actions about the benefits of dematerialization of documents, but also, on the other, running programs of controlled migration to digital solutions. At present, more than 860 thousand Customers, approximately 37% of Bank Customers in Portugal, already use digital solutions for the reception of the documentation.

BCP SHARE

The first half of 2015 was globally positive to the stock markets worldwide, despite Greece's political instability at the end of that period.

ECB's ongoing Quantitative Easing policy has been a catalyst for the European recovery, boosting the stock markets. QE immediately translates in a decrease in sovereign yields, translating into a valuation of sovereign debt held by Banks, generating gains that had a positive contribution to the 1st half earnings. The continuing decrease of the unemployment rate in the Euro area initiated in mid 2013 took the consumer confidence to the highest figures achieved since 2007, and, consequently, to an increase in consumption. In the pan-European space, the Bank (+12.5%) and Retail (+13.6%) sectors reached the podium in terms of valuation. Political instability in Greece, which increased the Greek risk of default, affected the performance of June but, simultaneously, served to show the resilience of some markets to external factors, which was the case of the PSI20, which valued 15.7% in the first six months of 2015.

BCP Shares indicators

	Units	1H2015	1H2014
Adjusted prices			
Maximum price	(€)	0.0959	0.1368
Average price of the year	(€)	0.0820	0.1143
Minimum price	(€)	0.0618	0.0920
Closing price	(€)	0.0780	0.1108
Shares and equity			
Number of ordinary shares	(M)	59,039	19,707
Shareholder's Equity attributable to the group	(M€)	4,625	2,660
Shareholder's Equity attributable to ordinary shares (1)	(M€)	4,454	2,489
Value per share			
Adjusted net income (EPS) (2) (3)	(€)	0.008	-0.006
Book value	(€)	0.077	0.127
Market indicators			
Closing price to book value	(PBV)	1.01	0.87
Market capitalisation (closing price)	(M€)	4,605	3,762
Liquidity			
Turnover	(M€)	2,638	4,149
Average daily turnover	(M€)	21.1	33.2
Volume	(M)	32,632	36,500
Average daily volume	(M)	261.1	292.0
Capital rotation (4)	(%)	59.7	185.2

(1) Shareholder's Equity attributable to the group - Preferred shares

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

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

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

The BCP' share price increased 18.7% during the first half of 2015. This performance had two stages.

- Significant rise in the first quarter: from Eur 0.0657 to around Eur 0.0957 (+45.7%)
- Devaluation in the second quarter: from Eur 0.0957 to Eur 0.0780 (-18.5%)

This performance derived mainly from the following internal and external factors:

- Internal: Proposal for a merger between BCP and BPI; Accelerated Book Building of 15.41% of the share capital of Bank Millennium; successful completion of the public exchange offer of subordinated debt and preferential shares for ordinary shares; and presentation of the earnings of 2014 and of the first quarter of 2015.
- External: results of the Greek elections and further standstill in the negotiations between Greece and its creditors which led to a 3rd request for financial assistance; announcement of the takeover bid launched by CaixaBank over BPI; developments in the sales process of NovoBanco; news published by the Financial Times mentioning that the European Commission was going to assess if the new DTAs regime represents a state aid to the Banks; downgrade of the LT rating by Fitch Ratings of 44 European Banks, among which 4 Portuguese banks, including BCP, due to the revision of the evaluation of the Government support, following the implementation of the Bank Recovery and Resolution Directive.

Absolute and relative performance

Index	Change 1H2015
BCP share	18.7%
PSI Financials	10.8%
PSI20	15.7%
IBEX 35	4.8%
CAC 40	12.1%
DAX XETRA	11.6%
FTSE 100	-0.7%
MIB FTSE	18.1%
ATHENS FTSE	-3.5%
Eurostoxx 600 Banks	12.5%
Dow Jones Indu Average	-1.1%
Nasdaq	3.8%
S&P500	0.2%

Source: Euronext, Reuters, Bloomberg

LIQUIDITY

During the first half of 2015, the BCP share was the most traded security in the domestic market and in the domestic financial sector. Around 32,632 million shares were traded during this period of time, corresponding to a daily average volume of 261 million shares. The capital rotation index stood at 59.7% of the six-month average number of shares issued.

INDEXES OF WHICH THE BCP' SHARES ARE LISTED

The BCP share is listed on more than 50 domestic and international stock exchange indexes among which we point out the Euronext PSI Financial, PSI 20, Euronext 150, NYSE Euronext Iberian and Euro Stoxx Banks.

Indexes	Weight
Euronext 100	0.2%
Euronext SEBI	4.0%
Iberian Index	1.3%
PSI 20	11.6%
PSI Geral	8.2%
PSI Serviços Financeiros	61.2%

Source: Euronext

Moreover, by the end of the first half of 2015, apart from these indexes, Millennium bcp has also integrated the following sustainability indexes: Ethibel Excellence Europe, Ethibel EXCELLENCE Investment Register, STOXX Europe Sustainability and EURO STOXX Sustainability.

Sustainability Indices



RELEVANT FACTS AND IMPACT ON THE SHARE'S PRICE

The following table summarizes the relevant facts directly related with Banco Comercial Português which occurred during the first six months of 2015, as well as the price variations occurred on the following day and on the 5 subsequent days and the relative evolution versus the main reference indexes during the mentioned periods of time.

Nr.	Date	Material Events	Chg. +1D	Chg. vs. PSI20 (1D)	Chg. vs. DJS Banks (1D)	Chg. +5D	Chg. vs. PSI20 (5D)	Chg. vs. DJS Banks (5D)
1	8/Jan	Conclusion of the sale of Banca Millennium (Romania) to OTP Bank	-1.8%	-0.5%	1.4%	-0.4%	-4.9%	0.8%
2	2/Feb	Bank Millennium (Poland) Consolidated Results in 2014	-0.6%	-2.4%	-3.1%	-0.3%	-0.5%	-1.9%
3	2/Feb	Consolidated Earnings Presentation 2014	-0.6%	-2.4%	-3.1%	-0.3%	-0.5%	-1.9%
4	24/Feb	Announcement of the evaluation process for strategic scenarios for ActivoBank	-3.3%	-3.3%	-2.5%	2.2%	1.5%	2.7%
5	3/Mar	Proposal of merger between BCP and BPI received from Santoro Finance - Prestação de Serviços, SA	-0.9%	0.6%	-2.2%	-0.5%	0.9%	-1.7%
6	25/Mar	Launch of an accelerated placement of up to 15.41% of the existing share capital of Bank Millennium	-2.2%	-1.1%	-1.5%	0.8%	0.9%	-0.1%
7	26/Mar	Information about the pricing of its accelerated placement of shares of Bank Millennium	2.4%	1.3%	2.5%	2.8%	1.3%	1.1%
8	17/Apr	Information about about capital strengthening transactions	5.0%	4.3%	3.6%	6.8%	6.2%	3.6%
9	27/Apr	Bank Millennium (Poland) results for the 1st quarter of 2015	-0.6%	0.0%	0.4%	3.8%	2.7%	6.8%
10	4/May	First quarter of 2015 consolidated results	-5.4%	-3.0%	-3.4%	-3.6%	-2.7%	-5.3%
11	11/May	Resolutions of the Annual General Meeting	0.4%	1.2%	1.6%	0.4%	1.1%	1.4%
12	15/May	Information about internal organisation	-1.2%	-1.0%	-0.9%	-2.2%	-1.9%	-4.3%
13	18/May	Completion of sale of Millennium bcp Gestão de Activos - Sociedade Gestora de Fundos de Investimento, S.A.	0.9%	0.4%	-0.5%	-4.0%	-2.1%	-5.6%
14	20/May	Information about ratings decision	-1.2%	-1.3%	-1.0%	-0.2%	2.6%	-0.2%
15	25/May	Launch by Banco Comercial Português, S.A. of a Partial an Voluntary Public Tender Offer for the Acquisition of Securities	-1.2%	0.8%	-0.3%	-2.8%	-0.2%	-1.5%
16	11/Jun	Information about share capital increase with a partial and voluntary public tender offer for the acquisition of securities	-2.1%	-0.6%	-1.3%	-10.8%	-6.3%	-7.7%
17	12/Jun	Registry of the share capital	-6.8%	-4.4%	-4.7%	-9.2%	-6.8%	-7.7%

The performance of the BCP share during the period under reference is shown in the following graphic:



DIVIDEND POLICY

In accordance with the conditions for the issue of Core Tier I Capital Instruments subscribed by the State, as per the requirements of Law 63-A/2008 and the Ordinance 150-A/2012, the Bank is not allowed to distribute dividends while the issue is not totally reimbursed.

In accordance with the information provided in the share capital increase operation completed in July 2014, the Bank intends to meet the conditions to anticipate the return to normality, at which time the bank will be able to pay out dividends.

FOLLOW-UP OF INVESTORS AND ANALYSTS

The BCP share is analysed by the main domestic and international investment companies which, regularly, issue investment recommendations and price targets on the Bank. At the end of the first half-year of 2015, there were 5 buy recommendations, 6 neutral and 1 for sale. The average price target was Eur 0.10.

During the first six months of 2015, the Bank participated in several events namely in 5 conferences and 5 road shows in Europe and in the USA where it made institutional presentations and held one-to-one meetings with investors. More than 200 meetings were held with analysts and international investors, a fact that evidences that there is still a significant interest on the Bank.

TREASURY SHARES

On 30 June 2015, Banco Comercial Português, S.A. had no treasury shares in its portfolio and there were no purchases or sales of treasury shares throughout that period of time. Even so, as at 30 June 2015, 24,280,365 shares (the same as at 31 December 2014) held by customers were registered under the item Treasury Shares. Considering that there is evidence of impairment regarding such customers, under the terms of IAS 39, the Bank's shares held by them were considered to be treasury shares.

SHAREHOLDER STRUCTURE

According to Interbolsa, on 30 June 2015, the number of Shareholders of Banco Comercial Português was of 196,610. The Bank's shareholding structure remains widely spread, with only five shareholders with qualified shareholdings (above 2% of the share capital) and only two shareholders holding more than 5%.

Shareholder structure	Number of Shareholders	% of share capital
Group Employees	3,210	0.37%
Other individual Shareholders	188,098	37.25%
Companies	4,923	36.70%
Institutional	379	25.68%
Total	196,610	100.00%

Shareholders with over 5 million shares represented 66% of the share capital, and the percentage of Portuguese shareholders increased slightly in the first six months of 2015.

Number of shares per Shareholder	Number of Shareholders	% of share capital
> 5,000,000	525	65.98%
500,000 to 4,999,999	8,937	17.02%
50,000 to 499,999	54,919	14.60%
5,000 to 49,999	66,942	2.23%
< 5,000	65,287	0.17%
Total	196,610	100%

Regarding the geographical distribution, one must underline that Shareholders in Portugal weighed in at 51.4% of the total number of shareholders as at 30 June 2015.

	Nr. of Shareholders (%)
Portugal	51.4%
Africa	18.1%
UK / USA	8.8%
Others	21.7%
Total	100%

QUALIFIED HOLDINGS

As at 30 June 2015, the following Shareholders held 2% or more of the share capital of Banco Comercial Português, S.A.:

30 June 2015			
Shareholder	Nr. of shares	% of share capital	% of voting rights
Sonangol - Sociedade Nacional de Combustíveis de Angola, EP	10,534,115,358	17.84%	17.84%
Total of Sonangol Group	10,534,115,358	17.84%	17.84%
Bansabadell Holding, SL	2,644,643,445	4.48%	4.48%
BANCO DE SABADELL, S.A.	350,219,968	0.59%	0.59%
Total of Sabadell Group	2,994,863,413	5.07%	5.07%
EDP -Imobiliária e Participações, S.A	1,087,268,954	1.84%	1.84%
EDP Pensions Fund	373,431,822	0.63%	0.63%
Members of the management and supervisory bodies	5,041,142	0.01%	0.01%
Total of EDP Group	1,465,741,918	2.48%	2.48%
BlackRock	1,308,152,656	2.22%	2.22%
Total of BlackRock Group	1,308,152,656	2.22%	2.22%
Interoceânico - Capital, SGPS, S.A.	1,199,549,296	2.03%	2.03%
Members of the management and supervisory bodies	4,445,078	0.01%	0.01%
Total of Interoceânico Group	1,203,994,374	2.04%	2.04%
Total of Qualified Shareholders	17,506,867,719	29.65%	29.65%

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

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

ECONOMIC ENVIRONMENT

Seven years past the start of the international economic and financial crisis, the world economy continues to grow below the historical norm. For 2015, the International Monetary Fund (IMF) revised the World's GDP growth forecast downwards once again, from 3.5% to 3.3%, citing the weak performance of the US economy in the first quarter as the main explanation for this change. As in the previous year, the reduction in the momentum of the emerging market economies constitutes the factor that most contributed to the lower global growth. In the eurozone, the recovery of activity that started in 2014 is expected to consolidate, benefiting from the improvement in the labor market, from the extremely accommodative monetary conditions and also the depreciation of the euro. The generalized fall in commodity prices, the deterioration of financial conditions as well as the direct and indirect effects stemming from the process of economic restructuring in China should restrict the GDP growth of the emerging economies to a rate just above 4%. The IMF identifies downward risks to the global activity, including the possibility of a correction in international financial markets and also the adverse effects that an eventual additional reduction in commodity prices would have on emerging economies.

In the financial markets, the first six months of the current year were characterized by elevated levels of volatility stemming essentially from the indecision towards the situation in Greece, the uncertainty regarding the evolution of the monetary policy in the US and also the fears related to the economic and financial prospects of China. Overall, during the first semester, the main American and European equity indices appreciated and the long term interest rates of the dollar and the euro rose. In this environment, the yields on the Portuguese public debt finished the first semester slightly above the levels recorded at the end of 2014, but not without hitting record lows in March. In the first six months of the year, the emerging markets' assets had a positive performance in the equity and fixed income dimensions, but negative in the foreign exchange segment.

Given the total absence of inflationary pressures and the still moderate recovery of the euro area's economy, the ECB decided to complement the several non-conventional measures adopted in 2014 with the announcement, in January of the current year, of a public debt purchase program with the aim of stimulating credit and promoting aggregate demand. These actions certainly concurred to the inflection of the negative dynamics of banking loans in the eurozone as well as the depreciation of the single currency. In contrast to the ECB's greater activism, the US Federal reserve is set to initiate the process of monetary policy normalization until the end of 2015, in a context of relative robustness of the US economic recovery.

According to Statistics Portugal, the year-on-year growth rate of the Portuguese GDP increased from 0.6% in the fourth quarter 2014 to 1.5% in the first quarter of 2015. This acceleration resulted from the improved performance of net exports and of the greater dynamism of private consumption and gross fixed capital formation, which offset the highly negative contribution of changes in inventories. The main activity indicators pertaining the second quarter of 2015 suggest a robust progress of all the main components of aggregate demand, hinting at the continuation of a moderate pace of recovery in the Portuguese economy.

The IMF forecasts a renewed acceleration of activity in Poland (from 3.3% in 2014 to 3.5% in 2015), based on domestic demand momentum. The benign prospects for inflation should allow the Polish central bank to maintain the strong expansionary stance of monetary policy, despite robust economic growth.

According to the IMF, the Mozambican economy should slow down slightly in 2015 as a result of the drop in commodity prices and the associated restrictive effects over both fiscal policy and the monetary and financial conditions. Notwithstanding, the good progress of some big projects related to the natural resources sector and the solid macroeconomic management should allow growth to proceed at a pace in the vicinity of 7%. In Angola, the sharp fall in oil prices makes for a challenging year, mainly via the limiting effect that it exerts over public expenditure, namely at the investment level. Still, this situation should be partially mitigated by the expected considerable increase in oil production and the resilience of private consumption, which together should enable the GDP growth rate to increase from 4.2% in 2014 to 4.5% in the current year.

MAIN RISKS AND UNCERTAINTIES

Risk	Sources of risk	Risk Level	Trend	Interactions
ENVIRONMENT				
Regulatory	<ul style="list-style-type: none"> ▪ New regulations aimed at improving the credit profile of banks and the transparency of the information provided by banks ▪ CRD IV / CRR / SRE ▪ Enhancement of the resolution mechanisms BRRD/MREL ▪ Single Supervisory Mechanism of the ECB 	High	↔	<ul style="list-style-type: none"> ▪ Comply with the regulatory minimums in phased-in and possible establishment of buffer in Pillar II ▪ Regular practice of conducting Stress Tests by the ECB / impact on cost of risk ▪ Revision of the governmental support by Rating Agencies ▪ Disclosure of the LCR and NFSR and Leverage ratios that will have to exceed the regulatory minimums
Delays in the implementation of the Banking Union	<ul style="list-style-type: none"> ▪ Enhancement of the resolution mechanisms BRRD/MREL ▪ Reduction of governmental support 	Medium-level	↔	<ul style="list-style-type: none"> ▪ Eventual strengthening of capital and/or change in liabilities structure through the issuing of new senior debt with some subordination structure and increasing T2 debt ▪ Regular functioning of the IMM ▪ Progressive opening of access to international debt markets / still high risk premiums in peripheral countries under pressure ▪ Conduct of monetary policy in the euro zone (TLTRO)
Sovereign	<ul style="list-style-type: none"> ▪ Continuation of fiscal consolidation / Implementation of structural reforms ▪ New government coming from parliamentary elections ▪ Correction of the unbalances of the current and capital balance ▪ Regular access to international funding markets / third financial assistance programme to Greece 	Medium-level	↔	<ul style="list-style-type: none"> ▪ Confidence of internal economic agents ▪ Need of a large consensus for the implementation of structural reforms and continuation of the adjustment process of the Portuguese economy ▪ Economic upturn in Portugal / dynamism of main trade partners ▪ Confidence of international investors / increase of sovereign yields
FUNDING AND LIQUIDITY				
Access to WSF markets	<ul style="list-style-type: none"> ▪ Resolution of BES ▪ Instability in markets related to Greece ▪ Still high dependence on ECB funding 	Medium-level	↓	<ul style="list-style-type: none"> ▪ Impact on Portuguese financial system ▪ Decrease of cost of funding ▪ <i>De-risking</i> ▪ Credit financing almost entirely through balance sheet customer funds ▪ Open and regularly operating markets ▪ Pressure on LT ratings
Funding structure	<ul style="list-style-type: none"> ▪ Irregular functioning of WSF/IMM markets ▪ Loss of eligibility of debt guaranteed by the State ▪ Alteration of ECB rules on collateral 	Medium-level	↔	<ul style="list-style-type: none"> ▪ Deleveraging of internal economic agents ▪ <i>De-risking</i> / Reduction of commercial gap ▪ Increased weight of balance sheet customer deposits and funds in the funding structure ▪ Progressive replacement of the funding obtained from the ECB by WSF market issues

Risk	Sources of risk	Risk Level	Trend	Interactions
CAPITAL				
Credit risk	<ul style="list-style-type: none"> ▪ New entries into still positive overdue credit put pressure on the evolution of asset quality ▪ Regularity of Stress Tests conducted by the ECB ▪ Pressure on the cost of risk ▪ Increase in the cost of risk in Poland / Mortgage loans denominated in CHF 	High	↔	<ul style="list-style-type: none"> ▪ Moderate upturn in Portugal ▪ Evolution of disposable income / evolution of unemployment rate / company delinquency level ▪ High leveraging of companies ▪ Exposure to problematic sectors ▪ Solution for the conversion of mortgage loans in CHF in Poland
Market risk	<ul style="list-style-type: none"> ▪ Volatility in capital markets ▪ Effective hedging ▪ Adverse behaviour in the real estate market 	Medium-level	↔	<ul style="list-style-type: none"> ▪ Approval of the third financial assistance programme to Greece ▪ Uncertainty in markets ▪ Monetary policies of the different Central Banks ▪ Profitability of the pension fund ▪ Reduction of earnings from trading
Operating risk	<ul style="list-style-type: none"> ▪ Pressure to cut operating costs 	Medium-level	↔	<ul style="list-style-type: none"> ▪ Simplification of processes ▪ Deterioration of controls ▪ Increased risk of fraud ▪ Business continuity
Concentration and interest rate risk	<ul style="list-style-type: none"> ▪ Historically low interest rates ▪ High concentration in terms of credit-risk 	Medium-level	↔	<ul style="list-style-type: none"> ▪ Low interest rates contribute to lower default but exert pressure on profitability ▪ Need to reduce the weight of the main Customers in the total credit portfolio
Reputation, legal and compliance risk	<ul style="list-style-type: none"> ▪ Inherent to the Group's activity 	Medium-level	↔	<ul style="list-style-type: none"> ▪ The negative opinion of the public opinion or the sector could adversely affect the capacity to attract Customers (in particular depositors) ▪ Possible Customer claims ▪ Possible penalties or other unfavourable procedures arising from inspections ▪ Instability of the regulatory environment applicable to financial activity ▪ AML rules and against the financing of terrorism
Profitability	<ul style="list-style-type: none"> ▪ Almost zero interest rates place pressure on net interest income ▪ Difficulty in reducing spreads on term deposits in new production from now on ▪ Regulatory pressures on fees and commissions ▪ Asset quality/impairments ▪ Possible exceptional contributions to the resolution fund arising from the sale of NovoBanco ▪ Solution for the conversion of mortgage loans in CHF 	Medium-level	↓	<ul style="list-style-type: none"> ▪ Negative impact on NII from NPL ▪ Negative impact from the sale of public debt portfolio and replacement for lower yield bonds ▪ Repayment of Cocos and reduction of the cost related to Cocos ▪ Progressive reduction of negative impact of the liability management operations carried out in 2011 on net interest income ▪ Possible sale of Novo Banco below its capitalisation value ▪ Solution for the conversion of mortgage loans in CHF in Poland could have negative impact in P&L and capital

INFORMATION ON TRENDS

In 2015, the activities of the Portuguese banks have been developed within a context of consolidation of the economic recovery and ongoing correction of macroeconomic unbalances, a context influencing the budgetary consolidation and the deleveraging of the non financial private sector which significantly influenced the deleveraging of the banking sector and the correction of the external accounts unbalance.

The international environment of the Portuguese economy featured by a moderate growth of the main advanced economies and low inflation rates led the main monetary authorities to continue to pursue accommodative monetary policies keeping the reference interest rates in very reduced levels, in some cases negative, a trend followed by the Euribor rates that are currently negative up to three months. At the same time, the risk premiums narrowed, the spreads of the government bonds decreased versus the German government bonds, a decrease exceptionally interrupted by the standstill in the negotiations established between Greece and the Eurogroup that resulted in a 3rd request for financial assistance made by Greece. This behaviour of the spreads also benefits from the programme for the purchase of assets implemented by the ECB, which should continue to be in place throughout 2016. This context also contributed to increase the value of the fixed rate debt securities portfolios, a situation which was used by a few banks to increase their capital ratios.

In Portugal and in spite of the recent recovery of the economic activity and improvement of the labour market conditions, the low GDP growth rates together with low inflation rates represent a challenge for the activity and for the profitability of the financial sector. The slow economic growth is accompanied by the maintenance of high levels of debt of the private and public sectors, factors that condition the economic recovery.

The credit granted by BCP continues to decrease within a context of deleveraging of the non-financial economic sectors resulting in a lower search for credit. At the same time, deposits are also decreasing and it is expected that the loans-to-deposits ratio will continue to fall, together with the dependency of funding from the ECB.

The maintenance of very low money market interest rates are contributing for the decrease of the spread on term deposits of the Portuguese banks, a trend that persists in 2015, more than offsetting the lower spreads in credit. The rates of the new term deposits reached, by the end of the first six months of 2015, values near 50 basis points, figures that make us believe that their downward trend will be slower from now on. BCP should also show an increase of the net interest margin (NII) as a result of (i) less costs with the CoCo's (BCP paid back Eur 2.25 million in 2014), and (ii) less impact on the NII of the Liability Management operations made in 2011 consisting in (i) the repurchase of own debt with the objective of generating gains and, this way, reinforcing the capital and (ii) the issue of new debt at a higher cost than the debt paid. The fees paid will also decrease due to the total amortisation of the State guaranteed debt.

The regulatory contributions in 2015 should increase versus 2014 since, under the new European regulations (transposition of the European Directive for the implementation of the Single Resolution Fund), it is expected that the global amount for the payment of the resolution fund will increase due to the application of a new methodology, more than offsetting the expected reduction in the contribution for the deposits guarantee fund (alteration of methodology).

The expected improvement in core income as well as the continuation of the restructuring and reduction of costs should play a positive role and contribute to the improvement of the 2015 results although conditioned by the economic environment. The new non-performing loans (net of recoveries) continue to be at high levels implying higher provisioning to be made also in the last six months of 2015.

The credit institution's exposure to real estate assets represent an additional risk and has led to a constant monitoring of the portfolios of the banking sector through regular and comprehensive inspections and an appropriate registration of impairments, aligned with the ones made by Banco de Portugal since 2011 and the most recent exercise carried out by the ECB, within the context of the creation of the Single Supervisory Mechanism. However, in spite of the signs of recovery in the real estate market and its growing stability and valuation one should not minimize the possibility of a possible price fall.

It is not yet possible to determine which is the possible impact that the resolution of BES may have on BCP as an institution participating in the resolution fund created by Decree Law nr.31-A/2012, dated 10 February (the "Resolution Fund"). BCP holds around 20% of the Resolution Funds which, on its turn, has an exposure of around Eur 4,900 million to Novo Banco (including Eur 3,900 million financed by a State

loan, plus Eur 700 million obtained by loans granted by several banks and around Eur 300 million which were already in the Resolution Fund).

The financial resources of the Resolution Fund may come from (i) contributions, initial and periodical, made by the participating institutions, (ii) from the proceeds of the contributions on the banking sector set forth by Law nr. 55-A/2010 dated 31 December and also from (iii) from the investment of resources. It may also be funded by extraordinary contributions made by the participant institutions or by loans or guarantees provided by the State.

Accordingly, the impact that the BES resolution may have on BCP as an institution participating in the Resolution Fund mentioned above, shall depend on external factors for which BCP is not responsible, including the value for which Novo Banco will be sold and the type or types for hedging the eventual financial needs of the Resolution Fund. Furthermore, and even if the Resolution Fund is financed by periodical and/or extraordinary contributions from the participants, these contributions may have to be made during a not yet determined period of time.

The Directive nr. 2014/59/EU - the Bank Recovery and Resolution Directive (BRRD) - foresees a joint resolution regime in the European Union enabling the authorities to cope with the insolvency of bank institutions. The shareholders and creditors will have to internalize the costs associated with the insolvency of a bank, minimizing taxpayers' costs.

To prevent bank institutions from structuring their liabilities in a way which may compromise the efficiency of the bail-in or of other resolution tools and to avoid the contagion risk or a bank run, the directive establishes that the institutions must comply with a minimum requirement for own funds and eligible liabilities (MREL).

On 3 July 2015, the European Bank Authority (EBA) published the final draft of a regulatory technical rule on the MREL, designed in accordance with article 45 of the BRRD and with the formal contractual recognition of bail-in as per article 55 (3) of the BRRD. Both standards specify the fundamental data to ensure the efficiency of the resolution regime established by the BRRD.

However, the BRRD does not establish a common MREL. In spite the evaluation of the impact of the BRRD estimated the impact of the requirement assuming a MREL reference level of 10% of total liabilities, the real level must be adjusted so as to translate the specific features of the resolution, the risk profile, the systemic importance and other characteristics of each bank institution. The resolution authorities, on their turn, depend on the assessment to be made by the supervisory entity on the capital requirements that a specific institution needs for developing its activity.

This new regime (MREL), to become effective from January 2016 onwards, involves a transition period and should have implications on the issue of debt by bank institutions, implying the introduction of alterations in the liability's structure through the issue of new senior debt with some subordination structure or strengthening the T2. The issue of AT1 instruments can only be considered after the total reimbursement of the CoCos.

VISION, MISSION AND STRATEGY

VISION AND MISSION

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

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

STRATEGY

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

The three phases of the Strategic Plan are the following:

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

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

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

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

Phase 3 (2016 to 2017): Sustained growth

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

For 2015, the Executive Committee defined a new set of strategic priorities whose objective is the construction of a sustainable Bank adapted to the new needs of the market and of Customers. To this end, it defined 5 pillars which include various initiatives to be developed in order to achieve that objective, namely:

1. Redefine the Retail distribution model, exploiting the potential of new technologies, namely in the Digital area (Internet Banking and Mobile Banking, among others);
2. Relaunch the affluent individuals segment by adjusting the service model;
3. Adjust the business model of the growth-oriented corporate segment, in order to be the reference bank in providing support to Companies in Portugal;

4. Transform the Credit Recovery business through an integrated strategy of reduction of the non core portfolio, which may include the divestment of assets and the optimisation of the Recovery operating model;
5. Build on the operating model of the Bank, by simplifying and automating processes, with a view to optimising the levels of service provided to the Customer.

Financial Information

LIQUIDITY AND FUNDING

During the first half of 2015 the net wholesale funding needs in Portugal remained stable, when compared with the end of 2014, as the increase in the balances of corporate and sovereign debt portfolios was globally compensated by an additional decrease in the commercial gap and the sale of 15.41% of the share capital in Bank Millennium (Poland).

The refinancing of medium-long term debt during the first half of 2015 amounted to Euro 0.4 billion, related with the early redemption of senior debt and the amortisation of bank loans, determining a change in the funding structure compared with December 2014.

Accordingly, as at 30 June 2015, the funding structure reflected, among less expressive changes, the increases of Euro 0.3 billion in repos with financial institutions, in the first half of 2015, to a balance of Euro 2.1 billion, and of Euro 0.2 billion in bank loans, and a reduction of Euro 0.5 billion of the net collateralised funding with the European Central Bank (ECB), on the same period, which reached Euro 6.1 billion, carrying on the trend observed in recent years.

The reduction of the net funding with the ECB and the growth of the portfolio of available eligible assets allowed an increase of Euro 0.9 billion of the safety buffer, in the first half of 2015, which totalled Euro 8.5 billion at the end of June 2015.

The composition of the balance funded through the Eurosystem showed, during the first half of 2015, 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 (phase-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, CET1 phased-in ratio reached 13.1% as at 30 June 2015, comparing with 11.6% as at the end of the previous quarter, based on the amount of deferred tax assets recorded in the consolidated financial statements and its new prudential framework.

The performance of CET1 ratio in the second quarter of 2015 show mainly the success of the public exchange offer for the acquisition of securities issued by the Group for exchange of new ordinary shares of the Bank, the positive effects of the net profit verified in the first half of 2015 and also the decrease of risk weighted assets recorded in this period.

CET1 phased-in reached 13.1% at the end of the first half of 2015, compared with 12.0% at the end of 2014, with major impacts being:

- Progression of phase-in, which determined reductions to CET1 of 404 million euros, and of 99 million euros to RWA as at 1 January 2015;
- Enforcement of the new prudential framework relative to deferred tax assets, legislated through Law no. 61/2014, and according to IAS, resulting in increases of CET1 and RWA as at 1 January 2015, of 154 million euros and 1,139 million euros, respectively;
- Aggravation of risk weights applied to Central Government and to Angola's Central Bank since 1 January 2015, reflecting an increase of 539 million euros in RWA at that time;
- Sale of 15.41% share capital of Bank Millennium (Poland) in March, having the Group preserved a majority participation of 50.1% of the share capital maintaining control of the Bank. This operation determined increases of 262 million euros in CET1 and of 95 million euros in RWA;
- Public Tender Offer, which resulted in an increase of 427 million euros in CET1 and of 175 million euros in RWA.

At the same time, the capital ratios determined as at 30 June 2015, also benefited from the positive net income of 241 million euros obtained in the first half of the year.

SOLVENCY RATIOS (CRD IV/CRR)

Euro million

	PHASED-IN		
	30 Jun. 15 (*)	31 Mar. 15 (*)	31 Dec. 14
Own funds			
Common equity tier 1 (CET1)	5,796	5,279	5,077
Tier 1	5,796	5,279	5,077
Total Capital	6,380	6,058	5,800
Risk weighted assets	44,127	45,348	42,376
Solvency ratios			
CET1	13.1%	11.6%	12.0%
Tier 1	13.1%	11.6%	12.0%
Total capital	14.5%	13.4%	13.7%

(*) Estimated considering the new DTAs regime for capital purposes (according with IAS) and the inclusion, in June 2015 and March 2015, of the net income of the first half and the first quarter of 2015, respectively.

RESULTS AND BALANCE SHEET

The consolidated Financial Statements were prepared under the terms of Regulation (EC) no. 1606/2002, of 19 July, in accordance with the reporting model determined by the Banco de Portugal (Banco de Portugal Notice no. 1/2005), following the transposition into Portuguese law of Directive no. 2003/51/EC, of 18 June, of the European Parliament and Council in the versions currently in force.

Consolidated financial statements are not directly comparable between the first half of 2015 and the first half of 2014, as a result of the sale of the total shareholding in Millennium bank in Romania, which agreement was announced on 30 July 2014 and the sale process was concluded on 8 January 2015.

Following the sale of the total shareholding in Millennium bank in Romania, and according to IFRS 5, Millennium bank in Romania 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, as at 30 June 2014 and as at 31 December 2014, defined as “income arising from discontinued operations”.

Under the divestment process in this subsidiary, as the sale transaction was completed during the preparation of 2014 financial statements, at the consolidated balance sheet level, the assets and liabilities of Millennium bank in Romania were not considered as at 31 December 2014 onwards, whereas the conditions for their derecognition were met.

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, 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” and, at consolidated balance sheet level, the assets and liabilities of Millennium bcp Gestão de Activos were considered with the same criteria as that of the consolidated financial statements as at 30 June 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.

Regarding the preparation of the consolidated financial statements as at 30 June 2015, the Group applied for the first time the IFRIC 21 – Levies, which clarifies the time when a liability for the payment of levies/taxes owed to government entities is recognised, defining the occurrence date of the event that generates an obligation as the moment when the payment responsibility for a levy/tax should be recognised.

The change due to the adoption of IFRIC 21, in 2015, of the moment to recognise a liability for the payment of some levies/taxes, in particular the exceptional contribution on the banking sector, the contribution to the deposit guarantee fund and to the resolution fund, determined the register of those in the first half, as the event generator of the obligation occurred in this period, see note 8 to consolidated financial statements. The adoption of the interpretation resulted in the need to restate, for comparative purposes, the amounts recorded in the first half of 2014, in order to include the same recognition criteria in both periods.

The restatement impact on the first half of 2014 financial statements determined the accounting of a cost in the amount of 24.1 million euros under other operating income/(costs) (see note 8 to consolidated financial statements), and a tax income in the amount of 1.6 million euros under income tax (see note 31 to consolidated financial statements).

The adoption of this Interpretation does not change the amounts presented in the annual consolidated financial statements, impacting only the amounts recorded in the interim consolidated financial statements. Consequently, the Consolidated Balance Sheet as at 31 December 2014 was not restated.

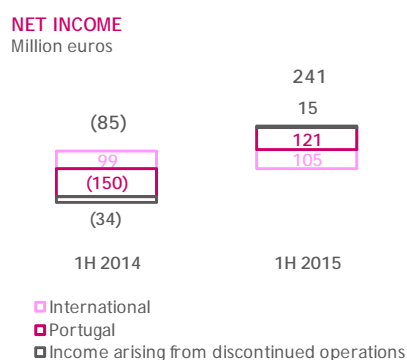
PROFITABILITY ANALYSIS

Net Income

The net income of Millennium bcp amounted to 240.7 million euros in the first half of 2015, favourably comparing to a net loss of 84.7 million euros in the same period of 2014, reflecting the pursuit of the objectives envisaged in the Strategic Plan, materialised in the sustained recovery of the activity in Portugal, together with the increased contribution from international activity.

Net income performance in the first half of 2015 was determined, on the one hand, by the 62.6% increase of core net income (corresponding to net interest income and net commissions deducted from operating costs) from the first half of 2014, reflecting the 26.6% rise recorded in net interest income and, on the other, by the gains in net trading income related to the sale of Portuguese sovereign debt securities.

Net income in the activity in Portugal showed an improvement of 325.4 million euros in the first half of 2015, benefiting from the increases in net trading income and in net interest income, together with operating costs reduction.



Regarding international activity, excluding discontinued operations, net income grew 6.2% compared with the amount posted in the first half of 2014, boosted by higher net interest income and net trading income posted in the subsidiaries in Angola and Mozambique.

Bank Millennium in Poland registered a net income of 79.3 million euros in the first half of 2015, showing a 3.8% increase from 76.4 million euros in the same period of 2014, benefiting from lower operating costs and reduced cost of risk, which offset banking income performance, penalised by unfavourable market interest rates and regulatory conditions for the banking business.

Millennium bim in Mozambique presented a net income amounting to 47.9 million euros, an increase of 14.9% from the first half of 2014 (+5.5% in metical), as a result of the favourable evolution of net interest income, net commissions and foreign exchange results, which mitigated the impact of increased operating costs, partially associated with the expansion plan, and loan impairment charges.

Banco Millennium in Angola with a growth in net income, from 23.1 million euros in the first half of 2014 to 38.2 million euros in the same period of 2015, reflecting net operating revenues positive performance, notably from net interest income, which benefited from increased business level, and from net trading income, which offset the growing operating costs, associated with the expansion plan, and higher loan impairment charges.

Millennium Banque Privée in Switzerland showed a net income amounting to 3.3 million euros in the first half of 2015, 12.0% down from the same period of last year, influenced, in Swiss franc, by the reduction on net commissions from retrocession, brokerage and fiduciary deposits, and on net interest income, associated with falling interest rates environment and to the impact of Swiss franc appreciation on loan portfolio.

Millennium bcp Bank & Trust in the Cayman Islands registered a net income of 4.4 million euros in the first half of 2015 compared to 5.3 million euros in the first half of 2014, given the impact of lower credit impairment reversal and reduced net interest income, despite increased net trading income.

INCOME STATEMENT

Million euros

	30 Jun. 15	30 Jun. 14	Change 15/14
Net interest income	628.0	496.0	26.6%
Other net income			
Dividends from equity instruments	5.7	5.7	-
Net commissions	350.7	341.2	2.8%
Net trading income	508.3	175.2	-
Other net operating income	(42.0)	23.3	-
Equity accounted earnings	20.6	23.0	-10.3%
	<u>843.3</u>	<u>568.4</u>	48.4%
Operating costs			
Staff costs	308.9	323.4	-4.5%
Other administrative costs	213.0	221.5	-3.8%
Depreciation	33.3	31.8	4.6%
	<u>555.2</u>	<u>576.8</u>	-3.7%
Impairment			
For loans (net of recoveries)	475.0	371.6	27.8%
Other impairment and provisions	91.8	114.0	-19.4%
Income before income tax	<u>349.3</u>	<u>2.1</u>	-
Income tax			
Current	44.8	62.3	-28.1%
Deferred	9.6	(61.8)	-
Income after income tax from continuing operations	<u>294.9</u>	<u>1.6</u>	-
Income arising from discontinued operations	14.8	(33.6)	-
Non-controlling interests	68.9	52.6	31.0%
Net income attributable to Shareholders of the Bank	<u>240.7</u>	<u>(84.7)</u>	-

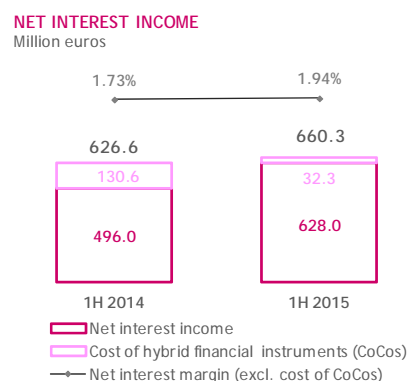
Net Interest Income

Net interest income stood at 628.0 million euros in the first half of 2015, an increase of 26.6% compared with 496.0 million euros recorded in the same period of 2014, supported by the positive performance in the activity in Portugal and in the international activity.

The favourable performance of net interest income in Portugal, which amounted to 329.2 million euros in the first half of 2015, from the 207.7 million euros posted in the same period of 2014, reflects the lower cost related to CoCos, determined by the early repayment of 2,250 million euros in May and August 2014, as well as the sustained reduction of term deposits cost, driven by a decrease of 67 basis points from the first half of 2014, in line with the guidelines set forth in the Strategic Plan.

Net interest income in the international activity increased 3.6% in the first half of 2015, from the same period of 2014, influenced by the improvement in loans and customer deposits volume posted by the operations in Angola and Mozambique.

Net interest margin in the first half of 2015 stood at 1.84%, compared with 1.37% in the same period of 2014. Excluding the cost of CoCos impact, net interest margin amounted to 1.94% in the first half of 2015 and 1.73% in the first half of 2014.



AVERAGE BALANCES

Million euros

	30 Jun. 15		30 Jun. 14	
	Balance	Yield %	Balance	Yield %
Deposits in banks	3,392	0.79	3,463	1.09
Financial assets	10,316	3.06	12,790	3.43
Loans and advances to customers	54,063	3.60	55,707	3.84
Interest earning assets	67,771	3.37	71,960	3.64
Discontinued operations (1)	62		434	
Non-interest earning assets	9,884		9,435	
	77,717		81,829	
Amounts owed to credit institutions	11,461	0.64	12,750	0.72
Amounts owed to customers	50,010	1.30	48,271	1.75
Debt issued	5,574	3.38	9,878	3.78
Subordinated debt	2,011	6.25	4,244	7.61
Interest bearing liabilities	69,056	1.50	75,143	2.17
Discontinued operations (1)	2		354	
Non-interest bearing liabilities	3,303		2,977	
Shareholders' equity and non-controlling interests	5,356		3,355	
	77,717		81,829	
Net interest margin		1.84		1.37
Net interest margin (excl. cost of CoCos)		1.94		1.73

Note: Interest related to hedge derivatives were allocated, in June 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.

Other Net Income

Other net income, which includes income from equity instruments, net commissions, net trading income, other net operating income and equity accounted earnings, totalled 843.3 million euros in the first half of 2015, which compares with 568.4 million euros in the same period of 2014, benefiting from both the activity in Portugal and the international activity.

OTHER NET INCOME

Million euros

	30 Jun. 15	30 Jun. 14	Change 15/14
Dividends from equity instruments	5.7	5.7	-0.1%
Net commissions	350.7	341.2	2.8%
Net trading income	508.3	175.2	190.2%
Other net operating income	(42.0)	23.3	
Equity accounted earnings	20.6	23.0	-10.3%
Total other net income	843.3	568.4	48.4%
Of which:			
Portugal activity	631.0	400.7	57.5%
Foreign activity	212.3	167.6	26.6%

Income from Equity Instruments

Income from equity instruments, which includes dividends received from investments in financial assets available for sale, stood at 5.7 million euros in the first half of 2015, the same level as reported in the first half of 2014, supported mainly by the income associated with the Group's equity investments and to investment fund participation units.

Net Commissions

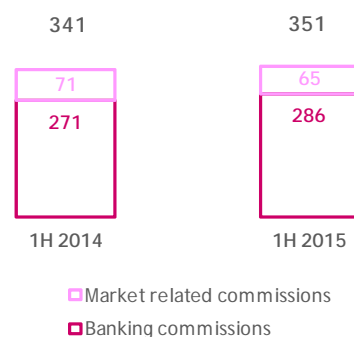
Net commissions reached 350.7 million euros in the first half of 2015, a 2.8% year-on-year increase, determined by the positive evolution both in the activity in Portugal and in the international activity.

The performance of net commissions in the first half of 2015 reflects:

- The increase in commissions related to the banking business by 5.7%, driven by higher commissions associated with credit and guarantees posted in Portugal and in the international activity, together with the positive impact associated with the decreased cost of the guarantee by the Portuguese State to debt securities issued, despite of lower cards and transfers-related commissions, penalised by the reduction of interchange fees in Poland;
- The decrease in commissions related to financial markets (-8.3%), in particular associated with lower stock market trading operations in the activity in Portugal, influenced by the market's performance over this period.

NET COMMISSIONS

Million euros



NET COMMISSIONS

Million euros

	30 Jun. 15	30 Jun. 14	Change 15/14
Banking commissions	285.9	270.6	5.7%
Cards and transfers	86.3	96.5	-10.6%
Credit and guarantees	92.4	79.9	15.6%
Bancassurance	37.7	36.6	3.0%
Current account related	39.8	38.8	2.7%
Commissions related with the State guarantee	-	(16.4)	-
Other commissions	29.7	35.2	-15.6%
Market related commissions	64.7	70.6	-8.3%
Securities	44.8	50.9	-11.9%
Asset management	19.9	19.7	1.2%
Total net commissions	350.7	341.2	2.8%
Of which:			
Portugal activity	225.0	217.0	3.7%
Foreign activity	125.7	124.2	1.2%

Net Trading Income

Net trading income, which includes net gains from trading and hedging activities, from financial assets available for sale and from financial assets held to maturity, amounted to 508.3 million euros in the first half of 2015, compared to 175.2 million euros in the same period of 2014.

The evolution of net trading income was determined by the activity in Portugal that benefited from higher gains associated with Portuguese sovereign debt securities in the amount of 385.5 million euros in the first half of 2015.

In the international activity, net trading income increased from 43.5 million euros, in the first half of 2014, to 82.3 million euros, in the same period of 2015, supported by higher foreign exchange results in Angola and Mozambique and trading derivatives in the subsidiary in Poland.

NET TRADING INCOME

Million euros



NET TRADING INCOME		Million euros	
	30 Jun. 15	30 Jun. 14	Change 15/14
Foreign exchange activity	63.0	46.0	36.9%
Trading, derivative and other	445.3	129.2	-
Total net trading income	508.3	175.2	-
Of which:			
Portugal activity	426.0	131.7	-
Foreign activity	82.3	43.5	89.2%

Other Net Operating Income

Other net operating income, which comprises other operating income, other income from non-banking activities and gains from the sale of subsidiaries and other assets, were negative by 42.0 million euros in the first half of 2015, compared with 23.3 million euros accounted in the same period of 2014, driven by the booking of a capital gain in the amount of 69.4 million euros, in the second quarter of 2014, related to the disposal of the shareholding in subsidiaries that operated in the area of non-life insurance. In the activity in Portugal, this heading includes the costs related to the contributions from the banking sector and for the resolution fund, as well as for the deposit guarantee fund.

Equity Accounted Earnings

Equity accounted earnings, which include the results appropriated by the Group associated with the consolidation of entities where the Group, despite having significant influence, does not exercise control over their financial and operational policies, totalled 20.6 million euros in the first half of 2015, which compares with 23.0 million euros in the same period of 2014. Equity accounted earnings includes the appropriation of results associated with the 49% shareholding in Millenniumbcp Ageas, which was penalised by the sale of the non-life insurance business in the second quarter of 2014, under the focus in the Group's core activities, set forth in the Strategic Plan.

Operating Costs

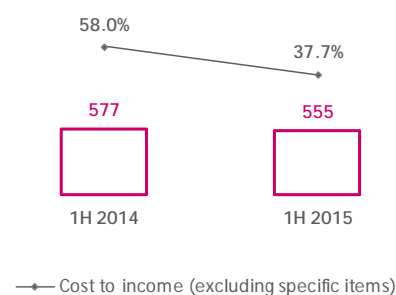
Operating costs, which aggregate staff costs, other administrative costs and depreciation for the period stood at 555.2 million euros in the first half of 2015, a decrease of 3.7% from 576.7 million euros posted in the same period of 2014, reflecting the initiatives defined in the Strategic Plan concerning cost savings in the activity in Portugal.

In the first half of 2015, operating costs in Portugal decreased 9.3% from the same period of 2014, supported by the 12.5% savings in staff costs, on the back of number of employees decrease and temporary salary reduction measures implemented in 2014.

In the international activity, operating costs showed a 4.9% year-on-year increase, determined by the operations in Angola and Mozambique, as well as the effect of the average metical and kwanza appreciation against the euro. Excluding the exchange rate effect, operating costs decreased 0.3% from the first half of 2014.

OPERATING COSTS

Million euros



OPERATING COSTS

Million euros

	30 Jun. 15	30 Jun. 14	Change 15/14
Staff costs	308.9	323.4	-4.5%
Other administrative costs	213.0	221.5	-3.8%
Depreciation	33.3	31.8	4.6%
Operating costs	555.2	576.7	-3.7%
Of which:			
Portugal activity	318.6	351.1	-9.3%
Foreign activity	236.6	225.6	4.9%

Staff Costs

Staff costs amounted to 308.9 million euros in the first half of 2015, a reduction of 4.5% from the same period of 2014, driven by the 12.5% decrease in the activity in Portugal, which benefited from the decrease in the number of employees by 752, from the end of the first half of 2014, together with the above-referred temporary salary reduction measures, notwithstanding the evolution observed in the international activity that, excluding exchange rate effect, increased 5.9%.

STAFF COSTS

Million euros

	30 Jun. 15	30 Jun. 14	Change 15/14
Salaries and remunerations	237.2	245.8	-3.5%
Social security charges and other staff costs	71.7	77.6	-7.6%
	308.9	323.4	-4.5%

Other Administrative Costs

Other administrative costs decreased 3.8%, standing at 213.0 million euros in the first half of 2015, from 221.5 million euros recorded in the same period of 2014, influenced by the operational efficiency initiatives that have been implemented, embodied in the resizing of the distribution network in Portugal that reduce from 740 branches at the end of the first half of 2014 to 691 at the end of June 2015. Other administrative costs in the international activity totalled 97.1 million euros in the first half of 2015, a decrease of 3.6% from the amount registered in the same period of 2014.

OTHER ADMINISTRATIVE COSTS

Million euros

	30 Jun. 15	30 Jun. 14	Change 15/14
Water, electricity and fuel	9.9	9.9	-0.5%
Consumables	3.0	3.0	-0.9%
Rents	53.9	58.0	-7.1%
Communications	13.6	14.1	-4.1%
Travel, hotel and representation costs	4.9	4.9	-0.6%
Advertising	15.4	15.7	-2.2%
Maintenance and related services	13.8	14.5	-5.0%
Credit cards and mortgage	3.0	2.3	27.6%
Advisory services	6.6	5.0	32.1%
Information technology services	10.6	10.4	1.9%
Outsourcing	37.2	37.0	0.4%
Other specialised services	15.0	14.9	0.9%
Training costs	0.9	0.8	8.6%
Insurance	3.1	2.4	26.0%
Legal expenses	3.4	3.8	-10.6%
Transportation	5.4	5.1	6.6%
Other supplies and services	13.5	19.5	-30.6%
	213.0	221.5	-3.8%

Depreciation

Depreciation costs amounted to 33.3 million euros, in the first half of 2015, showing a 4.6% year-on-year growth, as a result of the increase observed in the international activity (+16.0% from the first half of 2014), determined by the subsidiaries in Angola and Mozambique, whereas, in the activity in Portugal, depreciation totalled 15.4 million euros in the first half of 2015, a 6.1% reduction from the same period of 2014.

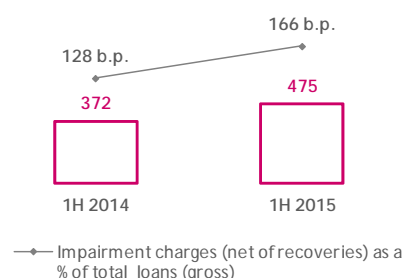
Loans Impairment

Impairment for loan losses (net of recoveries) totalled 475.0 million euros in the first half of 2015, compared with 371.6 million euros in the same period of 2014, as a result of higher impairment charges both in the activity in Portugal and in the international activity.

In Portugal, loans impairment increase has enabled the strengthening of the coverage levels for overdue loans and credit at risk, considering the still moderate recovery of the Portuguese economy and its impact on the indebtedness levels of households and companies. In the international activity, impairment charges increase was determined by the subsidiaries in Angola and Mozambique.

IMPAIRMENT CHARGES (NET)

Million euros



LOAN IMPAIRMENT CHARGES (NET OF RECOVERIES)

Million euros

	30 Jun. 15	30 Jun. 14	Change 15/14
Loan impairment charges	494.4	379.8	30.2%
Credit recoveries	19.4	8.2	137.5%
	<u>475.0</u>	<u>371.6</u>	27.8%
Cost of risk:			
Impairment charges as a % of total loans (gross)	173 b.p.	130 b.p.	43 b.p.
Impairment charges (net of recoveries) as a % of total loans (gross)	166 b.p.	128 b.p.	39 b.p.

Note: cost of risk adjusted from discontinued operations.

Other Impairment and Provisions

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

Other impairment and provisions stood at 91.8 million euros in the first half of 2015, from 114.0 million euros in the same period of 2014, induced by lower guarantees and other commitments-related provisions, in spite of higher impairment charges for repossessed assets.

Income Tax

Income tax (current and deferred) amounted to 54.4 million euros in the first half of 2015, compared with 0.5 million euros posted in the same period of 2014.

These taxes include current tax costs of 44.8 million euros (62.3 million euros in the first half of 2014) and deferred tax income of 9.6 million euros (-61.8 million euros in the same period of 2014).

Non-controlling interests

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

Non-controlling interests totalled 68.9 million euros in the first half of 2015, which compares with 52.6 million euros in the first half of 2014, reflecting, essentially, the net income attributable to third parties related to the shareholdings held in the share capital of Bank Millennium in Poland, Millennium bim in Mozambique and Banco Millennium Angola.

The performance of non-controlling interests includes, on the one hand, the effect from the increase in net income in Banco Millennium Angola and Millennium bim in Mozambique and, on the other hand, the reduction in the shareholding in Bank Millennium in Poland, from 65.5% to 50.1%, at the end of the first half of 2015.

REVIEW OF THE BALANCE SHEET

Total assets reached 78,730 million euros as at 30 June 2015 (80,418 million euros as at 30 June 2014), which compares with 76,361 million euros as at 31 December 2014, influenced by the increase in the securities portfolio, mainly related to the treasury bonds portfolio.

Loans to customers (gross) amounted to 57,085 million euros as at 30 June 2015, from 57,168 million euros posted at the end of 2014 (58,261 million euros as at 30 June 2014), driven by the decrease in the activity in Portugal, despite the increase in the international activity.

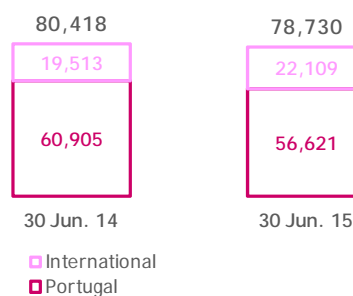
The securities portfolio, which includes financial assets held for trading, financial assets available for sale, assets with repurchase agreement and financial assets held to maturity, totalled 14,389 million euros as at 30 June 2015, which compares with 14,757 million euros posted on the same date in 2014, representing 18.3% of total assets as at 30 June 2015, at the same level of the amount registered as at 30 June 2014.

Total liabilities stood at 73,080 million euros as at 30 June 2015, a 5.2% decrease from 77,070 million euros posted on the same date in 2014, reflecting: (i) the reduction in debt securities issued by 36.7%, totalling 5,263 million euros at the end of June 2015 (8,315 million euros as at 30 June 2014), following the gradual replacement, upon maturity, of bonds placed with customers into deposits; and (ii) the decrease in subordinated debt by 57.7%, to a total amount of 1,661 million euros as at 30 June 2015 (3,929 million euros on the same date of 2014), essentially reflecting the 2.25 billion euros repayment of hybrid financial instruments subscribed by the Portuguese State, together with the effect of the public tender offer for the acquisition of securities in exchange of new ordinary shares that took place in the first half of 2015. Nevertheless, highlight to the increase in customer deposits, which, excluding the effect of discontinued operations, showed an increase of 4.4%, to 50,601 million euros at the end of June 2015, which compares with 48,463 million euros at the end of June 2014.

Total customer funds, excluding the impact associated with discontinued operations, increased 2.8%, reaching 65,742 million euros as at 30 June 2015, from 63,976 million euros on the same date of 2014, supported by both balance sheet and off-balance sheet customer funds growth, which respectively increased 2.4% and 4.4% from 30 June 2014.

Total equity stood at 5,651 million euros as at 30 June 2015, which compares with 3,348 million euros posted on the same date of 2014, reflecting the share capital increase that took place in 2014, in the amount of 2.2 billion euros, and the impact of the public tender offer for the acquisition of securities in exchange of new ordinary shares completed in the first half of 2015, with the share capital reaching 4,094 million euros as at 30 June 2015. Additionally, the performance of total equity was favourable influenced by the positive net income posted in the first half of 2015, which compares with a net loss in the first half of 2014, despite the change in fair value reserves, due to fair value reserves related to Portuguese sovereign debt securities.

TOTAL ASSETS Million euros



BALANCE SHEET AS AT 30 JUNE 2015 AND 2014 AND 31 DECEMBER 2014

Million euros

	30 Jun. 15	31 Dec. 14	30 Jun. 14	Change 15/14
Assets				
Cash and deposits at central banks and loans and advances to credit institutions	4,399	3,959	3,661	20.1%
Loans and advances to customers	53,409	53,686	55,547	-3.9%
Financial assets held for trading	2,217	1,674	1,447	53.3%
Financial assets available for sale	11,704	8,263	10,490	11.6%
Financial assets held to maturity	437	2,311	2,744	-84.1%
Investments in associated companies	305	323	443	-31.1%
Non current assets held for sale	1,675	1,622	1,571	6.6%
Other tangible assets, goodwill and intangible assets	913	1,008	978	-6.6%
Current and deferred tax assets	2,585	2,440	2,235	15.7%
Other (1)	1,086	1,075	1,302	-16.5%
Total Assets	78,730	76,361	80,418	-2.1%
Liabilities				
Deposits from Central Banks and from other credit institutions	12,413	10,966	13,080	-5.1%
Deposits from customers	50,601	49,817	48,807	3.7%
Debt securities issued	5,263	5,710	8,315	-36.7%
Financial liabilities held for trading	824	953	921	-10.5%
Subordinated debt	1,661	2,026	3,929	-57.7%
Other (2)	2,318	1,903	2,018	14.9%
Total Liabilities	73,080	71,375	77,070	-5.2%
Equity				
Share capital	4,094	3,707	1,465	179.5%
Treasury stock	(120)	(14)	(33)	-
Share premium	16	-	-	-
Preference shares	171	171	171	-
Other capital instruments	10	10	10	-
Fair values reserves	(101)	107	188	-
Reserves and retained earnings	314	458	922	-66.0%
Net income for the period attributable to shareholders	241	(227)	(85)	-
Total equity attributable to Shareholders of the bank	4,625	4,212	2,638	75.4%
Non-controlling interests	1,026	774	711	44.4%
Total Equity	5,651	4,986	3,348	68.8%
Total Liabilities and Equity	78,730	76,361	80,418	-2.1%

(1) Includes Assets with repurchase agreement, Hedging derivatives, Investment property and Other assets.

(2) Includes Hedging derivatives, Provisions for liabilities and charges, Current and deferred income tax liabilities and Other liabilities.

Loans to Customers

Loans to customers (gross) amounted to 57,085 million euros as at 30 June 2015, from 57,168 million euros posted at the end of 2014 (58,261 million euros as at 30 June 2014), driven by the decrease in the activity in Portugal, despite the increase in the international activity.

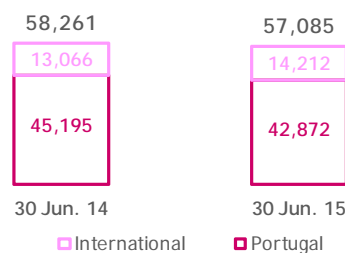
Loans to customers in Portugal (gross) decreased 2.1% from 31 December 2014, reflecting the performance of loans to individuals, as a result of the repayments associated with mortgage loans, whilst loans to companies, excluding the effect of sales and write-offs, stood roughly at the same level as the amount recorded at the end of 2014.

In the international activity, excluding the impact from discontinued operations, loans to customers increased by 8.8% from the end of June 2014, boosted by loans to companies and to individuals in most geographies, in particular in Poland.

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

LOANS TO CUSTOMERS (*)

Million euros



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

LOANS TO CUSTOMERS (GROSS)

Million euros

	30 Jun. 15	30 Jun. 14	Change 15/14
Individuals	29,910	29,617	1.0%
Mortgage	25,828	26,043	-0.8%
Consumer	4,081	3,574	14.2%
Companies	27,175	28,643	-5.1%
Services	10,404	11,857	-12.3%
Commerce	3,425	3,443	-0.5%
Construction	3,984	4,050	-1.6%
Other	9,361	9,293	0.7%
Subtotal	57,085	58,261	-2.0%
Discontinued operations	--	452	
Total	57,085	58,712	-2.8%
Of which (1):			
Portugal activity	42,872	45,195	-5.1%
Foreign activity	14,212	13,066	8.8%

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

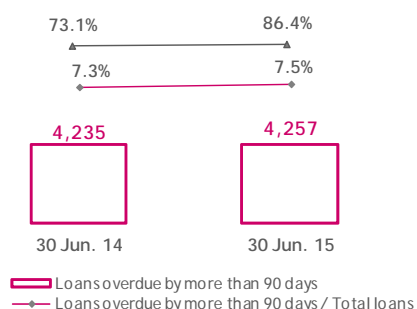
Credit quality, determined by loans overdue by more than 90 days as a percentage of total loans, adjusted for discontinued operations, stood at 7.5% as at 30 June 2015, compared with 7.3% as at 31 December and 30 June 2014, in spite of the endeavours of the commercial areas to work in coordination with loan recovery areas regarding both the reduction of default and the expected loss.

The coverage ratio for loans overdue by more than 90 days, adjusted for the effect from the operations classified as discontinued, stood at 86.4% as at 30 June 2015, showing a favourable evolution from 83.1% and 73.1% as at 31 December and 30 June 2014, respectively. The coverage ratio of the total loans overdue portfolio to impairments increased from the 81.3% registered as at the end of 2014, to stand at 84.1% as at 30 June 2015.

The credit at risk ratio stood at 12.4% of total loans as at 30 June 2015, which compares with 12.0% at the end of 2014 (11.9% as at 30 June 2014). As at 30 June 2015, restructured loans ratio stood at 10.4% 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 6.4% of total loans, as at 30 June 2015 (7.2% as at 31 December 2014).

CREDIT QUALITY (*)

Million euros



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

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

Million euros

	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	895	760	3.0%	84.9%
Mortgage	285	314	1.1%	110.2%
Consumer	610	446	15.0%	73.1%
Companies	3,362	2,916	12.4%	86.7%
Services	1,236	1,194	11.9%	96.7%
Commerce	364	347	10.6%	95.2%
Construction	1,152	724	28.9%	62.8%
Other	610	651	6.5%	106.8%
Total	4,257	3,676	7.5%	86.4%

Customer Funds

Total customer funds, excluding the impact associated with discontinued operations, increased 2.8%, reaching 65,742 million euros as at 30 June 2015, from 63,976 million euros on the same date of 2014, supported by both balance sheet and off-balance sheet customer funds growth, which respectively increased 2.4% and 4.4% from 30 June 2014.

Total customer funds in Portugal amounted to 47,704 million euros as at 30 June 2015, roughly at the same level of the 47,682 million euros posted on the same date of 2014, reflecting the commercial effort to transform maturing structured products into deposits, materialised in a 26.7% decrease of debt securities owed to customers, which was partially mitigated by the increases of 10.4% of assets under management and 1.7% of customer deposits, notwithstanding the impact associated with the rights issue completed in July 2014 on customers deposits evolution.

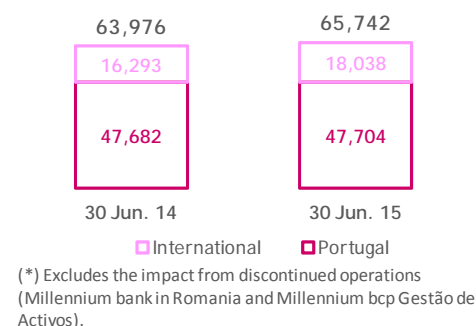
In the international activity, total customers funds increased 10.7% totalling 18,038 million euros as at 30 June 2015 (16,293 million euros at the same date in 2014), determined by the performance in most geographies, as a result of the emphasis on deposits acquisition, with a highlight on the subsidiary in Poland.

As at 30 June 2015, excluding discontinued operations, balance sheet customer funds represented 81% of total customer funds, with an emphasis on customer deposits, which represented 77% of total customer funds.

The loan to deposit ratio improved to stand at 107% as at 30 June 2015, from 115% as at the same date of 2014, boosted by commercial gap reduction of 3.9 million euros. The same ratio, considering total balance sheet customer funds, reached 100% (106% as at 30 June 2014).

TOTAL CUSTOMER FUNDS (*)

Million euros



TOTAL CUSTOMER FUNDS

Million euros

	30 Jun. 15	30 Jun. 14	Change 15/14
Balance sheet customer funds	53,148	51,915	2.4%
Deposits	50,601	48,463	4.4%
Debt securities	2,547	3,451	-26.2%
Off-balance sheet customer funds	12,594	12,061	4.4%
Assets under management	3,890	3,463	12.3%
Capitalisation products	8,704	8,597	1.2%
Subtotal	65,742	63,976	2.8%
Discontinued operations	--	1,897	
Total	65,742	65,872	-0.2%
Of which (1):			
Portugal activity	47,704	47,682	0.0%
Foreign activity	18,038	16,293	10.7%

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

Securities portfolio

The securities portfolio, which includes financial assets held for trading, financial assets available for sale, assets with repurchase agreement and financial assets held to maturity, stood at 14,389 million euros as at 30 June 2015, which compares with 14,757 million euros posted on the same date in 2014, representing 18.3% of total assets as at 30 June 2015, at the same level of the amount registered as at 30 June 2014, essentially related to the treasury bonds portfolio.

For further information and details on the composition and evolution of the abovementioned items please see the notes 23 and 25 to the consolidated financial statements as at 30 June 2015.

BUSINESS AREAS

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

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

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

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

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

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

BUSINESS SEGMENT ACTIVITY

The figures reported for each business segment result from aggregating the subsidiaries and business units integrated in each segment, also including the impact from capital allocation and the balancing process of each entity, both at the balance sheet and income statement levels, based on average figures. Balance sheet headings for each subsidiary and business unit are re-calculated, given the replacement of their original own funds by the outcome of the capital allocation process, according to regulatory solvency criteria.

Therefore, as the process of capital allocation is in accordance with the regulatory solvency criteria in place, the risk weighted assets and, consequently, the capital allocated to segments, are based on Basel III methodology, according with CRD IV/CRR, with reference to June 2014 and June 2015. The capital allocation to each segment, in June 2014 and June 2015, resulted from the application of 10% to the

risks managed by each segment in those dates, reflecting the application of Basel III methodologies. The balancing of the various operations is ensured by internal fund transfers, not determining changes at the consolidated level.

Net income of each segment includes, when applicable, non-controlling interests. Therefore, the net incomes reflect the individual results by business unit, regardless of the percentage held by the Group, and of the funds transfers impacts described above. The information presented below was based on financial statements prepared in accordance with the IFRS and the organisation of the Group's business areas as at 30 June 2015.

RETAIL BANKING IN PORTUGAL

In the first six months of 2015, Retail Banking registered a net income of 17.6 million euros, comparing favourably with the negative amount of 41.2 million euros posted in the same period of 2014, essentially determined by the increase in net interest income and in commissions and other net income as well as the decrease in operating costs.

Million euros			
Retail Banking			
	30 Jun. 15	30 Jun. 14	Chg. 15/14
Profit and loss account			
Net interest income	129.6	104.7	23.8%
Other net income	197.7	159.4	24.0%
	<u>327.3</u>	<u>264.2</u>	23.9%
Operating costs	251.2	278.5	-9.8%
Impairment	53.5	45.6	17.4%
Net (loss) / income before income tax	<u>22.5</u>	<u>(59.9)</u>	137.6%
Income taxes	4.9	(18.7)	126.4%
Net income	<u>17.6</u>	<u>(41.2)</u>	142.7%
Summary of indicators			
Allocated capital	589	689	-14.5%
Return on allocated capital	6.0%	-12.1%	
Risk weighted assets	5,404	5,467	-1.1%
Cost to income ratio	76.8%	105.4%	
Loans to customers	17,407	17,882	-2.7%
Total customer funds (*)	32,637	31,773	2.7%

Notes:

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

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

The improvement of net interest income, from 104.7 million euros in the first half of 2014 to 129.6 million euros in the first half of 2015, highlights the reduction of interest paid associated with the sustained decrease of term deposits cost.

The operating costs amounted 251.2 million euros in the first half of 2015 recording a decrease of 9.8% from the amount posted in the same period of 2014, reflecting the initiatives defined in the Strategic Plan, concerning cost savings in the activity in Portugal. This reduction reflects savings in staff costs, on the back of number of employees decrease and temporary salary reduction measures implemented in 2014.

Impairment for loan losses (net of recoveries) totalled 53.5 million euros in the first half of 2015, which compares with 45.6 million euros in the same period of previous year, influenced by a higher level of impairment charges which enabled the strengthening of overdue loans and credit at risk coverage levels, considering the still moderate recovery of the Portuguese economy and its impact on the indebtedness levels of households.

Loans to customers decreased by 2.7%, from 30 June 2014, amounting to 17,407 million euros as at 30 June 2015, reflecting the performance of loans to individuals, as a result of the repayments associated to mortgage loans.

Total customer funds stood, on a comparable basis, at 32,637 million euros as at 30 June 2015, comparing with 31,773 million euros posted as at 30 June 2014, to which contributed the performance of balance sheet customer funds that stood at 24,280 million euros in 30 June 2015, comparing favourably with the value of 23,248 million euros recorded in the same date of 2014, influenced by the deposits that registered a growth of 1,895 million euros.

Individuals and Business

Mass Market

The beginning of 2015 featured a greater diversity in the offer and the adjustment of pricing in current accounts, particularly the establishment of new criteria for accessing maintenance fee exemption.

The integrated solutions remained a commitment of the commercial activity of the Bank's retail network and the Bank had the concern of adjusting the pricing and offer to the customer's profile to increase the respective penetration in the customer base.

This way the Bank was able to achieve a significant growth in fees as well as to promote the Customer's involvement in the daily use of their current account with Millennium bcp, always aspiring to become our Customers main bank.

We continued to present several Personal Credit solutions to help our Customers pursue small personal and family projects. To help our Customers improve the management of their small savings Millennium bcp continues to offer a number of programmed savings which enable them to achieve a reasonable level of annual savings.

Millennium bcp promoted the diversification of resources in the Mass-Market segment through actions emphasizing the benefits of investing in a portfolio with different products, different maturities/terms and different levels of risk exposure thus ensuring higher profitability for the Bank, increasing Customer loyalty.

Millennium bcp also carried out an ongoing promotion of the automated channels during the first six months of 2015 and launched new tools in Mobile Banking and in the Bank's external website. At the same time the Bank also endeavoured to develop more actions specifically targeted at the users of these platforms.

Prestige

In line with the Bank's strategic priorities, the Prestige segment established three main goals for 2015: recover market share, increase the profitability of the segment for the Bank and provide a distinctive and aspirational service.

To pursue these objectives the Bank tried, since the beginning of the year, to increase the visibility of the brand Millennium bcp Prestige, notably by means of the Program Prestige and Portugal Prestige (Residents Abroad), an integrated solution of financial and banking products and services that better suit this segment and the launching of the campaign Vantagem Família Prestige, extending some of the exclusive benefits of the Prestige Customers to their family members as a way to retain Customers, increase their loyalty to the Bank and renew the customers base.

To welcome the new Prestige clients in a distinctive manner, at the moment they open the account and when they are allocated to a Customers Manager, we created the Welcome Pack Prestige, which gives the Customer a leaflet with information on each group of savings/investment products, a card with the contacts of his/her Manager and a notepad and pen as a symbolic offer.

In the context of its Investment solutions, the Bank strengthened its offer by selling, since the beginning of the year and via Branch, in an open architecture format, a wide range of investment products managed by the most prestigious International Managing Companies. At the same time and in order to be able to provide an adequate service to its Clients in what concerns the management of their assets and their daily activities the bank has been undertaking an important work in terms of the training of managers and of a more specialized supervision of the Branches, establishing the Prestige Promotion team for that specific purpose.

To increase the offer of products and services addressed to this segment the bank also launched the Prestige World, a non financial offer exclusive for Prestige Customers, with benefits and discounts from partners of the Bank operating in several areas, from shops to restaurants and hotels.

Residents Abroad

In the Residents Abroad segment the first six months of 2015 were featured by an increase of the business volume, either in funds raising and in cross selling. These positive results were supported by a number of strategic vectors defined by the Bank for this segment:

- Increase of the presence of BCP near the Portuguese communities abroad through a network of Representative Offices and Partner Banks that ensure an in person local assistance to the Bank's Customers;
- Reinforcement of the proximity and proactivity of the Retail Network in Portugal;
- Increase of efficiency and global optimization of the operating procedures involving the network of Representative Offices, the partnerships and the central areas;
- Provision of more information for Customers of the Residents Abroad segment at the external website "millenniumbcp.pt";
- Promotion of the use of the distance communication means (Internet, mobile app and the Mais Portugal line) in this segment.

Business

Committed to fund and to support Companies with a turnover up to Eur 2.5 million, the Bank promoted a set of initiatives during the first six months of 2015, of which we highlight the following:

- Promotion of the EU funds programme Portugal 2020 through road shows and workshops in the main economic centres of the country with the participation of companies of each region and representatives of the most significant industrial and entrepreneurial associations, reinforcing the presence of Millennium as a Partner Bank in Portugal 2020.
- Support to investment projects and increase of treasury funds, under competitive conditions, through the EIB Line and the Lines PME Crescimento 2015 and solutions able of providing support the several activity sectors, namely Agriculture and Tourism.
- Creation of a new funding line "Crédito Avançar" (Credit to Move Forward) for Micro Companies and self-employed individuals to increase their treasury funds and support investments up to Eur 50,000, which is different from the remaining credit solutions for the simple formalization and swift decision making process.
- Promotion of preferential conditions for the capture of new company Customers of Millennium bcp with exemptions in products and services and preferential credit conditions.
- Implementation of the Programme *Empresa Aplauso* 2015 which distinguishes companies with good risk and a greater involvement with the Bank through the attribution of preferential conditions to support treasury management, exports business protection and a number of benefits in non financial services in reference Partners.

Segmentation by Product

Savings and Investment

The continued decrease in the cost of term deposits was one of the most relevant factors for the recovery of the profitability of the domestic business of Millennium bcp, crucial for the completion of its strategy focused on the defence of its financial strength and on the recovery of its profitability levels. The first six months of 2015 registered a deep fall in the interest rates of products focused at the capture of funds due to a commercial strategy focused at reducing the cost of the liability products, maintaining an ongoing concern in the retention and growth of balance sheet customer funds.

The gradual adjustment of the interest on term deposits enabled the Retail network to positively contribute to the bank's profit and loss account. These results were obtained by launching products that sustain the reduction in the cost of the portfolio and with the redesign of the commercial offer per segment so as to increase the number of customers and the capture of resources.

Continuing the process of diversification of the financial assets initiated in previous financial years and considering the historically low interest rates, the Retail Network continued to promote diversified

solutions for customers, notably Certificates, Indexed Deposits, Investment Funds and Financial Insurances.

2015 will also be the year of the consolidation of the offer of investment funds in an open architecture in the branches of the Retail network, this way enriching the investment value proposal with funds from the most prestigious international managing companies.

The public offer for the exchange of subordinated debt for new ordinary shares also took place in the first six months of 2015. This offer mobilized the Retail network, which gave a strong contribution to its success.

Loans to Individuals

In the first half year of 2015, due to its relevance in the profit and loss account, Loans to Individuals represented one of the strategic priorities of the Bank.

Thus, we must point out the several initiatives undertaken by the Bank to stimulate the growth and funding of the Portuguese economy:

Loans to Individuals- the Bank put in place several actions to develop this product, namely special price conditions and targeted sales, which were widely publicised by the Branches.

Mortgage Loans - Due to the market conditions and dynamics, with institutions launching campaign with visibility, the Bank introduced several adjustments to its offer, namely in terms of special price conditions and new solutions for the purchase and exchange of homes. At the same time, the Bank continued to follow-up the process, focusing on efficiency and speed and, this way, meet the expectations of its Customers.

The attention given to the granting of funds for the sale of the bank's real estate properties continued throughout the first six months of 2015.

Concerning past due loans the Bank continued its campaign in the retail network for the collection and restructuring of past due loans. This campaign contributed to mitigate the growth of delinquency.

Cards and Payment Means

The first half of 2015 was, from a commercial point of view, very dynamic in what concerns cards with several initiatives undertaken to encourage the use of the Credit and Debit Cards, in the Individuals and Companies segments. The objectives were transparent: sell more cards, increase the use/invoicing and credit/revolving.

In the Individuals Segment the Bank held an exclusive Millennium bcp week in the event Portugal Restaurant Week, where the bank promoted and disclosed in the media the Millennium bcp Cards. The Bank also promoted the card Free Travel for its traveller customers. Concerning the remaining credit cards, the Bank promoted a number of campaigns, either by the attribution of extra points or promotional miles in customer loyalty programmes.

In the Companies segment, we highlight the Free Refeição (meal allowance) Cards and the Business Twin Cards. In the Business Twin Cards we offer 2% cash back in purchases made with the twin AmEx Business card. The new value proposal was enriched, due to the agreement established in April concerning the transfer of the business to Sodexo Pass Internacional, one of the world's greatest experts in benefits & rewards.

The invoicing volume grew 5.2% versus the same period of 2014, notably the volume of purchases, which grew 9.9%. The number of transactions also increased 5.5%. Concerning credit cards, the average invoicing increased 8.6% and purchases were up 6.8%. The cards portfolio continues to grow (4.6%) and reached an important milestone in the first six months of 2015 since the Bank exceeded 1 million credit cards and over 310 thousand American Express cards.

In the American Express Acquiring activity, the Bank closed the first half-year of 2015 with a network of 55 thousand establishments in Portugal, registering a 7% increase in the number of transactions corresponding to a 10% increase in the year accumulated invoicing, evidencing the growing significance of this business. In May, the Bank launched in 11 countries a new campaign called Experience Portugal 2015, aimed at attracting to Portugal a greater number of American Express card holders by offering exclusive benefits in more than 350 Portuguese Establishments such as hotels, restaurants, shops spas, wines, entertainment, sports and leisure activities. The campaign will be in effect until the end of September 2015 and the first indicators are extremely positive, showing an 11% increase in the international volume.

Concerning selfbanking business, Millennium bcp launched a new automated Branch concept named “Ponto Millennium”. This is a space with an innovative architecture and design and a complete and modern set of selfbanking equipments, with a new online service which enables the Customers to talk to the Bank's employees face to face by video conference through a touch screen. It is a simple and rapid tool that provides the Customers with the possibility of handling a wide number of issues. The Ponto Millennium offers a wide number of tools to its Customers such as the instant issue of cheques or of statements and a number of solutions for deposits like the counting and validation of notes and immediate credit in the Customers' accounts or the possibility of depositing larger volumes of cash or values in bags and in specific equipments.

Non-financial offer

The non financial offer area has been strengthening its position as an area for the creation of more value, complementing the offer of financial services addressed to the several Retail segments of Millennium bcp.

For that purpose, the Bank has been negotiating with external partners, with a recognized value perceived by our Customers, the offer of several discounts and benefits especially addressed to the several segments.

We must particularly emphasize the launching, in January 2015, of the space denominated “PrestigeWorld” and also the larger number of partnerships established with partners valued by our younger Customers (solution GO)

We must also emphasize the significant promotion of Espaço Millennium bcp Acionista, a space offering benefits to the Bank's shareholders, regardless if they are Customers, or not. The effort to get new partners has been constant together with a strong and ongoing communication with their beneficiaries - the Shareholders - informing them on how easy it is to subscribe the service and on all the inherent benefits.

Insurances

In 2015, the risk insurances continued to be one of the items of the bank's strategic agenda. With ambitious goals, the Bank increased the sales, i.e. the volume of premiums of subscribed policies more than 26%, if compared with the same period of 2014.

These results were achieved with the contribution of the campaign Móbis carried out during the first quarter of 2015, urging the Customers to make simulations, resulting in a growth of more than 35% in turnover.

During the second quarter of 2015, Médis was also advertised inside the Bank's Branches. This campaign included, in April and May, the offer of the 12th monthly instalment for new policies and, in June, vouchers from a very well-known brand, resulting in an increase in the sale of this product of 6% in the 1st quarter to 26% in the second quarter (in comparison with the same period in previous years).

The remaining risk insurances are always included in the Bank's offer, showing good results, particularly the product Multirriscos Habitação (Multi-risks Home) - HomlN - showing an increase in sales above 25% in the first six months of 2015.

The strategy used for the sale of insurances for small business, based on simulations enabling getting the immediate price of the most important insurances for this type of Customers and on a commercial approach aligned with the remaining offers of the Bank, is being fully successful since it enabled achieving a very significant increase in sales in this segment (+68%).

ACTIVOBANK

In the 1st half of 2015, the Bank remained focused on the strategic objectives of expanding its customer base and increasing customers' involvement with the Bank. Each one of these two strategic objectives was developed according to the following vectors:

Attracting Customers

- Strengthening the expansion of non-banking recommendations (Associates) and the approach to Employees of the companies identified with the Bank's target (worksites);
- Launching institutional communication campaign and strengthening the value proposition, along with launching new products and services that set the difference.

Customer Loyalty

- Implementation of a model of binding and segmentation reinforcement, aimed at identifying and meeting the financial needs of Customers;
- Launching new products in order to respond to several Customers' needs that have been identified;
- Recovering the prominent and leadership position in the provision of online investment banking services.

In order to materialize the goals mentioned above, during the 1st six months of 2015, several initiatives were developed, amongst which we underline the following:

I. Growth and consolidation of the commercial network

Launching of a page in LinkedIn to increase the number of Associate Promoters.

II. Institutional communication campaigns and value proposition

The communication campaign to attract customers on the radio, facebook and Internet, executed during the 1st half of 2015, focused on the competitive advantages that set ActivoBank apart from the competition, allowing it to obtain enhanced brand awareness and to increase the number of friends on facebook.

Also in the 1st half of 2015, increased advertising presence permanently on facebook allowed the Bank to continue to gain more friends in this network and to become one of the front line institutions in Portuguese social networks.

Simultaneously with the institutional communication, the Bank opted for the local regeneration of Activo Points, either through support to specific events in each city, such as the association to TEDx Porto, or in events with great visibility such as the Color Run.

III. Investment Banking

During the first 6 months of 2015, Activobank launched a campaign to promote the Ontrade Platform.

Microcredit

During 2015, Millennium bcp strengthened its commitment with the microcredit activity. The current economic environment continues to be perceived by the Bank as an opportunity to provide support to all those who have an entrepreneurial mind and a feasible business idea, providing them with the help to create their own businesses.

As a result of the work developed during the first six months of 2015, the Microcredit of Millennium bcp financed 176 new operations, totalling Eur 1,765 million of credit granted and the creation of 301 new jobs. The volume of credit granted to the 1,045 operations in the portfolio, up to 30 June 2015, totalled Eur 8.03 million.

COMPANIES

Companies registered in the first six months of 2015 a negative net income of 37.7 million euros, which compares with the negative net income of 3.5 million euros posted in the same period of 2014, essentially due to the increase in the impairment charges.

The performance of net interest income observed between the first half of 2014 and the first half of 2015, from 63.1 million euros to 55.2 million euros, respectively, shows, on the one hand, the effect associated with a reduction in loan interest rates and, on the other, the impact of lower business volume.

The operating costs reduced 9.7%, from 32.7 million euros in the first half of 2014 to 29.6 million euros in the same period of 2015, reflecting the initiatives defined in the Strategic Plan concerning cost savings in the activity in Portugal. This reduction reflects the savings in staff costs, on the back of number of employees decrease and temporary salary reduction measures implemented in 2014.

Impairment for loan losses (net of recoveries) totalled 109.3 million euros in the first half of 2015, compared with 65.1 million euros in the same period of 2014. This increase has enabled the strengthening of overdue loans and credit at risk coverage levels, considering the still moderate recovery of the Portuguese economy and its impact on the indebtedness levels of households and companies.

Loans to customers decreased 3.3% from 30 June 2014, down from 4,802 million euros to 4,642 million euros at the end of June 2015, highlighting the impacts of both the moderate recovery of the economy and the reduced level of private investment.

As at 30 June 2015 total customer funds amounted to 3,294 million euros, decreasing, on a comparable basis, 2.8% compared to 30 June 2014 figures, influenced essentially by assets under management performance.

Million euros			
Companies			
	30 Jun. 15	30 Jun. 14	Chg. 15/14
Profit and loss account			
Net interest income	55.2	63.1	-12.4%
Other net income	29.8	29.4	1.4%
	85.1	92.5	-8.0%
Operating costs	29.6	32.7	-9.7%
Impairment	109.3	65.1	68.0%
Net (loss) / income before income tax	(53.7)	(5.3)	<-200%
Income taxes	(16.1)	(1.8)	<-200%
Net income	(37.7)	(3.5)	<-200%
Summary of indicators			
Allocated capital	318	630	-49.5%
Return on allocated capital	-23.9%	-1.1%	
Risk weighted assets	2,594	3,801	-31.7%
Cost to income ratio	34.7%	35.4%	
Loans to customers	4,642	4,802	-3.3%
Total customer funds (*)	3,294	3,390	-2.8%

Notes:

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

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

Companies Network

During the first six months of 2015 the economic recovery picked up some speed despite the Euro Area instability due to the Greek situation. Within this context, the strategic priorities of the Companies Network were:

- To get closer to companies, especially SMEs, using a constant proactive approach, enabling a true spirit of partnership and mutual knowledge.
- The development of financial solutions adjusted to the companies' needs.
- The permanent support to companies, in the different areas, namely to implement strategies for starting exporting, improving competitiveness, accomplishing new investments and daily managing of treasury.

Within the framework of the strategy set forth, the main goals of the Companies Network in 2015 were:

- Increasing the granting of loans to companies with good risk and with sustainable development projects, deeming that these play a vital role in the economic recovery, namely by executing new investments that strengthen their competitiveness, especially highlighting the EU incentives programmes Portugal 2020 or for the extraordinary support of their day-to-day treasury needs.
- Supporting the implementation of strategies for companies to go international, by providing start-to-finish Trade Finance solutions, taking advantage of the Bank's presence in countries with high growth rates such as Angola, Mozambique, Poland and China.
- Development of industry sectors targeted offer (Tourism and Agriculture) and solutions for treasury support customised according to the commercial activity of the companies, namely regarding the management of payables and receivables, especially factoring and confirming solutions, as well as the medium-to long-term support to productive investment projects.

During the 1st six months of 2015, the following initiatives stood out:

- Increased use of the GPS as a planning and management tool of the commercial activity, segmenting customers according to their profile, adjusting the commercial activity and the financial solutions and identifying opportunities to reinforce the Bank's relation with the companies.
- Creation of the solution "Millennium Encomenda", for companies with firm orders and long production cycles. With this solution, Companies can request an advance on the orders in the portfolio and afterwards choose to receive the invoices associated to them early.
- Pro-active use of the Millennium EIB facility, capitalising on the competitive pricing advantages of the facilities agreed with the EIB totalling Eur 500 million (Eur 200 million in 2013 plus Eur 300 million in 2014).
- The Bank increased its participation in protocol credit lines with the Portuguese State:
 - Launching of the credit line "Linha PME Crescimento 2015". With a global ceiling of Eur 1,400 million, this line is meant to support companies with treasury needs or new investments, with a secondary line exclusively targeting Companies with remarkable growth in turnover.
 - Launching of the credit line "Linha de Apoio à Revitalização Empresarial". Credit line aiming to facilitate access to credit to companies whose revitalization/restructuring plan was approved and are therefore economically viable, needing funds to meet treasury needs and to invest in new expansion and growth cycles.
 - Launching of the credit line "Linha de Crédito para Empresas internacionalizadas em Angola". With a global ceiling of Eur 500 million, this line is meant to support Portuguese companies with exports to or trying to enter the Angolan market and aims to temporarily fund companies waiting for payments from Angola of the amounts of the exports made.
- Provision of new factoring and confirming solutions, such as Direct Factoring and the credit line associated to confirming, which strengthen the Bank's product range and allow to meet the Customers' different needs and expectations.
- Launching of an internal multichannel tool based on a comprehensive view of the Customer (IPAC 3.0).
- Development of initiatives and events to promote and strengthen the Bank's presence where its Customers are, of which we highlight the following:
 - "Jornadas Millennium Empresas" Meetings with Companies in Oporto, Braga and Aveiro, which were attended by over 700 Customers.
 - Entrepreneurship in Tourism Events - "Visitar o Futuro" - an initiative that results from a partnership with the Global Media Group (DN/JN/TSF), sponsored by Turismo de Portugal, the Portuguese tourism authority.
 - Millennium Portugal 2020 road show, together with the most representative Entrepreneurial Associations of each geographical area.

Interfundos

During the first six months of 2015, Interfundos not only confirmed the recovery seen in 2014 but surpassed all expectations. During the first five months of the year, the investment market reached a historic high of Eur 800 million. This remarkable increase in demand associated to high liquidity levels lead to a general low in the prime yields in all the real estate sectors and to a subsequent valuation of the real estate industry. The Management Company proceeded with its strategy to reinforce the financial stability of the Organismos de Investimento Imobiliário (OII), undertakings for investment in real-estate, and the creation of liquidity conditions for the Participants.

In order to pursue this strategy, Interfundos promoted several initiatives, such as:

- 5 capital increase operations (OII Imopromoção, OII Grand Urban, OII Sand, OII Stone and OII Fundipar) and 3 capital decrease operations (OII Imosotto, OII Renda Predial and OII Fundipar);
- The OII Lapa Properties was liquidated and OII Imonor was transferred to another management company;

- Regarding the Urban Rehabilitation Contract for Quarteirão de D. João I, the process of expropriation is complete and the building engineering projects and demolitions were assigned;
- The process of adaptation to the new legal and regulatory requirements started and the Managing Company submitted a request for a new authorisation and registry to Banco de Portugal and a request for a new registry to Securities Market Commission (CMVM). Interfundos also adapted to the new regime for OIC, within the scope of the Participants and of the OII;

During the first six months of 2015, the volume of assets of the 40 OII under management by Interfundos totalled Eur 1,413 million, maintaining the market leadership position.

Real estate business

The strategic priorities of the Real-Estate Business Division in the first half of 2015 were, in what regards credit, to closely follow customers and projects, anticipating needs and developing restructuring solutions so as to reduce risk and improve the contribution to the Bank's accrued results, and, in what regards the real estate properties, to ensure sustainability and to return the properties to the market as soon as possible, maintaining balance between both sides - increasing sales while selling for a fair price. We also highlight the following actions:

- The commercial follow-up of real estate promotion customers started encompassing all the stages of the Customer's life, which led not only to an increase of the number of Customers for the division's structure, but also to the need to develop specific capabilities (recovery through litigation);
- Leveraging the commercial actions, the Bank continued to promote the sales programme M Imóveis for Customers' undertakings, creating conditions to sell financed projects;
- The diagnosis, re-structuring and valuation models continued to be developed as well as new channels to place assets;
- The Bank continued to uphold its policy to defend the value of its real estate properties and to assume this in the sales;
- Developing new partnerships for sales of properties outside Portugal and attending international seminars and fairs (e.g. Barcelona, Paris, Shanghai and Lyon);
- Consolidating the sales channels in Portugal by betting on partnerships established with specialised real estate brokers (specialized in non-housing properties), nation-wide and regional auctions and segment-specific campaigns, and maintaining the good practices of previous years;
- Promotion of actions to conclude/refurbish real estate properties so as to maximise their market value.

CORPORATE & INVESTMENT BANKING

Corporate & Investment Banking net income stood at 185.4 million euros in the first half of 2015, comparing favourably with 78.3 million euros recorded in the same period of 2014, essentially due to the decrease of impairment charges.

In the first half of 2015 total income, which includes net interest income, net commissions and other income, increased 2.6%, from the first half of 2014, benefiting from the increase in commissions related to the banking business, driven by higher credit and guarantees-related commissions.

Operating costs totalled 19.0 million euros in the first half of 2015 keeping in line with the values recorded in the same period of the previous year, benefiting from the reduction in the number of employees.

The amount of impairment shown in the first half of 2015 (a profit of 113.4 million euros) includes the reallocation of impairments between business segments in the amount of 175 million euros, yet, without impact at a consolidated level.

As at 30 June 2015 loans to customer decreased by 8.7%, from 30 June 2014, and stood at 6,843 million euros, due to a very aggressive competitive environment and the need to resize the credit involvement in major exposures.

Total customer funds, on a comparable basis, amounted to 7,311 million euros as at 30 June 2015, decreasing by 16.9% compared to 8,798 million euros as at 30 June 2014, to which contributed a reduction posted by institutional customers and other major depositors.

Million euros			
Corporate & Investment Banking			
	30 Jun. 15	30 Jun. 14	Chg. 15/14
Profit and loss account			
Net interest income	109.2	107.1	1.9%
Other net income	59.4	57.2	3.8%
	<u>168.6</u>	<u>164.4</u>	2.6%
Operating costs	19.0	18.9	0.4%
Impairment	(113.4)	31.1	<-200%
Net (loss) / income before income tax	<u>262.9</u>	<u>114.4</u>	129.9%
Income taxes	<u>77.6</u>	<u>36.0</u>	115.3%
Net income	<u>185.4</u>	<u>78.3</u>	136.6%
Summary of indicators			
Allocated capital	603	885	-31.9%
Return on allocated capital	62.0%	17.9%	
Risk weighted assets	5,053	8,000	-36.8%
Cost to income ratio	11.3%	11.5%	
Loans to customers	6,843	7,493	-8.7%
Total customer funds (*)	7,311	8,798	-16.9%

Notes:

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

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

CORPORATE AND LARGE CORPORATE

The continuation of the positive trend in the economic activity, despite the instability in the Euro Area due to Greece's situation, had a positive impact on the performance of the Corporate and Large Corporate networks throughout the first half of 2015. Within this economic environment, the strategic priorities of the Corporate and Large Corporate Networks were:

- Increasing proximity to the companies, seeking to reinforce the knowledge of their activity and development strategy through a proactive approach, so as to adapt the Bank's products to the companies' real needs with tailor-made financial solutions (both for the completion of new investments as for daily management), generating greater customer loyalty and deepening the commercial relations;
- Promotion of the potential and synergies provided by the bank's operations in geographies showing strong growth rates - namely, Poland, Angola, Mozambique and China - to support the internationalization of companies, in articulation with the International Division;

During the 1st six months of 2015, the following initiatives stood out:

- Intensive commercial activity, based on the increasing use of the Commercial GPS (application to support the commercial activity), which enables the systematic planning of visits to Clients and the identification of business opportunities, in various areas (funding, treasury, investment, internationalisation).
- Working together with the Investment Banking and the Large Corporate Division to strengthen and develop global relations with Customers, joining funding solutions, products associated to transactions (namely for receivables and payables), tailor-made treasury management solutions and lending the specialized know-how in these areas to develop business opportunities in terms of treasury management, debt issue and advisory services for investment projects;
- Increasing the granting of loans to companies with sustainable development projects, deeming that these play a vital role in the economic recovery, namely by executing new investments, both in Portugal and abroad, that strengthen their competitiveness, especially highlighting the

EU incentives programmes Portugal 2020 or for the extraordinary support of their day-to-day treasury needs.

- Launching of the credit line “Linha de Crédito para Empresas internacionalizadas em Angola”. Protocol credit line, with a global ceiling of Eur 500 million, meant to support Portuguese companies with exports to or trying to enter the Angolan market and to temporarily fund companies waiting for payments from Angola of the amounts of the exports made.
- Provision of new Factoring and Confirming Solutions, such as Direct Factoring and the credit line associated to Confirming, which strengthen the Bank's product range and allow meeting the Customers' different needs and expectations.
- Increasing the commercial relationship with the main economic groups with activity in Portugal, taking advantage of the experience and expertise of the Large Corporate Division, enabling greater proximity with their activity and leading to the identification and pursuit of new business opportunities.

INVESTMENT BANKING

Showing remarkable growth in the business accomplished versus the same period last year (+10%), in the first half of 2015 the Investment Banking Division executed its activity according to its main guidelines: origination and execution.

The efforts to generate new business was focused on the markets of Portugal, Angola, Mozambique and on the connection between these and investors in Brazil and Macau/China, based on the creation of innovative solutions adjusted to each project, to each market and to the economic and financial context prevailing at the time. The effort to execute mandates was developed through the product areas of corporate finance, project finance, structured finance and capital markets.

Millennium investment banking recorded in the first six months of 2015 a strong activity in terms of advisory services for corporate finance, in files involving the study and making of M&A operations, evaluation of companies, corporate restructuring and reorganization processes, as well as the economic and financial analysis and research for projects. Amongst the multiple jobs undertaken by the corporate finance area of Millennium Investment banking in the first six months of this year, we underline the following:

- Advisory services to Group Efacec for the sale of shareholdings in Efacec Power Solutions and of the logistics area;
- Advisory services in the purchase of a stake in Brisa Concessão Rodoviária SGPS;
- Advisory services in several processes connected with operations in Portugal, Angola and Mozambique;
- Advisory services in the analysis of strategic options regarding its shareholding in ActivoBank.

Continuing its effort to redirect the activity and besides managing the outstanding portfolio, the project finance area increased its projection in the Angolan and Mozambican markets. On a national and international level, we underline the following operations:

- Financial advisory services for structuring and raising the funding required to build and operate a gas-powered thermal power station in Mozambique;
- Provision of advisory services to the company developing Baía de Luanda in the refinancing of its debt;
- Provision of advisory services to one of the main players in the Oil & Gas industry in Mozambique to raise the funds needed to undertake projects in the Rovuma basin;
- Structuring the funding regarding the biggest project of Independent Power Producer in Mozambique.

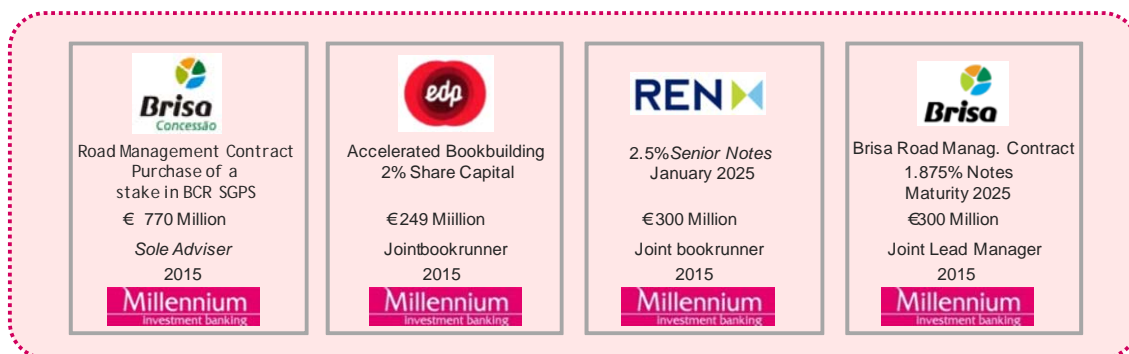
The provision of advisory services in the structuring and negotiation of corporate projects and reorganisation, both in Portugal and in Angola and Mozambique, generated a strong level of activity in the area of structured finance.

The provision of advisory services for the set-up of syndicated investments in several sectors of the economy, mainly in the agribusiness, health, transport and food and beverage sectors in Angola, and, in Mozambique, the structuring of several loans to the energy, extraction and telecommunications industries.

During the first six months of 2015, Millennium investment banking maintained its presence in the segment of bond issues, both addressed to retail and to institutional investors. Still in terms of the issue of securitised debt, the first six months of 2015 also featured an increase in funding operations, translated in the engagement of new Commercial Paper Programmes.

Within this context we underline the leadership of the bond issues Sudaçor, Sporting, Brisa Concessão Rodoviária, REN and FC Porto, the participation in the Benfica issue and the Commercial Paper Programmes Esporão, Farminveste, Lease Plan and Cofina SGPS.

In terms of shares, one must highlight the organization and setup of the public offer for the exchange of subordinated securities for new shares to be issued, launched by Banco Comercial Português, S.A. itself, which recorded a level of acceptance of 75% (which translated into over 18,700 orders) and led to the issuance of new BCP shares worth in total Eur 404 million.



International Division

Aiming to guarantee the best conditions to undertake international business operations, the Financial Institutions Group kept great proximity and permanent contact with financial institutions in the foreign markets most desirable for the Bank's Customers. Acting pro-actively with the correspondent banks, it ensured the coverage of trade operations and reinforced commercial and treasury lines and limits. At the bilateral meetings held, it simultaneously sought to capture the interest of other counterparties for the Group in the various countries where it operates.

The Financial Institutions Group negotiated and contracted new credit lines with multi-lateral entities, aiming to support external trade and companies going international. During the first half of 2015, loans of over Eur 300 million were used in full.

So as to better serve its institutional customers of securities custody services, the Financial Institutions Group focused on the flexibility and customisation of the services provided, which allowed it to generate new business and to increase the portfolio and the amount of fees charged. The Bank's market share of total assets under custody held by non-resident institutional investors in the Portuguese market remained at 49%.

ASSET MANAGEMENT & PRIVATE BANKING

Asset Management & Private Banking, in accordance with the geographic segmentation, recorded in the first half of 2015 a net income of 5.8 million euros, comparing favourably with the negative net income of 3.7 million euros registered in the same period of the previous year. This performance was mainly due to the rise in net interest income and to the increase shown in net commissions and other net income.

The increase in net interest income in the first half of 2015, when compared with the figures registered in the first half of 2014, reflects the sustained reduction of term deposits cost in line with the guidelines set forth in the Strategic Plan, despite the higher volume of deposits.

In the first half of 2015, other net income stood at 15.9 million euros increasing 9.7%, from the first half of the previous year, mainly due to the sale of higher value-added products, in segments of higher financial net worth customers.

Operating costs stood at 8.1 million euros in the first half of 2015 comparing to the 8.4 million euros in the same period of 2014, benefiting from the reduction in the number of employees.

Loans to customers remained, at the same level as the amount posted as at 30 June 2014, totalling 250 million euros as at 30 June 2015.

Total customer funds as at 30 June 2015, on a comparable basis, went up by 10.0%, from 30 June 2014, and stood at 4,925 million euros, mainly influenced by the increase in assets under management.

Customer deposits increased by 136 million euros from 30 June 2014, reaching 1,588 million euros as at 30 June 2015, reflecting the commercial effort to transform maturing structured products into deposits.

Million euros			
Asset Management & Private Banking			
	30 Jun. 15	30 Jun. 14	Chg. 15/14
Profit and loss account			
Net interest income	1.9	(1.0)	>200%
Other net income	15.9	14.5	9.7%
	17.8	13.5	31.9%
Operating costs	8.1	8.4	-3.1%
Impairment	1.4	(0.2)	>200%
Net (loss) / income before income tax	8.3	5.4	54.3%
Income taxes	2.4	1.7	44.9%
Net income	5.8	3.7	58.6%
Summary of indicators			
Allocated capital	14	18	-21.4%
Return on allocated capital	83.0%	41.1%	
Risk weighted assets	118	165	-28.3%
Cost to income ratio	45.5%	61.9%	
Loans to customers	250	249	0.6%
Total customer funds (*)	4,925	4,477	10.0%

Notes:

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

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

ASSET MANAGEMENT

Completion of the sale of the total share capital of Millennium bcp Gestão de Activos - Sociedade Gestora de Fundos de Investimento, S.A. to Corretaje e Informação Monetária y de Divisas, S.A. (Grupo CIMD), keeping the current offer of funds managed by MGA on all the channels and distribution networks of Millennium bcp.

PRIVATE BANKING

In the first six months of 2015, the Private Banking network maintained its strategic priorities, namely:

- To preserve and value the assets under management, prioritising the adequacy of each customer's investment profile and the diversification of its investment portfolio;
- To provide advisory services for great quality investment based on a process for structuring, monitoring and reporting, that allows it to keep Customers informed on the contextual facts that affect their investments and that simultaneously helps them make investment decisions;
- To deepen the relation with Customers through a service culture based not only on the partnership between Private Bankers and Investment Specialists, as well as on principles of independence in the selection of the solutions presented.

The materialization of strategic priorities translates into the following objectives:

- Increasing the customer base;
- Preservation of the customers' assets;
- Contributing to the Bank's sustained growth and financial strenght.

We also highlight the following actions in the first half on 2015:

- Increasing the number of new customers;

- Increasing the penetration of Discretionary Management and Investment Advisory Services;
- Further developing the model for Customer Segmentation, making the contacts policy more adequate.

BUSINESS ABROAD

Foreign Business net income, in accordance with the geographic segmentation, stood at 164.7 million euros in the first half of 2015, comparing favourably with 139.6 million euros registered in the first half of 2014 essentially due to net commissions income and other net income and also to net interest income performance.

Net interest income in the first half of 2015 increased 4.9%, from the same period of 2014, and stood at 287.9 million euros, influenced by the improvement in loans and customer deposits volume posted by the operations in Angola and Mozambique.

In the first half of 2015, operating costs showed an increase of 4.9%, from the first half of 2014, reflecting the performance in Angola and Mozambique, as well as, the effect of the average metical and kwanza appreciation against the euro. Excluding the exchange rate effect, operating costs decreased 0.3% from the first half of 2014.

As at 30 June 2015, loans to customers rose 8.7%, from 30 June 2014, to 13,725 million euros, sustained by loans to companies and to individuals growth in most geographies, in particular in Poland.

As at 30 June 2015, total customer funds rose 10.7%, from 30 June 2014, reaching 18,038 million euros determined by the performance in most geographies, as a result of the emphasis on deposits acquisition, with a highlight to the subsidiary in Poland.

Million euros			
Foreign Business			
	30 Jun. 15	30 Jun. 14	Chg. 15/14
Profit and loss account			
Net interest income	287.9	274.5	4.9%
Other net income	212.3	167.6	26.6%
	500.1	442.1	13.1%
Operating costs	236.6	225.6	4.9%
Impairment	58.9	40.5	45.2%
Net (loss) / income before income tax	204.7	176.0	16.3%
Income taxes	40.0	36.4	9.7%
Net income	164.7	139.6	18.0%
Summary of indicators			
Allocated capital	1,378	1,118	23.3%
Return on allocated capital	24.0%	25.1%	
Risk weighted assets	13,445	10,778	24.8%
Cost to income ratio	47.3%	51.0%	
Loans to customers	13,725	12,629	8.7%
Total customer funds	18,038	16,293	10.7%

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

EUROPEAN BANKING

Poland

In the 1st half of 2015, Bank Millennium started implementing its strategic Plan for 2015-2017, disclosed in February 2015. The main medium-term objectives for 2017, in accordance with the new strategy are:

- Number of active Retail Customers: 1.6 million;
- Customers funds market share above 6%;
- Loans to companies market share: 4%;
- ROE around 13-14%;
- Cost-to-income around 45-47%;
- Loans-to-deposits ratio under 100%.

The main initiatives to materialize this strategy aim to improve profits and simultaneously reduce costs in the Retail and Companies segments, based on four pillars: (1) speeding up the capture of retail customers through traditional and digital channels, remaining focused on high margin products, namely consumer loans and investment products, so as to retain the segment's profitability; (2) maximising the value of Customers and increasing efficiency in the retention of Customers through an advanced CRM; (3) Maintaining the growth pace in the Companies segment, improving profitability, reducing the cost of risk, reinforcing the position in the specialized funding; (4) Maintaining operational excellence and a strict control of costs, through a simplified operating model, based on digital technology and preparing the IT platform for future challenges.

The execution of the group's strategy in the first half of 2015 took place in a context that featured a new cut in interest rates in Poland, the regulatory limit on card fees and the increase in the mandatory contribution to the bank guarantee fund.

Regardless, Bank Millennium was able to perform well. Deposits attained a record number at 50,000 million Zloties, a 5.6% increase since the beginning of the year, which was followed by an even bigger increase in other funds, which were up 12.9% during the 1st half of 2015. In terms of assets, the Bank also reached a new record in new production of consumer loans, 1.3 billion Zloties. Regarding companies, the Group was up two digits in the leasing and factoring portfolios on an annual basis.

This good commercial performance was based on the acquisition of Retail customers. The total number of current accounts was up 166 thousand in the last 12 months and Bank Millennium ranked 4 in what regards the increase of current accounts in zloty, as a result, mainly of a successful campaign of the new account Konto 360°. According to the strategy adopted, the Bank has put in place various digital innovations, including updated mobile apps for Android, iOS and Smartwatch. Thus, mobile users almost doubled, on a yearly basis, to 279 thousand.

Consolidated net income in the 1st half of 2015 was up 2.4% to 327.8 million Zloties (Eur 79.3 million), despite the negative conditions mentioned above. The pressure on the financial margin and on fees led to a 2% fall on the net operating revenues in comparison with the same period last year. But that fall was compensated by the decrease in operating costs (-1.6% year-on-year) and by the smaller credit impairment (-9% year-on-year). The goals for operating costs was achieved despite the significant increase of the mandatory contribution to the guarantee fund. As a consequence, cost-to-income ratio stood at around 50%, in line with the target assumed for 2015.

Capital ratios in June 2015 remained high (total capital ratio of 15.2% and CET1 14.6%) as recorded in December 2014, with the negative effect of the CHF appreciation being offset by the retention of all the income of 2014.

Million euros

	1H 2015	1H 2014	Change % 15/14	1H 2014 excluding FX effect	Change % 15/14
Total assets	16,434	14,249	15.3%	14,133	16.3%
Loans to customers (gross)	11,565	10,761	7.5%	10,673	8.4%
Loans to customers (net)	11,214	10,435	7.5%	10,349	8.4%
Customer funds	13,808	12,663	9.0%	12,559	9.9%
Of which: on Balance Sheet	12,059	11,143	8.2%	11,052	9.1%
off Balance Sheet	1,748	1,520	15.0%	1,508	16.0%
Shareholders' equity	1,437	1,307	9.9%	1,297	10.8%
Net interest income	161.3	174.5	-7.6%	176.9	-8.8%
Other net income	102.2	90.8	12.6%	92.0	11.1%
Operating costs	132.0	132.3	-0.2%	134.1	-1.6%
Impairment and provisions	30.8	33.4	-7.8%	33.8	-9.0%
Net income	79.3	76.4	3.8%	77.4	2.4%
Number of customers (thousands)	1,329	1,277	4.1%		
Employees (number) (*)	5,939	5,883	1.0%		
Branches (number)	411	430	-4.4%		
Market capitalisation	1,896	2,268	-16.4%	2,249	-15.7%
% of share capital held	50.1%	65.5%			

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

Source: Bank Millennium

FX rates:

Balance Sheet 1 euro = 4.1911 4.1568 zloties

Profit and Loss Account 1 euro = 4.1332333 4.1891 zloties

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

Romania

The Bank concluded on 8 January 2015 the sale of Banca Millennium ("BMR"), a greenfield operation launched in Romania in 2007, to the OTP Bank. On that date, BCP received from OTP Bank Eur 39 million, the total sale price agreed. OTP Bank also ensured the full reimbursement to BCP of the intragroup funding provided by BCP to BMR, amounting to approximately €150 million. The impact of the transaction on BCP's consolidated common equity tier 1 ratio was negligible. The sale of the BMR anticipated compliance with another important commitment of BCP before the European Commission's Directorate General for Competition, within the scope of its restructuring plan.

Switzerland

The Millennium Banque Privée, incorporated in Switzerland in 2003, is a private banking platform that provides discretionary management services to individual customers of the Group with large assets, as well as financial advisory and orders execution services.

On 30 June 2015, total customers' funds totalled Eur 2.7 billion representing a 5.8% increase compared with December 2014, due mainly to the positive performance of the portfolios and less to the entry of new investment. The amount of assets under discretionary management as at 30 June 2015 represented over 20% of gross assets under management.

In the first six months of 2015, fees went up Eur 0.3 million vs. June 2014. Management fees and fees on foreign exchange operations offset the decrease in the fees on the sale of structured products and the decrease in the net interest income, caused by the context of low interest rates.

Operating costs increased 15.1% year-on-year, translating a negative foreign exchange effect. Operating costs went down 1.2% in the local currency versus June 2014. By the end of the first six months of 2015, the Bank attained a net income of Eur 3.3 million, 12% down if compared with the same period of 2014.

Million euros

	1H 2015	1H 2014	Change % 15/14	1H 2014 excluding FX effect	Change % 15/14
Total assets	489	470	4.0%	549	-10.9%
Loans to customers (gross)	215	203	5.9%	237	-9.3%
Loans to customers (net)	214	202	6.0%	236	-9.2%
Customer funds	2,653	2,355	12.7%	2,749	-3.5%
Of which: on Balance Sheet	339	318	6.6%	371	-8.7%
off Balance Sheet	2,314	2,037	13.6%	2,378	-2.7%
Shareholders' equity	93	90	3.6%	105	-11.3%
Net interest income	2.2	2.4	-10.5%	2.8	-23.1%
Other net income	13.7	12.6	8.7%	14.7	-6.7%
Operating costs	11.4	9.9	15.1%	11.5	-1.2%
Impairment and provisions	0.1	0.1	-36.1%	0.2	-45.1%
Net income	3.3	3.8	-12.0%	4.4	-24.4%
Employees (number)	71	67	6.0%		
Branches (number)	1	1	0.0%		
% of share capital held	100%	100%			

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

FX rates:

Balance Sheet 1 euro =	1.0413	1.2156	swiss francs
Profit and Loss Account 1 euro =	1.0472	1.2193	swiss francs

OTHER INTERNATIONAL BUSINESSES

Mozambique

The strategic plan for 2015 aims to reinforce the Bank's leadership in the segments it targets, based on pursuing the continuous improvement of service quality, broadening the Customer base in the Retail Network and the expansion of remote channels (Millennium IZI, Internet Banking and ATM and POS networks), so as to be closer to Customers; deepening the relation with Customers and the provision of a service of excellence in the Prestige segment; and excellence in service quality, originating business and increasing the customer base in the Corporate segment.

During the first six months of 2015, Millennium bim maintained its leading position in the banking sector in Mozambique. As part of its general expansion plan, the Bank opened 2 new branches, having now a total of 168 branches (159 in June 2014). Millennium bim's focus on remote channels led to 452 ATMs and 6,512 POS, an 8% and 26% growth, year-on-year.

Continuing the global trend observed in the financial system since the end of 2013, in the first six months of 2015 the growth in credit granted in the financial system exceeded the growth in resources. This factor forced the Retail Banking to sustain, once again, a general policy of pressure to increase resources, with the subsequent negative impact on their cost.

At the same time, Millennium bim continued to launch innovative products and services to fully meet the needs of its Customers, such as:

- It is now possible, within the Mass Market platform and when an Individual Account is opened, to immediately provide the Visa Electron debit card, regardless of the type of account opened by the customer. This function, which was only available for one type of Current Account, is now available on all accounts of this segment, strengthening the commercial relation being started.
- New functions of Millennium IZI: i) More information and entertainment by providing the service of top-up for TV operator TV Startimes; ii) More security, providing the possibility of blocking and unblocking the debit card; and iii) greater proximity, with the provision of "Manda Mola IZI", a function that allows a customer to order a transfer using the mobile phone number of a beneficiary with an active contract with the Mobile service.

The market, once again, recognized and distinguished the value proposal presented by Millennium bim. The Customers trust in its products and services was evidenced by the 9% increase registered in the number of Customers, more than 1,367 thousand, year-on-year.

As part of its strategic positioning, the Bank developed investment banking activities, participating in major projects, providing a significant contribution for the Bank's business development, strength and financial stability.

In the first six months of 2015, Mozambique experienced a more restricted economic environment than in the previous year, due to delays in foreign investment and to the devaluation of the Metical versus the US dollar. Even so, Millennium bim reached, on 30 June 2015, net income of 1,890 million Meticaís, i.e. Eur 47.9 million, +5.5% year-on-year, enabling a return on equity above 21.0%. Despite the impact in costs caused by the expansion of the branch network mentioned above, the cost to income ratio stood at 43.4%.

Loans to customers recorded an 11.4% increase versus June 2014, reaching 62 billion Meticaís (Eur 1.44 billion), while customer funds increased 22.1%, to 81.8 billion Meticaís (Eur 1.89 billion).

Million euros

	1H 2015	1H 2014	Change % 15/14	1H 2014	Change % 15/14 excluding FX effect
Total assets	2,514	2,072	21.3%	2,065	21.7%
Loans to customers (gross)	1,435	1,293	11.0%	1,288	11.4%
Loans to customers (net)	1,353	1,224	10.6%	1,220	10.9%
Customer funds	1,893	1,556	21.7%	1,551	22.1%
Of which: on Balance Sheet	1,893	1,556	21.7%	1,551	22.1%
Shareholders' equity	429	372	15.4%	370	15.8%
Net interest income	74.7	66.4	12.5%	72.3	3.2%
Other net income	53.6	36.6	46.3%	39.9	34.3%
Operating costs	55.7	46.5	19.8%	50.6	9.9%
Impairment and provisions	12.8	5.0	157.0%	5.4	135.9%
Net income	47.9	41.7	14.9%	45.4	5.5%
Number of customers (thousands)	1,367	1,256	8.9%		
Employees (number)	2,486	2,454	1.3%		
Branches (number)	168	159	5.7%		
% of share capital held	66.7%	66.7%			

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

FX rates:

Balance Sheet 1 euro =	43.2150	43.0650	meticaís
Profit and Loss Account 1 euro =	39.4546	42.9779	meticaís

Angola

In 2015, Banco Millennium Angola (BMA) has set ambitious goals and expect to continue to show an expressive growth in volume, to have a positive performance in net operating revenues and cost of risk, to increase the size and expertise of the Commercial Network, to capture new clients, to offer innovative tailor-made products and services for all business segments, to develop online banking, to increase support to small, medium and large companies, thus taking another step in the path of success threaded so far by Millennium Angola.

Concerning the expansion of its branch network, during the 1st six months of 2015 the bank opened one new Branch, and the network now has 89 retail branches, of which 55 are open to the public on Saturday morning. In addition, it also has 12 Prestige Centres and 8 Companies Centres, two of which specialise in the oil industry. The number of customers reached 357 thousands in June 2015, a 10.4% growth versus 2014.

Regarding the products and services provided and aiming to increase the number of clients who use the Bank's electronic channels, diminishing the need to go to a Branch, it was put in place the service "Easy Pay" which includes OnlineBanking, SMS Banking, Mobile APP and Contact Center, which the Bank pioneered when they were launched in 2014. Also in the first half of 2015, the campaign Sou + Millennium continued to take place, a customer loyalty programme that awards "Millenniums" - the points that are worth prizes - to customers according to their level of transactions with the Bank. BMA also launched the POS Advantage loan, a credit line associated with the charges paid by company customers of the Bank using a POS.

In terms of saving, the bank launched two new products with attractive growing rates, with 24-month maturity: DP *Sempre a Subir* targeting the Mass Market segment and the *Depósito Taxa Crescente* targeting the Prestige segment. BMA also launched a term deposit celebrating its 9th anniversary, the *Depósito Aniversário* with an exceptional 9% rate, exclusive for Employees.

In terms of companies, the Bank kept betting on small and medium sized enterprises through the initiative Excellence in a SME, an innovation in the market that sought to highlight, within the universe

of the Bank's customers, the companies that stand out due to economic performance, professionalism, financial soundness, qualified staff and good market positioning. This year, 575 companies were celebrated at the 2nd Excellence in a SME gala, many more than in 2014 (230), confirming the Bank's standing in this segment. In 2015, the Bank maintained market shares above 30% and with it the clear leadership of the Programme Angola Investe, a programme created by the government with the commercial banks to promote lending to Micro-, Small- and Medium sized Enterprises (MSME).

To attract new talents, the Bank continued to participate in job fairs (Luanda and Lisbon) and to carry out presentations in the University Agostinho Neto.

Within the scope of the Policy for Management and Retention of Talents in effect, two new Programmes for the Development of Competences - Millennium High Potential (especially talented employees, with over 4 years of contract with BMA) and People Grow (younger employees with great potential), seeking to build a stronger relation with the Employees that are most valuable to the Bank's mission and vision, helping them focus on the business, customers and earnings, and at the same time enabling the development of competences and professional growth.

BMA's evolution and of its part in the growing role played by the country continued to be recognised abroad, having been awarded the prize of "Best Commercial Bank Angola 2015" by Capital Finance Internacional (cfi.co), a renowned British magazine specialising in economic and financial matters.

Recently, the Bank also became a member of BODIVA, Securities Debt Exchange of Angola, after signing a contract that enables it to trade in securities issued by the Government. The agreement enables the Bank to participate on behalf of its Customers in the Treasury Bonds Registry Markets, in the Wholesale Financial Market and also in the Continuous Market.

Lastly, the Bank also bet on sponsoring and attending events, such as the Big Game Sports Fishing World Championship; the Celebration of the "Dia de Portugal, Camões e das Comunidades Portuguesas"; the event "Luanda International Summit 2015" with the participation of the former President of the European Commission, Mr. Durão Barroso; the ball of Grupo da Amizade 2015; and the international fair FIB (Feira Internacional de Benguela).

By the end of the first six months of 2015, BMA attained a net income of Eur 38.2 million, representing a 49.1% growth in AOA if compared with the same period of 2014. Net operating revenues rose 36.3% year-on-year in AOA, due to the surge in the net interest income (+25.6% in AOA) and in the trading income (+150.3% in AOA). Return on Equity (ROE) stood at 22.5% and the cost-to-income ratio at 43.7% (53.6% in June 2014). Customer funds increased around 20.9% in AOA, totalling Eur 1,501 million and loans to customers (gross) totalled Eur 948 million, representing 22.7% more in AOA versus June 2014.

Million euros

	1H 2015	1H 2014	Change % 15/14	1H 2014	Change % 15/14 excluding FX effect
Total assets	2,118	1,719	23.2%	1,687	25.6%
Loans to customers (gross)	948	787	20.4%	772	22.7%
Loans to customers (net)	896	749	19.7%	735	22.0%
Customer funds	1,501	1,265	18.7%	1,241	20.9%
Of which: on Balance Sheet	1,501	1,265	18.7%	1,241	20.9%
Shareholders' equity	324	272	19.1%	267	21.3%
Net interest income	56.5	40.6	39.4%	45.0	25.6%
Other net income	46.7	27.7	68.5%	30.7	51.9%
Operating costs	45.2	36.6	23.4%	40.6	11.2%
Impairment and provisions	11.6	3.4	> 200%	3.7	209.2%
Net income	38.2	23.1	65.4%	25.6	49.1%
Number of customers (thousands)	357	324	10.4%		
Employees (number)	1,191	1,107	7.6%		
Branches (number)	89	84	6.0%		
% of share capital held	50.1%	50.1%			

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

FX rates:

Balance Sheet 1 euro =	135.7100	133.2000	kwanzas
Profit and Loss Account 1 euro =	120.5483	133.7308	kwanzas

Macau

The presence of Millennium bcp in Macau dates back to 1993, with the opening of an offshore branch, which operated until 2010, and afterwards with a full onshore license.

During the first half of 2015, the Branch's guidelines aimed fundamentally to provide services to the Bank's networks by supporting individuals and companies customers of the Bank, broadening the base of local customers and the expansion of the activity between China - Macau - Portuguese speaking countries.

Amongst the initiatives adopted to consolidate the strategy, we point out the following:

- Helping Portuguese companies operate in Macau for businesses in South China using the Branch as a stepping stone;
- Launching trade finance operations to support Portuguese companies with exports to and/or imports from China;
- Continuing to develop IT solutions to broaden the products and services range available to the customers of the Bank's networks.

In the first half of 2015, the customer deposits stood at Eur 1,012 million and gross loans totalled Eur 877 million.

Net income amounted to Eur 10.8 million (-4.1% in MOP and +17.1% in Eur), with the positive influence of the provisions for general risks that were released and of the recognition of deferred profits on account of early loan repayments.

Cayman Islands

Millennium bcp Bank & Trust, a bank with registered office in the Cayman Islands, holder of a class "B" banking license, provides international banking services to customers that do not reside in Portugal. The Cayman Islands are considered a cooperating jurisdiction by Banco de Portugal.

Millennium bcp Bank & Trust recorded net income totalling Eur 4.4 million in the first half of 2015, a 16% decrease year-on-year, caused by the decrease in the net interest income and by the smaller reversion of credit impairment.

	Million euros		
	1H 2015	1H 2014	Change % 15/14
Total assets	912	870	4.8%
Loans to customers (gross)	49	50	-1.6%
Loans to customers (net)	47	47	0.2%
Customer funds	578	586	-1.3%
Of which: on Balance Sheet	559	574	-2.6%
off Balance Sheet	19	12	68.1%
Shareholders' equity	342	280	22.1%
Net interest income	4.1	4.3	-5.9%
Other net income	1.4	0.7	89.7%
Operating costs	1.1	1.1	2.6%
Impairment and provisions	-0.1	-1.3	93.9%
Net income	4.4	5.3	-16.5%
Number of customers (thousands)	0.4	0.4	-7.3%
Employees (number)	12	15	-20.0%
% of share capital held	100%	100%	

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

MILLENNIUM BCP AGEAS

During the first six months of 2015, the commercial networks of Millennium bcp once again showed that the bancassurance activity is ever more dynamic. In terms of Non-Life insurances, the bancassurance business increased 6.5%, quite above the market, which grew 2.7% after several years falling consecutively. The Life business of Ocidental recorded a total of Eur 780.4 million, +23.1% year-on-year, also above market figures, which still grew 1.8%.

This positive performance in the Life business was mainly due to the good performance of the savings and open unit linked products. At the end of the first half of 2015, Ocidental reached a 14.8% market share in premiums, 0.2 pp up on the same period last year, keeping market leadership in terms of mathematical provisions.

Ocidental Vida continued with its good operational performance, with a 7.5% growth in the technical margin after operating costs. Net income went down 5.3%, to Eur 33 million, mainly as a result of the increase in costs with interests paid on a subordinated loan. Financial soundness continues with a consolidated solvency I ratio at 220.3%

The strategic agenda (Vision 2015) continues to be put in place, underlining the successful launching of the new Ocidental brand, which joins the different brands of the group, strengthening the corporate identity, and began the strategic thinking to consolidate a new vision for 2020 (Vision 2020), based on four strategic choices for the next five years.

For the rest of the year, Ocidental expects to consolidate the earnings attained in the first half, which showed a good commercial performance after the offer was adapted to the more demanding capital requirements of Solvency II, simultaneously ensuring that it has an attractive proposition for customers and a growing contribution to Millennium bcp's earnings.

Million euros, except for percentages

Key Indicators	Jun-2014	Jun-2013	Variation
Direct Written Premiums			
Life	780	634	23.1%
Market Share			
Life	14.8%	14.6%	0.2 pp
Non Life	6.7%	6.3%	0.4 pp
Total	12.6%	12.4%	0.2 pp
Technical Margin ⁽¹⁾	63	60	4.5%
Technical Margin Net of Operating Costs	47	44	7.5%
Net Profit ⁽²⁾	33	35	-5.3%
Life Net Operating Costs/Average of Life investments	0.83%	0.82%	0.0 pp

(1) Before allocation of administrative costs

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

PENSION FUND

The pension liabilities assumed by the Group, in particular associated with the payment to employees of pensions on retirement or disability, were, at the end of the first half of 2015, fully funded and kept at a higher level than the minimum set by the Bank of Portugal, presenting a coverage rate of 109%, comparing with 110% at the end of 2014.

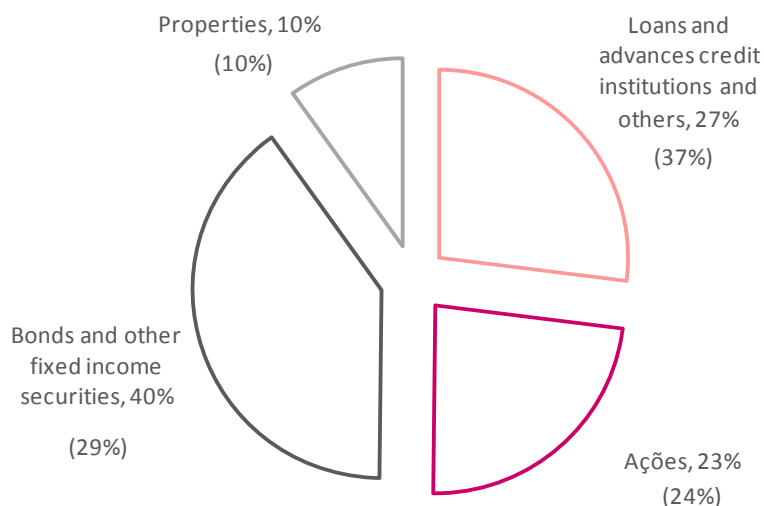
The Pension Fund's liabilities totalled 3,136 million euros at the end of the first half of 2015, showing an increase of 377 million euros from the first half of 2014's amount of 2,759 million euros.

The Pension Fund's assets recorded, in the first half of 2015 a positive rate of return of 0.5%, lower than the assumed actuarial rate of 2.5%.

The main asset categories in the structure of the Pension Fund, at the end of the first half of 2015 and at the end of 2014, were as follows:

- The shares proportion at 23% at 30 June 2015 versus 24% as at 31 December 2014;
- Bonds securities represented 40% as at 30 June 2015 and 29% as at 31 December 2014;
- Loans and advances to credit institutions and others reached 27% as at 30 June 2015, and 37% as at 31 December 2014;
- The property component represented 10% as at 30 June 2015 and at 31 December 2014.

Structure of the Pension Fund's assets as at 30 June 2015



(xx%) Proportion as at 31 de December 2014

In order to evaluate the reasonableness of the Pension Fund's actuarial assumptions as at 30 June 2015, the Bank considered adequate to maintain the same assumptions considered on the financial statements as at 31 December 2014, which are presented below:

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

The assumptions used to determine the pension fund's liabilities in 2013, 2014 and for the first half of 2015 are shown below:

Assumptions	2013	2014	Jun. 15
Discount rate	4.00%	2.50%	2.50%
Increase in future compensation levels	1% until 2016 1.75% after 2017	0.75% until 2017 1% after 2017	0.75% until 2017 1% after 2017
Rate of pensions increase	0% until 2016 0.75% after 2017	0% until 2016 0.5% after 2017	0% until 2016 0.5% after 2017
Projected rate of return of fund assets	4.00%	2.50%	2.50%
Mortality tables			
Men	TV 73/77 - 1 year	TV 73/77 - 2 years	TV 73/77 - 2 years
Women	TV 88/90 - 2 years	TV 88/90 - 3 years	TV 88/90 - 3 years

The first half of 2015 recorded negative financial actuarial differences of 34 million euros which, combined with non-financial actuarial differences, resulted in a total of 38 million euros of negative actuarial differences that negatively affected the capital ratios as at 30 June 2015.

The main indicators of the Pension Fund as at the end of 2013, 2014 and in the first half of 2015 are as follows:

Main indicators	2013	2014	Jun. 15
Liabilities with pensions	2,533	3,133	3,136
Value of the Pension Fund	2,547	3,095	3,070
Coverage rate	112%	110%	109%
Return on Pension Fund	4.4%	8.1%	0.5%
Actuarial (gains) and losses	212	477	38

BCP RATINGS

The general improvement of macroeconomic conditions, namely in what regards the progress in terms of the budget decrease together with economic recovery, with the Government having disclosed in their Stability Plan for 2015-2019 that it projects a fiscal deficit decrease that could even attain a surplus of 0.2% of the GDP in 2019, while the GDP attains a real growth rate of 2.4% in 2017 (1.5% year-on-year in the first two quarters of 2015), the early repayment of Eur 1.8 billion to IMF (with authorisation from the creditors to pay early up to 50% of the credit granted by the IMF), together with the return to the funding markets, should be perceived as positive factors by rating agencies.

The financial system in Portugal could enter a new stage, maintaining some expectations regarding the sale of Novo Banco, which could have an impact on ratings of the Portuguese banks. During the first half of 2015, several agencies undertook rating actions:

Moody's

Baseline Credit Assessment	caa1
Adjusted Baseline Credit Assessment	caa1
Counterparty Credit Rating LT / ST	Ba3/NP
Deposits LT / ST	B1/NP
Senior Unsecured LT / ST	B1/NP
Outlook	Stable
Subordinated Debt - MTN	(P) Caa3
Preference Shares	C (hyb)
Other short term debt	P (NP)
Covered Bonds	Ba1

Rating Actions

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

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

Fitch Ratings

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

Rating Actions

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

Standard & Poor's

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

Rating Actions

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

DBRS

Intrinsic Assessment (IA)	BB (high)
Short-Term Debt & Deposit LT / ST	BBB (low) / R-2 (mid)
Trend	UR with Negative Implications
Dated Subordinated Notes	BB
Covered Bonds	A (low)

Rating Actions

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

Risk Management

RISK MANAGEMENT

The activities of the Group's Risk Management System were continued along the first half of 2015, in what concerns the mechanisms for control and monitoring of the multiple risks that affect its activities and their respective assessment.

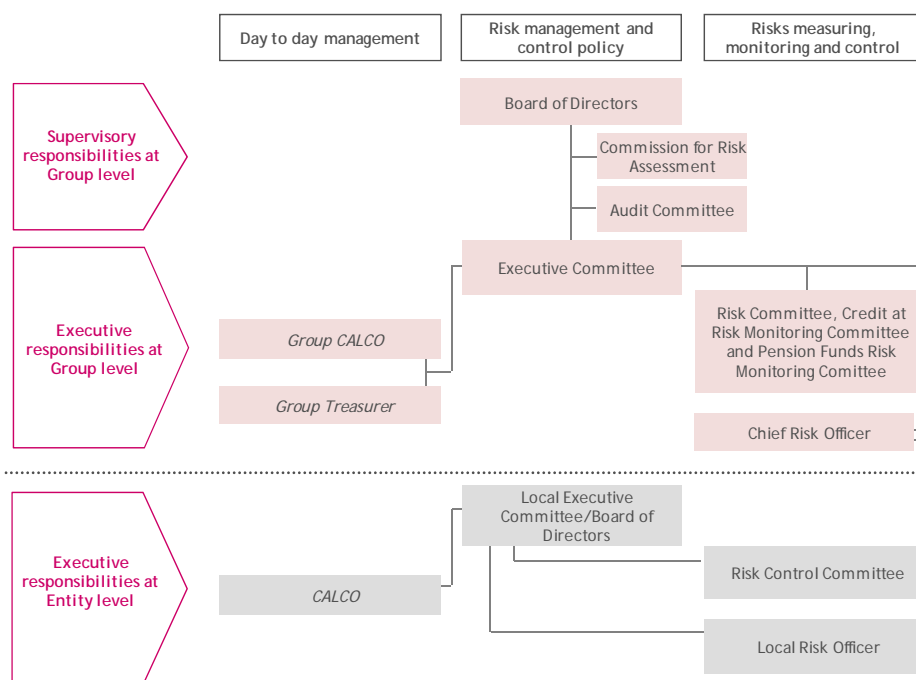
The Group's Risk Management System is part of the Internal Control System - along with the Internal Audit and Compliance functions - in order to provide a solid control environment in which the Group conducts its business, through the internal instruments, metrics and internal control standards that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

The main activities initiated and/or developed - as well as the most relevant interventions - by Risk Management over the first 6 months of 2015 are summarised as follows:

- Launching of the Strategic Risk Management Upgrade;
- Delivery of the action plans concerning the supervisory recommendations related to the follow-up of the BCP Group IRB models and to the markets risks treatment;
- Approval of the Group's Risk Appetite Statement (RAS) - a set of risk indicators for which thresholds or levels were defined (not to be exceeded or to be met);
- Definition and implementation of a new approach to the ICAAP (*Internal Capital Adequacy Assessment Process*), involving the periodical stress tests performed and the above-mentioned RAS indicators;
- Independent validation of the new credit impairment assessment model;
- Redefinition and implementation of the new default definition, following a recommendation from Banco de Portugal;
- Delivery of the Short Term Exercise Templates, within the Supervisory Review and Evaluation (SREP) scope;
- Delivery of several regulatory reports (credit concentration risk, ICAAP, ILAAP - Internal Liquidity Adequacy Assessment Process);
- Submission of applications for internal ratings models (IRB) for the 'Special Investment Vehicles' and 'Purchased Receivables' portfolios;
- Reception of Banco de Portugal's conclusions concerning the inspection carried out of the Group's operational risk management system and discussion of the main issues with the supervisor.

Risk Management organisation

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



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

Commission for Risk Assessment

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

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

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

Audit Committee

The Audit Committee is composed of 3 to 5 non-executive members of the Board of Directors. Within the risk management governance, this body stands out for its corporate global monitoring and supervising capacities (e.g. in what concerns the follow-up of the risk levels), as well as for its capacities related with the Internal Control System:

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

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

Risk Committee

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

The Risk Committee, together with the Chief Risk Officer, also establishes and proposes for the approval of the Board of Directors, the set of indicators that materialise the Group's risk appetite, as well as to monitor the incurred risk levels, as defined by the risk appetite framework.

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

Credit at Risk Monitoring Committee

This body has the following duties and responsibilities:

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

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

Pension Funds Risk Monitoring Committee

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

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

Group CALCO

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

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

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

Chief Risk Officer

The Chief Risk Officer is the Executive Committee member responsible for the risk control function for all Group entities, namely, for the identification of the risks to which the Group's activity is exposed e for the proposal of measures to improve risks control. The Chief Risk Officer also has the responsibility to ensure the transversal monitoring and alignment of concepts, practices and goals, for the whole Group. The Chief Risk Officer has veto power over any decision that is not subject to the approval of the Board of Directors or its Executive Committee that might have an impact on the Group risk levels. The Chief Risk Officer duties include:

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

Internal Capital Adequacy Assessment Process (ICAAP)

The ICAAP is a key process for the Group's risk management and is performed yearly, aiming at assessing the capital that the Group needs to adequately cover the risks in which it incurs by developing its business strategy, both current and projected for the medium term. This process also allows for the assessment of the strategic business plan's (and budget's) sustainability as well as the respective compliance with the approved RAS (Risk Appetite Statement).

The ICAAP is supported by the stress testing tools used regularly and includes a prospective vision of the impact estimates concerning the occurrence of risks over the Bank's capital, considering their scale or dimension, complexity, frequency and probability, against a background consisting of the medium term (3 years) projection for the developments of the Group's activities, considering a base scenario and a stress scenario.

The methodological approach is based on the definition and identification of a set of risks, covering more than 50 different risks, considering the relevancy of each one by taking into consideration its probability of occurrence and the magnitude of the impacts of its occurrence.

From this taxonomy of risks, the base and stressed scenarios are defined as the framework for the ICAAP. While the base scenario represents the Group's vision on the most probable evolution of the business constraints in the medium term, the stressed scenario incorporates extreme conditions, with low probability of occurrence but with severe impact over the Group's activity.

Hence, the various risks modelled within the stress testing methodology result in estimated impacts over the capital levels - either through P&L or through RWA levels - allowing to assess the adequacy of the Group's RTC (Risk Taking Capacity), considered as equivalent to total Own Funds.

The Group adopts a RTC level that is in line with the regulatory capital ratios defined by the CRD IV (Directive 2013/36/EU), the CRR (Regulation (EU) 575/2013) and Banco de Portugal's connected regulation, ensuring an adequate conservatism level in what concerns the approach to the projections of Consolidated Own Funds.

The ICAAP's results are tested against the regulatory capital ratio limits approved by the Board of Directors, within the scope of the Group's RAS. The exercises carried out to date show that the capital levels are adequate for a 3-year horizon, either under the base scenario or the stressed scenario.

Credit risk

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

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

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

In terms of activities carried out in the first half of 2015 to reinforce credit risk assessment, monitoring and control, in the different segments of the portfolio, the highlights are:

- The launching of an IRB application for the 'Special Purpose Vehicles' and for the 'Purchased Receivables' portfolios - i.e., in the last case, for Bills of Exchange, Factoring (with or without recourse) and Confirming ("Payments to Suppliers Service");
- As previously referred, the implementation of a new default definition, following the supervisory recommendations on this matter.

Loan portfolio evolution and breakdown

The following table shows the evolution of the Group's credit portfolio in the first half of the year, in for the main geographies in which it operates, in terms of EAD (Exposure at Default):

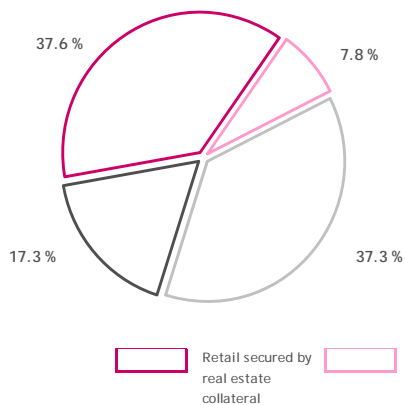
Country	Jun 15	Dec 14	(millions of Euros)	
			Change	
			Amount	%
Portugal (PT)	52,471	51,857	614	1.2%
Poland (PL)	16,077	14,642	1,435	9.8%
Angola (AO)	2,038	1,861	178	9.5%
Mozambique (MZ)	2,682	2,529	153	6.0%
PT+PL+AO+MZ	73,268	70,888	2,379	3.4%

The increased amounts for these four main Group portfolios, in Euros, result from some factors that are important to point out, as follows:

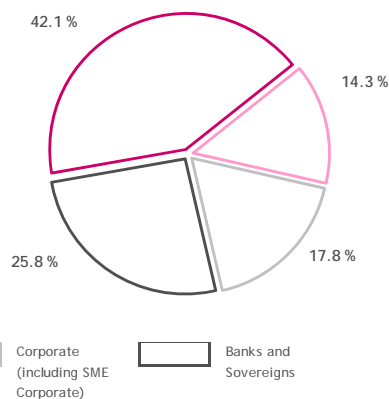
- In Portugal, the portfolio increase is mainly due to an increase in the 'Sovereign' and 'Banks' risk classes, as some reduction was verified for the Corporate and Retail portfolios;
- In Poland, the credit portfolio growth is due to the growth of the Corporate portfolio and, also, to the valuation of the Swiss Franc against the Euro, occurred at the beginning of 2015 (in this geography, a relevant part of the Mortgages portfolio is expressed in that currency);
- In what concerns the two African geographies, the growth of these portfolios in Euros, is a result of the business growth in these operations and of the US Dollar against the Euro valuation (the positions in USD in these geographies are relevant), even with a devaluation of the Kwanza and the Metical that occurred in the first semester of 2015.

The following charts present the breakdown by exposure segment of the loan portfolio, as at 30 June 2015, in these four countries:

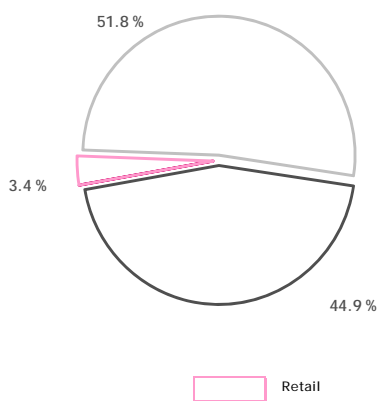
Portugal



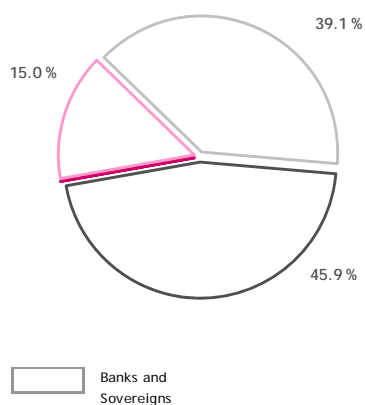
Poland



Angola

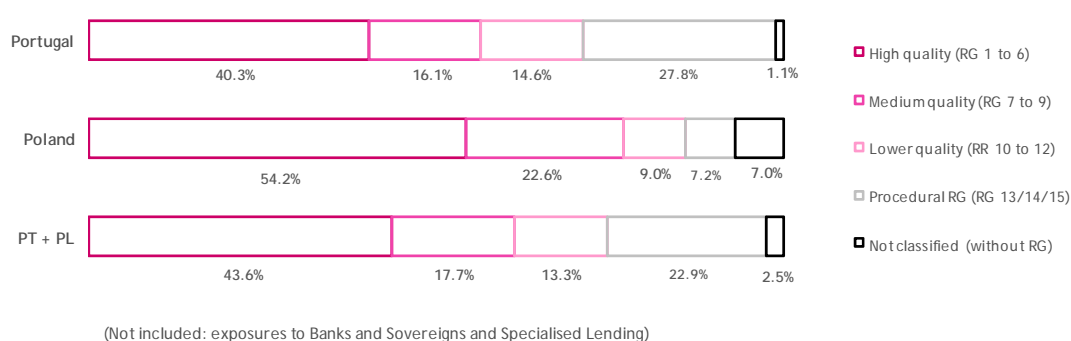


Mozambique



As a consequence of what was referred above, about the evolution of the credit portfolio in Portugal, there was an increase in the weight of 'Banks and Sovereigns' and a reduction of the weight of the 'Retail' and 'Corporate', from December 2014. In Angola and Mozambique the portfolio breakdown also registered an increase of the weight of 'Banks and Sovereigns' over the remaining segments, while in Poland the portfolio structure remained practically unchanged.

In what concerns the portfolio quality, as measured by the internal risk grades of the debtors in Portugal and Poland, in terms of their EAD, the situation was the following (as at 30 June 2015):



This distribution shows a continuity of the positive trend from the end of 2014: the EAD weight for medium or high quality risk grades was then 55.0% in Portugal and 75.9% in Poland (59.6% for both countries), being of 56.4% (PT), 76.8% (PL) and 61.3% (PT+PL) by 30 June 2015.

Main credit risk indicators

The following table illustrates the quarterly evolution of the main credit risk indicators between June 2014 and June 2015, in 2014, for the consolidated portfolio and for Portugal, Poland, Angola and Mozambique:

	Jun 15	Mar 15	Dec 14	Sep 14	Jun14
Group					
Non-performing Loans/Total Loans	6.8%	6.6%	6.7%	6.9%	6.7%
Past due Loans (> 90 d)/Total Loans	11.0%	10.6%	10.5%	10.6%	10.4%
Impairment/Total Loans	6.0%	5.8%	6.0%	5.9%	5.3%
Portugal					
Non-performing Loans/Total Loans	8.4%	8.1%	8.1%	8.3%	7.9%
Past due Loans (> 90 d)/Total Loans	13.5%	13.2%	12.7%	12.8%	12.4%
Impairment/Total Loans	6.9%	6.7%	6.8%	6.7%	5.8%
Poland					
Past due Loans (> 90 d)/Total Loans	2.9%	2.9%	2.9%	2.9%	2.8%
Impairment/Total Loans	3.0%	3.0%	3.0%	3.0%	3.1%
Mozambique					
Past due Loans (> 90 d)/Total Loans	3.9%	3.3%	3.5%	3.2%	3.3%
Impairment/Total Loans	4.7%	4.6%	4.6%	4.8%	5.0%
Angola					
Past due Loans (> 90 d)/Total Loans	7.8%	5.9%	5.3%	4.0%	3.5%
Impairment/Total Loans	4.5%	4.1%	4.0%	4.1%	4.0%

NPL = Non-performing loans

These values show stability in these indicators' evolution, both at consolidated level and in Poland. It should be referred that the coverage levels of NPL by impairment provisions has remained stable (or even with a slight increase).

Credit concentration risk

The weight of the 20 largest net exposures (LGD x EAD)* over the value of consolidated Own Funds (COF) and the weight of each of these exposures in total exposure (in terms of EAD), as at 30 June 2015 are presented in the following table:

* LGD = Loss given default

Clients' Groups	Net Exposure / Own Funds	EAD weight in total EAD
Group 1	7.5%	1.5%
Group 2	7.4%	1.6%
Group 3	3.1%	0.7%
Group 4	3.0%	0.6%
Group 5	2.5%	0.4%
Group 6	2.5%	0.5%
Group 7	2.3%	0.5%
Group 8	2.3%	0.5%
Group 9	2.1%	0.5%
Group 10	2.0%	0.3%
Group 11	1.9%	0.4%
Group 12	1.9%	0.4%
Group 13	1.8%	0.4%
Group 14	1.8%	0.4%
Group 15	1.7%	0.3%
Group 16	1.6%	0.3%
Group 17	1.5%	0.3%
Group 18	1.5%	0.3%
Group 19	1.4%	0.3%
Group 20	1.3%	0.2%
Total	51.2%	10.2%

These weights show a small reduction of the Group's credit portfolio concentration, since the weight of these 20 largest net exposures over the COF was of 53.5% and the weight of the EAD of these 20 exposures in total EAD was of 11.1%.

Operational risk

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

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

Within the scope of operational risk management, the main activities carried out in the first half of 2015 were the following:

- Continuation of the implementation/development of the operational risk control and management structures and mechanisms in Angola;
- Continuation of the reinforcement of the operational risk system, within the scope of the preparation of the Group's application to advanced approach (AMA - Advanced Measurement Approach) to the calculation of capital requirements for this type of risk;
- Formulation of a plan of action to address the recommendations of Banco de Portugal's inspection of the operational risk management framework;
- Training for process owners, focusing on the concepts involved in the "3 Lines of Defence" framework (for the awareness and further knowledge concerning the functions of each line of defence).

Operational risk management structure

The operational risk management system is based on a structure of end-to-end processes, considering that a vision which is transversal to the functional units of the organisational structure is the most suitable approach for the perception of risks and to estimate the effects of the corrective measures introduced for its mitigation. Furthermore, this processes model also underlies other strategic initiatives

related to the management of this risk, such as the quality certification (ISO 9001) of the main products and services offered, or the actions to improve operating efficiency and the management of business continuity.

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

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

Operational risks self-assessment (RSA)

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

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

The RSA exercises are based on workshops, attended by the Risk Office and with the participation of the process owners (and process managers), or performed through answers to questionnaires sent to the process owners, for a review of previous RSA results, according to predefined updating criteria.

Operational losses capture

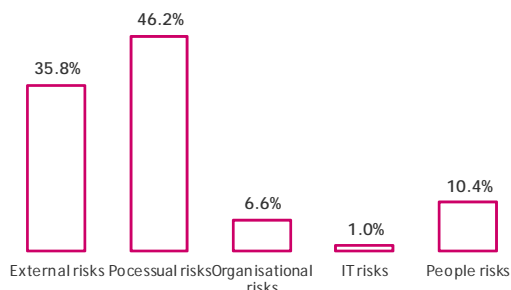
The operational losses data capture (i.e. the identification, registration and characterisation of operational losses and of the events that originated the losses), carried out by the Group for the operations covered by the operational risk management framework, aims to strengthen the awareness of this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

The detection and reporting of operational losses is a responsibility of all employees of the Group, the process owners playing a crucial role in the promotion of these procedures within the context of the processes for which they are responsible.

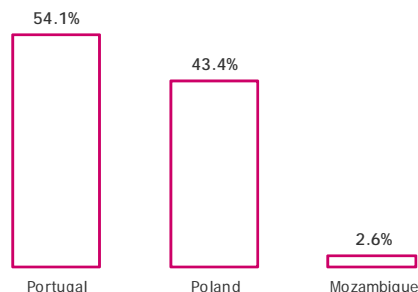
The identified events in which the losses, effective or potential, exceed the defined materiality limits (for each geographical area) are characterised by the process owners and process managers of processes to which the losses are related. Besides the description of the respective cause-effect, this characterisation includes the valuation of the loss and, when applicable, a description of the improvement action identified to mitigate the risk (based on the analysis of the loss cause).

The profile of the accumulated losses until 30 June 2015 is presented in the following charts:

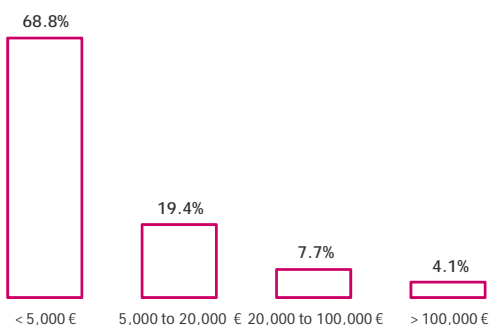
LOSS AMOUNT DISTRIBUTION
By type of event



LOSS AMOUNT DISTRIBUTION
By country



LOSS AMOUNT DISTRIBUTION
By amount range (in Euros)



Key risk indicators (KRI)

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

Business continuity management

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

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

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

Insurance Contracting

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

Market risks

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

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

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

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

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

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

Along the first semester of 2015, the internal control framework of market risks was strengthened and developed in accordance with recommendations issued by the Banco de Portugal. These tasks focused on the calculation of capital requirements for FX risk (Standardised Approach), as well as on the quality control of market data used in the Value-at-Risk (VaR) model to measure generic market risk.

Trading Book* market risks

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

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

For the daily measurement of general market risk (relative to interest rate risk, exchange rate risk, equity risk and price risk of credit default swaps) a VaR model is used, considering a time horizon of 10 business days and a significance level of 99%.

For non-linear risk, an internally-developed methodology is applied, replicating the effect that the main non-linear elements of options might have in P&L results of the different portfolios in which these are included, in a manner similar to that considered by the VaR methodology, using the same time horizon and significance level.

Specific and commodity risks are measured through standard methodologies defined in the applicable regulations, with an adequate change of the time horizon considered.

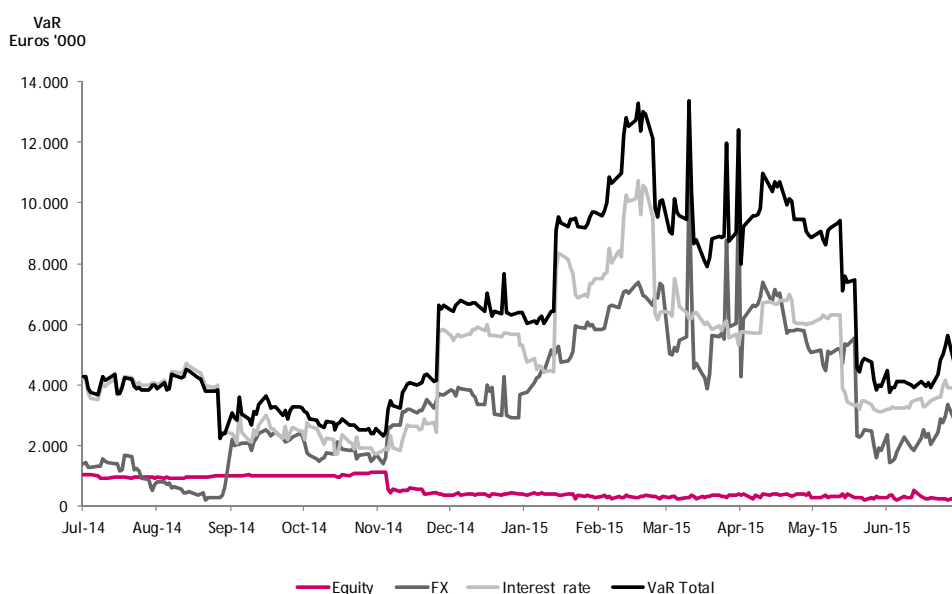
The following table presents the values at risk measured by the methodologies referred to above, for the trading book, between 31 December 2014 and 30 June 2015:

	thousands of Euros				
	Jun 15	Average	Max	Min	Dec 14
Generic risk (VaR)	3,716.2	5,900.0	10,209.4	3,072.4	5,367.8
Interest rate risk	3,691.6	5,539.2	9,792.5	3,127.8	5,092.0
FX risk	659.2	907.6	961.4	517.3	452.2
Equity risk	258.0	323.2	303.8	271.9	391.6
<i>Diversification effects (-)</i>	<i>892.6</i>	<i>870.0</i>	<i>848.3</i>	<i>844.6</i>	<i>567.9</i>
Specific risk	308.6	351.8	706.6	274.1	285.6
Non-linear risk	251.6	107.0	640.1	15.2	52.2
Commodities risk	14.0	17.2	211.8	11.1	15.1
Global risk	4,290.4	6,376.0	10,697.5	3,555.5	5,720.7

Notes:

- Holding term of 10 days and 99% of confidence level.
- Consolidated positions from Millennium bcp, Bank Millennium, Millennium Angola and Banco Internacional de Moçambique

Both the risk and the volatility levels were clearly higher in the first semester of 2015 than those verified for the second semester of 2014, as shown by the table above and the chart below (which illustrates the breakdown of the VaR for generic risk of the trading book in its 3 components - interest rate, FX and equity). In particular, these risk and volatility levels were associated to interest rate risk, connected to the Portuguese Public Debt Portfolio.



VaR model monitoring and validation

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

In this context, it should be referred that the exercise of hypothetical back-testing of the VaR model for the period between 1 July 2014 and 30 June 2015 for the trading book - through which the values registered for VaR are confronted with the hypothetical results of the model used - resulted in 4 excesses of value (relative to the results predicted by the model), which represents a frequency of 1.56% in 256 days of observation (a result that is in line with the expected value of excesses).

Stress tests on the trading book

Supplementary to the VaR calculation, the Group continuously tests a broad range of stress scenarios, analysing the respective results with a view to identify risk concentrations that have not been captured by the VaR model and, also, to test for other possible dimensions of loss. The results of these tests on the Group's trading book, as at 30 June 2015, were as follows:

millions of Euros		
Standard scenarios tested	Negative results scenario	Result
Parallel shift of the yield curve by +/- 100 bps	+ 100 b.p.	-6.2
Change in the slope of the yield curve (for maturities from 2 to 10 years) by +/- 25 bps	+ 25 b.p.	-0.4
Combinations of the previous 2 scenarios	- 100 b.p. and + 25 b.p.	-6.5
	+ 100 b.p. and - 25 b.p.	-5.8
Variation in the main stock market indices by +/- 30%	-30%	-1.6
Variation in foreign exchange rates (against the euro) by +/- 10% for the main currencies and by +/- 25% for other currencies	-10%, -25%	-1.5
Variation in swap spreads by +/- 20 bps	- 20 b.p.	-1.2
Non-standard scenarios tested	Negative results scenario/chosen scenario	Result
Widening/narrowing of the bid-ask spread	Widening	-0.2
Customized scenario ⁽¹⁾		-3.2
Historical scenarios ⁽²⁾	07/04/2011	-7.4
	22/09/2011	-6.5

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

Interest rate risk in the banking book

The interest rate risk derived from banking book operations is assessed through a process of risk sensitivity analysis, undertaken every month, covering all the operations included in the Group's consolidated Balance Sheet.

Variations of market interest rates influence the Group's net interest income, both in the short term and medium/long term, affecting its economic value in a long term perspective. The main risk factors arise from the repricing mismatch of portfolio positions (repricing risk) and from the risk of variation in market interest rates (yield curve risk). Besides this, but with less impact, there is the risk of unequal variations in different reference rates with the same repricing period (basis risk).

In order to identify the exposure of the Group's banking book to these risks, the monitoring of the interest rate risk takes into consideration the financial characteristics of the positions registered in the information systems, with the respective expected cash-flows being projected according to the repricing dates, thus calculating the impact on economic value resulting from alternative scenarios of change of market interest rate curves.

This analysis, reported to 30 June 2015 and performed by assessing the difference between the present value of the interest rate mismatch (discounted at market interest rates) and the value of this mismatch discounted at a +100 bps level (for all periods) results in a positive impact of about 56.6 millions of Euros, for positions denominated in Euros. For the mismatch discounted at a -100 bps level, the simulated impact is still positive, at around 2 millions of Euros.

The following table shows the breakdown of the impact of a +100 bps change in interest rates, for each of the banking book management areas and for the different residual terms to maturity of the positions in question:

(thousands of euros)

IMPACT OF A +100 BPS PARALLEL SHIFT OF THE YIELD CURVE						
Repricing gap in EUR						
	Repricing terms-to-maturity					
	< 1 Y	1 - 3 Y	3 - 5 Y	5 - 7 Y	> 7 Y	Total
Commercial area activity	70.0	83,033.0	344,413.0	9,843.0	-14,688.0	422,671.0
Structural area activity	-15,971.0	59,170.0	12,357.0	8,279.0	-3,925.0	59,911.0
Subtotal	-15,900.0	142,204.0	356,769.0	18,122.0	-18,612.0	482,582.0
Hedging	4,185.0	-202,043.0	-207,596.0	-12,053.0	10,249.0	-407,258.0
Commercial and Structural total	-11,716.0	-59,840.0	149,173.0	6,069.0	-8,363.0	75,324.0
Funding and hedging	-13,903.0	789.0	46,892.0	-6,060.0	-7,989.0	19,728.0
Investment portfolio	-21,970.0	-911.0	-1,855.0	-958.0	-6,736.0	-32,431.0
ALM	16,305.0	77,274.0	5,281.0	-67,551.0	-37,272.0	-5,963.0
Banking Book total in 30/06/2015	-31,282.0	17,311.0	199,491.0	-68,501.0	-60,361.0	56,658.0
Banking Book total in 31/12/2014	-24,789.0	62,031.0	150,126.0	-51,627.0	-44,124.0	91,617.0
Impact of a -100 bps parallel shift of the yield curve (*)						
Banking Book total in 30/06/2015	-2,433.0	-948.0	-101,906.0	40,079.0	67,271.0	2,064.0

(*) Scenario is limited to non-negative interest rates (implying effective changes smaller than 100 bps, particularly in the shortest terms).

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

Foreign exchange and equity risk in the banking book

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

As at 30 June 2015, the Group had its financial holdings in USD, CHF and PLN hedged (partially, in this last case). On a consolidated basis, these hedges are identified, in accounting terms, as 'Net investment hedges', in accordance with the IFRS nomenclature. On an individual basis, for entities which have financial holdings with exchange rate risk, hedge accounting is also carried out, in this case through a 'Fair Value Hedge' methodology (except for CHF).

Regarding equity risk, the Group holds equity positions of a non-significant size, which are not held for trading purposes. The management of these positions is carried out by a specific area of the Group, with their risk being included in the Investment area and controlled on a daily basis, through the indicators and limits defined for market risks. These positions and their risk are very small within the Group's investment portfolio, only representing around 7.0% of the VaR of this portfolio, as at 30 June 2015.

Liquidity risk

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

In the first half of 2015, the net funding needs of wholesale funding in Portugal did not register a material change, with the increase of the portfolio of Corporate and Sovereign debt being globally compensated by a further reduction in the commercial gap and by the sale of part of the holdings in Bank Millennium (Poland).

As the refinancing of medium/long term funding operations was limited to 368 millions of Euros in the first semester of 2015 (corresponding to the anticipated repurchase of senior debt and the repayment of bank loans), the funding structure registered, among other evolutions of lesser extent, in relation to December 2014, increases of 263 millions of Euros in short term operations with financial institutions and collateralised by securities (that attained a balance of 2,143 millions of Euros) and of 167 millions of Euros in bank loans (resulting from new borrowing from the European Investment Bank, in a total of 300 millions of Euros), as well as a reduction of 516 millions of Euros in the collateralised net financing with the European Central Bank (ECB), that attained a balance of 6,053 millions of Euros (thus continuing its decreasing trajectory observed in the last years).

The balance funded by the Eurosystem has registered, in the first half of 2015, the anticipated amortization of 500 millions of Euros and the subsequent maturity of the remaining balance of 3,500 millions of Euros, of a total of 12,000 millions of Euros taken in 2012, within the scope of the medium-term refinancing operations of the ECB. The rollover was made through the weekly and quarterly operations conducted regularly by the ECB.

The following table illustrates the wholesale funding structure, as at 30 June 2015 and 31 December 2014, in terms of the relative importance of each instrument used:

Liquidity breakdown			
(Wholesale funding)			
	30 Jun 2015	31 Dec 2014	Weight chg.
MM	4.4%	4.1%	0.3%
ECB	48.6%	50.5%	-1.9%
CoCo's	5.1%	5.7%	-0.6%
Commercial Paper	0.0%	0.0%	0.0%
Repos	19.1%	14.0%	5.1%
Loan agreements	7.9%	7.5%	0.4%
Schuldschein	0.8%	0.8%	-0.1%
EMTN	3.6%	5.5%	-1.9%
Equity Swaps	0.0%	0.0%	0.0%
Covered bonds	8.9%	9.8%	-1.0%
Subordinated debt	1.7%	1.9%	-0.2%
TOTAL	100.0%	100.0%	-

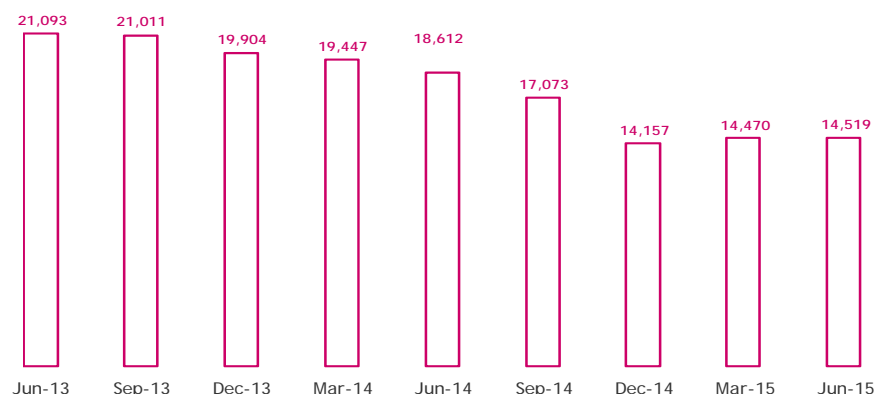
The Group's wholesale funding structure is defined for each annual period by the Liquidity Plan (which is an integral part of the budgeting process), formulated at a consolidated level and for the main subsidiaries of the Group. The preparation of this plan is coordinated by the Group Treasurer and its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

The decrease of the net balance financed by the ECB and the growth of the discountable collateral portfolio have allowed the liquidity buffer reinforcement by 878 millions of Euros, to a volume of 8,466 millions of Euros. The evolution of the portfolio of discountable collateral is illustrated by the following chart:

ELIGIBLE ASSETS FOR DISCOUNTING AT THE ECB

After haircuts

millions of Euros



(*) Total portfolio (includes used and not used assets, as well as the amounts temporarily out of the pool (until June 2014))

Control of liquidity risk

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

These indicators, as at 31 December 2014, showed zero value in the Treasuries of Portugal, Poland and Angola, signifying surplus liquidity in these geographic regions, both in immediate terms and at 3 months, reflecting the prudent management of the different Treasuries of the Group towards this risk.

At the same time, the evolution of the Group's liquidity position is calculated on a regular basis, identifying all the factors underlying the variations that have occurred.

The Group controls the structural liquidity profile through the regular monitoring of a set of indicators defined both internally and by regulation, intended to characterise the liquidity risk, such as the loans-to-deposits ratio (107% as at 30 June 2015), the medium-term liquidity gaps and wholesale markets funding coverage ratios by highly liquid assets (HLA).

Capital and Liquidity Contingency Plan

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

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

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

Pension Fund risk

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

The Pension Funds Risk Monitoring Committee is responsible for the regular monitoring of this risk and supervision of its respective management.

In the first half of 2015, the Defined Benefit Pension Fund registered a net weighted return rate of 0.46%. In spite of the gain registered until May (greater than 3%), the Fund lost 2.7% in June, not only due to the increasing yields of the domestic Public Debt but also because of the revaluation of unlisted shares.

Hence, during the first semester of 2015, the contribution of the equities component was practically neutral, since the positive performance of listed equities was offset by the devaluation of unlisted securities. Real estate and alternative investments have had a positive contribution to the global performance.

Models validation

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

Along the first semester of 2015, as planned, several monitoring, validation and review/improvement actions were performed on the credit and market risk models.

In the case of the credit risk models, these actions were performed over the models and rating systems for the Corporate and Retail risk classes, in their different components for models used in Portugal, with a highlight concerning the changes to the 'Investment Holdings' model, the new model for Special Purpose Vehicles and the use of an advanced approach to the treatment of Purchased Receivables.

Within the process of annual validation, the most significant models are the Probability of Default models (PD) - applied to the Small, Mid, and Large Corporates (for the Corporate risk class), the Small Businesses and the Mortgage models (for the Retail risk class) and the Loss Given Default (LGD) models, for both the Corporate and the Retail classes.

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

EXPOSURE TO ACTIVITIES AND PRODUCTS AFFECTED BY FINANCIAL CRISIS

The Group's portfolio does not have any material investments in complex financial products.

The Group carries out transactions with derivatives mainly to hedge structured products for Customers (guaranteed capital and other products), risks stemming from the Bank's day-to-day business, including the hedging of interest rate risk and exchange rate risk. The trading activity of the Group's own portfolio in derivatives is immaterial insofar as Group profits or risk exposure are concerned.

Over the years, the Group has carried out securitisation operations based on loans to individuals (mortgage loans and consumer credit) and loans to companies (current accounts and leasing). Credit securitisation is used as a liquidity and capital management tool, aimed at financing the Group's business and, under certain circumstances, to release capital. The Group has a very limited exposure to Special Purpose Entities (SPE), apart from that arising from its own securitisations and normal credit business, as described in the Notes on Accounting Policies and on Loans to Customers of the Consolidated Financial Statements. Furthermore, the accounting policies relative to SPE and securitisations have not been altered over the past 12 months.

The international financial crisis revealed structural imbalances in State expenditure in many jurisdictions of the world, including Greece, Ireland and Portugal. As at 30 June 2015, the Group's net exposure to Portuguese sovereign debt was Eur 4.5 billion, net exposure to Italian sovereign debt was Eur 52 million and net exposure to Spanish sovereign debt was Eur 46 million. Of the total of Eur 9.0 billion of consolidated public debt, Eur 1.2 billion was recorded under the portfolio of financial assets held for trading and Eur 7.9 billion under the portfolio of financial assets available for sale and held to maturity. Further information on exposure to the sovereign debt of countries of the European Union in bailout situations is presented in Note 54 of the Consolidated Financial Statements.

The Group's accounting policies are described in Note 1 of the Notes to the Financial Statements, included in the Accounts and Notes to the Accounts of First Half of 2015. Further information on valuation of financial assets and risk management is presented in the Notes on Financial assets held for trading and available for sale; Hedge derivatives; Financial assets held to maturity; Fair value reserves, Other reserves and Retained earnings; Fair value and Risk Management in the Report referred to above.

INTERNAL CONTROL SYSTEM

The Internal Control System is defined as the set of principles, strategies, policies, systems, processes, rules and procedures established in the Group aimed at ensuring:

- Efficient and profitable performance of the activity, in the medium and long term, ensuring the effective use of the assets and resources, the continuity of the business and survival of the Group, namely through an adequate management and control of the risks of the activity, through a prudent and correct assessment of the assets and liabilities, as well as through the implementation of mechanisms for prevention and protection against errors and fraud;
- The existence of financial and management information which is complete, pertinent, reliable and timely, to support decision-making and control processes, both at an internal and external level;
- Observance of the applicable legal and regulatory provisions issued by the Bank of Portugal, including those relative to the prevention of money laundering and terrorism financing, as well as professional and ethical standards and practices, internal and statutory rules, codes of conduct and Customer relations, guidelines of the governing bodies and recommendations of the Basel Banking Supervisory Committee and European Banking Authority (EBA), so as to preserve the image and reputation of the institution before its Customers, Shareholders, Employees and Supervisors.

In order to achieve these objectives, the Internal Control System is based on the Compliance function, the Risk Management function and Internal Audit function, which are exercised by centralised divisions and operate transversally across the Group. The Heads of these three Divisions are appointed by the Bank's Board of Directors, with the favourable opinion of the Nomination and Assessment Commission, which approves their technical and professional profiles as appropriate for the function at stake.

The Internal Control System is based on:

- An adequate internal control environment;
- A solid risk management system, aimed at the identification, evaluation, follow-up and control of all risks which might influence the Group's activities;
- An efficient information and communication system, designed to guarantee the collection, processing and transmission of relevant, encompassing and consistent data, within a timeframe and manner that allows for an effective and timely management and control of the institution's activity and risks;
- An effective monitoring process, implemented with a view to ensuring the adequacy and effectiveness of the actual internal control system over time, to immediately identify any flaws (defined as the group of existing, potential or real defects, or opportunities for the introduction of improvements that will strengthen the internal control system), and ensuring the triggering of corrective actions; and
- Strict compliance with all legal and regulatory provisions in force by the Group's employees in general, and by the people who hold senior or managerial positions, including members of the management board, to ensure compliance with the Group's Code of Conduct and other codes of conduct applicable to the banking, financial, insurance and brokerage (of securities or derivatives) activities.

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

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

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

This system is adequately planned, reviewed and documented and is supported by risk identification, assessment, monitoring and control processes, which include appropriate and clearly defined policies

and procedures, aimed at ensuring that the objectives of the institution are achieved and that the necessary measures are taken to respond adequately to previously identified risks.

The Information and Reporting System ensures the existence of information which is substantive, up-to-date, understandable, consistent, timely and reliable, so as to enable an overall and encompassing view of the financial situation, the development of the business, the achievement of the defined strategy and objectives, the risk profile of the institution and the behaviour and prospective evolution of relevant markets.

The financial information process is supported by the accounting and management support systems which record, classify, associate and archive, in a timely, systematic, reliable, complete and consistent manner, all the operations carried out by the institutions and its subsidiaries, in accordance with the rulings and policies issued by the Executive Board of Directors.

The Monitoring Process includes all the control and assessment actions developed with a view to ensure the effectiveness and adequacy of the internal control system, through the identification of deficiencies in the system, either in terms of its design, implementation and/or use. The control and monitoring actions are implemented on a continuous basis and as an integral part of the Group's routines, being complemented with regular or exceptional autonomous assessments. Any deficiencies of material impact which might be detected through the control procedures are duly registered, documented and reported to the appropriate management and supervisory boards.

In this context, the Internal Audit Function is performed by the Audit Division on a permanent and independent basis, assessing, at all times and pursuant to the established plan, the adequacy and effectiveness of the different components of the internal control system, as a whole, issuing recommendations based on the outcome of those assessments.

These subsystems of the Internal Control System are managed by the Risk Office and Compliance Office in terms of Risk Management and by the Planning and Control Department of the Planning, Research and ALM Division, the Accounts and Consolidation Division and the areas responsible for accounting in the different subsidiaries, for Information and Reporting.

The activity of the Risk Office is transversal across the Group and includes the coordination of the local risk management structures. The activity of the Compliance Office is also transversal to all Institutions of the Group, in terms of applicable compliance policies, with observance of the legal specificities of each jurisdiction. The Accounting and Consolidation Division and the Planning and Control Department of the Planning, Research and ALM Division receive and centralise the financial information of all the subsidiaries. The Audit Department is responsible for the onsite monitoring of the internal control system, performing this duty transversally.

The Risk Office, the Compliance Office, the Accounting and Consolidation Division, the Planning and Control Department of the Planning, Research and ALM Division and the Audit Division ensure the implementation of the procedures and means required to obtain all the relevant information for the information consolidation process at Group level - both of accounting nature and relative to management support and risk monitoring and control - which should include:

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

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

	Page
I. Business Model	
1. Description of the business model (i.e. reasons for the development of the activities/businesses and respective contribution to the process of creation of value) and, if applicable, of any changes made (for example as a result of the period of turbulence).	<i>AR (Management Report) - Business Model, page 11-14; Governance Model, page 15-16; Review of the Business Areas, page 57-78</i>
2. Description of strategies and objectives (including those specifically related to the undertaking of securitisation operations and operations with structured products).	<i>AR (Management Report) - Strategy, page 38-39</i>
3. Description of the importance of the activities developed and respective contribution to the business (including in quantitative terms).	<i>AR (Management Report) - Review of the Business Areas, page 57-78 (Accounts and Notes to the Accounts) - Indicators of the Consolidated Balance Sheet and Income Statement by business and geographic segment</i>
4. Description on the type of activities including a description of the instruments used, their operation and qualifying criteria that the products/investments must meet.	<i>AR (Management Report) - Risk Management, page 83-99 (Accounts and Notes to the Accounts) - Financial assets held for trading and available for sale; Hedge derivatives; Financial assets held to maturity</i>
5. Description of the objective and extent of the involvement of the institution (i.e. commitments and obligations assumed) relative to each activity developed.	
II. Risks and Risk Management	
6. Description of the nature and extent of risks incurred in relation to the activities developed and instruments used.	<i>AR (Management Report) - Risk Management, page 83-99; (Accounts and Notes to the Accounts) - Earnings from trading and hedge operations; Earnings from financial assets available for sale; Risk Management</i>
7. Description of risk management practices (including, in particular, under current circumstances, liquidity risk) of relevance to the activities, description of any identified weaknesses and corrective measures that have been adopted. (In the current crisis, particular attention should be given to liquidity risk.)	<i>AR (Management Report) - Risk Management, page 83-99; (Accounts and Notes to the Accounts) - Risk Management</i>
III. Impact of the period of financial turbulence on earnings	
8. Qualitative and quantitative description of earnings, focusing on losses (when applicable) and the impact of write-downs on earnings.	<i>AR (Management Report) - Results and Balance Sheet, page 44-56; (Accounts and Notes to the Accounts) - Earnings from trading and hedge operations; Earnings from financial assets available for sale</i>

[†] of the Financial Stability Board (FSB) and European Banking Authority (EBA).

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9. Breakdown of write-downs/losses by type of product and instrument affected by the period of turbulence, namely, the following: commercial mortgage-backed securities (CMBS), residential mortgage-backed securities (RMBS), collateralised debt obligations (CDO) and asset-backed securities (ABS).	<i>AR (Management Report) - Information on exposure to activities and products affected by the financial crisis, page 100</i>
10. Description of the reasons and factors responsible for the impact incurred.	<i>AR (Management Report) - Economic Environment, page 33</i>
11. Comparison of i) impacts between (relevant) periods; and ii) financial statements before and after the impact of the period of turbulence.	<i>AR (Management Report) - Results and Balance Sheet, page 44-56</i>
12. Distribution of write-downs between unrealised and realised amounts.	<i>AR (Management Report) - Risk Management, page 83-99; (Accounts and Notes to the Accounts) - Earnings from trading and hedge operations; Earnings from financial assets available for sale; Fair value reserves, other reserves and retained earnings</i>
13. Description of the influence of the financial turbulence on the entity's share price.	<i>AR (Management Report) - BCP Share, page 27-31</i>
14. Disclosure of maximum loss risk and description how the institution's situation could be affected by the prolonging or exacerbation of the period of turbulence or by the market's recovery.	<i>AR (Management Report) - Risk Management, page 83-99; (Accounts and Notes to the Accounts) - Fair value reserves, other reserves and retained earnings</i>
15. Disclosure of the impact that the evolution of the spread associated to the institution's own liabilities had on net income, as well as the methods used to determine this impact.	<i>AR (Management Report) - Results and Balance Sheet, page 44-56; (Accounts and Notes to the Accounts) - Fair Value</i>
IV Levels and types of exposure affected by the period of turbulence	
16. Nominal amount (or amortised cost) and fair values of "live" exposure.	<i>AR (Management Report) - Information on exposure to activities and products affected by the financial crisis, page 100; (Accounts and Notes to the Accounts) - Financial assets held for trading and available for sale; Hedge derivatives; Financial assets held to maturity</i>
17. Information on mitigation of credit risk (i.e. through credit default swaps) and the respective effect on existing exposure.	<i>AR (Management Report) - Information on exposure to activities and products affected by the financial crisis, page 100</i>

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<p>18. Detailed disclosure of exposure, with breakdown by:</p> <ul style="list-style-type: none"> – Seniority level of exposure/tranches held; – Credit quality level (i.e. ratings, vintages); – Geographic origin; – Activity sector; – Source of the exposure (issued, retained or acquired); – Product characteristics: i.e. ratings, weight/portion of associated subprime assets, discount rates, spreads, funding; – Characteristics of the underlying assets: i.e. vintages, loan-to-value ratios, information on liens, weighted average life of the underlying asset, assumptions on the evolution of situations of prepayment, and expected losses. 	<i>AR (Management Report) - Information on exposure to activities and products affected by the financial crisis, page 100</i>
<p>19. Movements that have occurred in exposures between relevant reporting periods and the underlying reasons for these variations (sales, write-downs, purchases, etc.).</p>	<i>AR (Management Report) - Information on exposure to activities and products affected by the financial crisis, page 100</i>
<p>20. Explanation of exposure (including "vehicles" and, in this case, the respective activities) that have not been consolidated (or that have been recognised during the crisis) and the associated reasons.</p>	<i>AR (Management Report) - Information on exposure to activities and products affected by the financial crisis, page 100</i>
<p>21. Exposure to monoline insurers and quality of the insured assets:</p> <ul style="list-style-type: none"> – Nominal value (or amortised cost) of the insured exposure, as well as of the amount of acquired credit protection; – Fair values of "live" exposure, as well as the respective credit protection; – Value of write-downs and losses, differentiated between realised and unrealised amounts; – Breakdown of exposure by rating or counterpart. 	<i>AR (Management Report) - Information on exposure to activities and products affected by the financial crisis, page 100</i>
V. Accounting policies and valuation methods	
<p>22. Classification of the transactions and structured products for accounting purposes and the respective accounting treatment.</p>	<i>AR (Management Report) - Information on exposure to activities and products affected by the financial crisis, page 100; (Accounts and Notes to the Accounts) - Fair value reserves, other reserves and retained earnings; Fair value</i>
<p>23. Consolidation of Special Purpose Entities (SPE) and other "vehicles", and their reconciliation with structured products affected by the period of turbulence.</p>	<i>AR (Management Report) - Information on exposure to activities and products affected by the financial crisis, page 100; (Accounts and Notes to the Accounts) - Accounting Policies</i>

		Page
24.	<p>Detailed disclosures on the fair value of financial instruments:</p> <ul style="list-style-type: none"> – Financial instruments to which fair value is applied; – Hierarchy of fair value (breakdown of all exposure stated at fair value) and breakdown between liquid assets and derivative instruments, as well as disclosures on migration between hierarchical levels); – Treatment of day 1 profits (including quantitative information); – Use of the fair value option (including its conditions for use) and respective amounts (with appropriate breakdown). 	<p>AR (Management Report) - Risk Management, page 83-99 (Accounts and Notes to the Accounts) - Financial assets held for trading and available for sale; Hedge derivatives; Financial assets held to maturity; Fair value reserves, other reserves and retained earnings; Fair value</p>
25.	<p>Description of modelling techniques used for the valuation of financial instruments, including information on:</p> <ul style="list-style-type: none"> – Modelling techniques and instruments to which they are applied; – Valuation processes (including, in particular, assumptions and inputs underlying the models); – Types of adjustment applied to reflect model risk and other valuation uncertainties; – Sensitivity of the fair value (namely to variations in key assumptions and inputs); – Stress scenarios. 	<p>AR (Management Report) - Risk Management, page 83-99; (Accounts and Notes to the Accounts) - Fair Value, Risk Management</p>
VI.	Other relevant aspects in disclosures	
26.	<p>Description of the disclosure policies and principles used in the reporting of disclosures and in financial reporting.</p>	<p>AR (Management Report) - Risk Management, page 83-99; (Accounts and Notes to the Accounts) - Accounting Policies; Fair Value, Risk Management</p>

Supplementary Information

FINANCIAL STATEMENTS FOR THE FIRST HALF OF 2015

BANCO COMERCIAL PORTUGUÊS

Consolidated Income Statement for the six months period ended 30 June, 2015 and 2014

(Thousands of Euros)

	30 June 2015	30 June 2014
Interest and similar income	1,170,383	1,349,673
Interest expense and similar charges	(542,386)	(853,714)
Net interest income	627,997	495,959
Dividends from equity instruments	5,721	5,726
Net fees and commission income	350,663	341,183
Net gains / losses arising from trading and hedging activities	100,964	54,643
Net gains / losses arising from available for sale financial assets	407,294	120,518
Other operating income	(38,401)	(50,071)
	1,454,238	967,958
Other net income from non banking activity	8,575	9,220
Total operating income	1,462,813	977,178
Staff costs	308,926	323,391
Other administrative costs	213,019	221,495
Depreciation	33,264	31,816
Operating costs	555,209	576,702
Operating net income before provisions and impairments	907,604	400,476
Loans impairment	(474,979)	(371,630)
Other financial assets impairment	(26,977)	(39,129)
Other assets impairment	(54,242)	(30,296)
Other provisions	(10,611)	(44,529)
Operating net income	340,795	(85,108)
Share of profit of associates under the equity method	20,616	22,994
Gains / (losses) from the sale of subsidiaries and other assets	(12,129)	64,138
Net (loss) / income before income tax	349,282	2,024
Income tax		
Current	(44,803)	(62,332)
Deferred	(9,645)	61,786
Net (loss) / income after income tax from continuing operations	294,834	1,478
Income arising from discontinued operations	14,762	(33,605)
Net income after income tax	309,596	(32,127)
Attributable to:		
Shareholders of the Bank	240,744	(84,723)
Non-controlling interests	68,852	52,596
Net income for the period	309,596	(32,127)
Earnings per share (in euros)		
Basic	0.010	(0.005)
Diluted	0.010	(0.005)

BANCO COMERCIAL PORTUGUÊS

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

(Thousands of Euros)

	30 June 2015	31 December 2014	30 June 2014
<i>Assets</i>			
Cash and deposits at central banks	2,426,845	1,707,447	1,927,947
Loans and advances to credit institutions			
Repayable on demand	1,140,761	795,774	720,556
Other loans and advances	831,021	1,456,026	1,012,571
Loans and advances to customers	53,408,642	53,685,648	55,547,340
Financial assets held for trading	2,216,887	1,674,240	1,446,531
Financial assets available for sale	11,703,642	8,263,225	10,490,124
Assets with repurchase agreement	31,273	36,423	76,748
Hedging derivatives	80,927	75,325	80,318
Financial assets held to maturity	436,742	2,311,181	2,744,023
Investments in associated companies	305,399	323,466	443,223
Non current assets held for sale	1,674,727	1,622,016	1,570,787
Investment property	166,383	176,519	179,632
Property and equipment	706,101	755,451	728,803
Goodwill and intangible assets	207,162	252,789	249,373
Current tax assets	40,549	41,895	39,228
Deferred tax assets	2,544,567	2,398,562	2,195,773
Other assets	808,769	784,929	964,985
	<u>78,730,397</u>	<u>76,360,916</u>	<u>80,417,962</u>
<i>Liabilities</i>			
Amounts owed to credit institutions	12,412,919	10,966,155	13,080,280
Amounts owed to customers	50,601,098	49,816,736	48,806,841
Debt securities	5,262,904	5,709,569	8,314,944
Financial liabilities held for trading	824,229	952,969	921,285
Hedging derivatives	779,339	352,543	243,834
Provisions for liabilities and charges	302,817	460,293	415,881
Subordinated debt	1,660,517	2,025,672	3,928,769
Current income tax liabilities	6,530	31,794	7,932
Deferred income tax liabilities	13,081	6,686	7,257
Other liabilities	1,216,093	1,051,592	1,342,804
Total Liabilities	<u>73,079,527</u>	<u>71,374,009</u>	<u>77,069,827</u>
<i>Equity</i>			
Share capital	4,094,235	3,706,690	1,465,000
Treasury stock	(120,090)	(13,547)	(32,755)
Share premium	16,471	-	-
Preference shares	171,175	171,175	171,175
Other capital instruments	9,853	9,853	9,853
Fair value reserves	(100,881)	106,898	187,521
Reserves and retained earnings	313,670	458,087	921,526
Net income for the period attributable to Shareholders	240,744	(226,620)	(84,723)
Total Equity attributable to Shareholders of the Bank	4,625,177	4,212,536	2,637,597
Non-controlling interests	1,025,693	774,371	710,538
Total Equity	<u>5,650,870</u>	<u>4,986,907</u>	<u>3,348,135</u>
	<u>78,730,397</u>	<u>76,360,916</u>	<u>80,417,962</u>

Accounts and Notes to the Consolidated Accounts for the First Half of 2015

BANCO COMERCIAL PORTUGUÊS
Consolidated Income Statement
for the six months period ended 30 June, 2015 and 2014

	Notes	30 June 2015	30 June 2014
		(Thousands of Euros)	
Interest and similar income	3	1,170,383	1,349,673
Interest expense and similar charges	3	(542,386)	(853,714)
Net interest income		627,997	495,959
Dividends from equity instruments	4	5,721	5,726
Net fees and commissions income	5	350,663	341,183
Net gains / (losses) arising from trading and hedging activities	6	100,964	54,643
Net gains / (losses) arising from financial assets available for sale	7	407,294	120,518
Other operating income / (costs)	8	(38,401)	(50,071)
		1,454,238	967,958
Other net income from non banking activities		8,575	9,220
Total operating income		1,462,813	977,178
Staff costs	9	308,926	323,391
Other administrative costs	10	213,019	221,495
Depreciation	11	33,264	31,816
Operating expenses		555,209	576,702
Operating net income before provisions and impairment		907,604	400,476
Loans impairment	12	(474,979)	(371,630)
Other financial assets impairment	13	(26,977)	(39,129)
Other assets impairment	27 and 32	(54,242)	(30,296)
Other provisions	14	(10,611)	(44,529)
Operating net income / (loss)		340,795	(85,108)
Share of profit of associates under the equity method	15	20,616	22,994
Gains / (losses) arising from the sale of subsidiaries and other assets	16	(12,129)	64,138
Net income / (loss) before income tax		349,282	2,024
Income tax			
Current	31	(44,803)	(62,332)
Deferred	31	(9,645)	61,786
Income / (loss) after income tax from continuing operations		294,834	1,478
Income / (loss) arising from discontinued operations	17	14,762	(33,605)
Net income / (loss) after income tax		309,596	(32,127)
Consolidated net income / (loss) for the period attributable to:			
Shareholders of the Bank		240,744	(84,723)
Non-controlling interests	44	68,852	52,596
Net income / (loss) for the period		309,596	(32,127)
Earnings per share (in Euros)	18		
Basic		0.010	(0.005)
Diluted		0.010	(0.005)

CHIEF ACCOUNTANT

THE EXECUTIVE COMMITTEE

BANCO COMERCIAL PORTUGUÊS

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

	Notes	30 June 2015	31 December 2014
		(Thousands of Euros)	
Assets			
Cash and deposits at Central Banks	19	2,426,845	1,707,447
Loans and advances to credit institutions			
Repayable on demand	20	1,140,761	795,774
Other loans and advances	21	831,021	1,456,026
Loans and advances to customers	22	53,408,642	53,685,648
Financial assets held for trading	23	2,216,887	1,674,240
Financial assets available for sale	23	11,703,642	8,263,225
Assets with repurchase agreement		31,273	36,423
Hedging derivatives	24	80,927	75,325
Financial assets held to maturity	25	436,742	2,311,181
Investments in associated companies	26	305,399	323,466
Non-current assets held for sale	27	1,674,727	1,622,016
Investment property	28	166,383	176,519
Property and equipment	29	706,101	755,451
Goodwill and intangible assets	30	207,162	252,789
Current income tax assets		40,549	41,895
Deferred income tax assets	31	2,544,567	2,398,562
Other assets	32	808,769	784,929
Total Assets		78,730,397	76,360,916
Liabilities			
Deposits from credit institutions	33	12,412,919	10,966,155
Deposits from customers	34	50,601,098	49,816,736
Debt securities issued	35	5,262,904	5,709,569
Financial liabilities held for trading	36	824,229	952,969
Hedging derivatives	24	779,339	352,543
Provisions	37	302,817	460,293
Subordinated debt	38	1,660,517	2,025,672
Current income tax liabilities		6,530	31,794
Deferred income tax liabilities	31	13,081	6,686
Other liabilities	39	1,216,093	1,051,592
Total Liabilities		73,079,527	71,374,009
Equity			
Share capital	40	4,094,235	3,706,690
Share premium		16,471	-
Preference shares	40	171,175	171,175
Other capital instruments	40	9,853	9,853
Treasury stock	43	(120,090)	(13,547)
Fair value reserves	42	(100,881)	106,898
Reserves and retained earnings	42	313,670	458,087
Net income / (loss) for the period attributable to Shareholders		240,744	(226,620)
Total Equity attributable to Shareholders of the Bank		4,625,177	4,212,536
Non-controlling interests	44	1,025,693	774,371
Total Equity		5,650,870	4,986,907
		78,730,397	76,360,916

CHIEF ACCOUNTANT

THE EXECUTIVE COMMITTEE

BANCO COMERCIAL PORTUGUÊS

Consolidated Income Statement for the three month period between 1 April and 30 June 2015 and 2014

	Second quarter 2015	Second quarter 2014
	(Thousands of Euros)	
Interest and similar income	562,750	678,442
Interest expense and similar charges	(263,114)	(418,876)
Net interest income	299,636	259,566
Dividends from equity instruments	3,770	2,453
Net fees and commissions income	180,742	176,538
Net gains / (losses) arising from trading and hedging activities	77,278	36,202
Net gains / (losses) arising from available for sale financial assets	230,845	27,050
Other operating income / (costs)	(20,809)	(37,103)
	771,462	464,706
Other net income from non banking activities	4,326	5,172
Total operating income	775,788	469,878
Staff costs	155,672	163,220
Other administrative costs	106,360	113,945
Depreciation	16,600	15,936
Operating expenses	278,632	293,101
Operating net income before provisions and impairment	497,156	176,777
Loans impairment	(269,381)	(179,891)
Other financial assets impairment	(8,022)	(35,484)
Other assets impairment	(13,000)	(14,973)
Other provisions	(684)	(4,136)
Operating net income / (loss)	206,069	(57,707)
Share of profit of associates under the equity method	14,558	9,915
Gains / (losses) from the sale of subsidiaries and other assets	(7,452)	70,246
Net income / (loss) before income tax	213,175	22,454
Income tax		
Current	(15,221)	(29,673)
Deferred	(2,907)	23,678
Income / (loss) after income tax from continuing operations	195,047	16,459
Income / (loss) arising from discontinued operations	13,986	(33,259)
Net income / (loss) after income tax	209,033	(16,800)
Attributable to:		
Shareholders of the Bank	170,331	(43,993)
Non-controlling interests	38,702	27,193
Net income / (loss) for the period	209,033	(16,800)

CHIEF ACCOUNTANT

THE EXECUTIVE COMMITTEE

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

	30 June 2015	30 June 2014
	(Thousands of Euros)	
<i>Cash flows arising from operating activities</i>		
Interest income received	1,116,764	1,264,498
Commissions received	411,105	431,999
Fees received from services rendered	38,179	53,535
Interest expense paid	(602,249)	(901,954)
Commissions paid	(98,066)	(139,874)
Recoveries on loans previously written off	19,450	8,188
Net earned premiums	18,044	14,696
Claims incurred of insurance activity	(5,566)	(5,146)
Payments to suppliers and employees	(745,784)	(761,299)
	<u>151,877</u>	<u>(35,357)</u>
<i>Decrease / (increase) in operating assets:</i>		
Receivables from / (Loans and advances to) credit institutions	537,410	(52,365)
Deposits held with purpose of monetary control	(645,510)	1,073,704
Loans and advances to customers	436,251	2,008,617
Short term trading account securities	(670,319)	(99,846)
<i>Increase / (decrease) in operating liabilities:</i>		
Deposits from credit institutions repayable on demand	44,253	20,308
Deposits from credit institutions with agreed maturity date	1,457,760	(398,271)
Deposits from clients repayable on demand	2,914,553	634,989
Deposits from clients with agreed maturity date	(2,111,962)	(1,236,433)
	<u>2,114,313</u>	<u>1,915,346</u>
Income taxes (paid) / received	(49,321)	(44,088)
	<u>2,064,992</u>	<u>1,871,258</u>
<i>Cash flows arising from investing activities</i>		
Sale of shares in subsidiaries and associated companies	320,520	125,963
Dividends received	40,099	9,107
Interest income from available for sale financial assets and held to maturity financial assets	191,093	254,213
Sale of available for sale financial assets	9,823,712	6,895,534
Acquisition of available for sale financial assets	(29,400,365)	(43,118,804)
Maturity of available for sale financial assets	17,906,965	35,351,902
Acquisition of tangible and intangible assets	(30,780)	(43,480)
Sale of tangible and intangible assets	17,911	12,049
Decrease / (increase) in other sundry assets	(37,109)	(479,108)
	<u>(1,167,954)</u>	<u>(992,624)</u>
<i>Cash flows arising from financing activities</i>		
Issuance of subordinated debt	688	612
Reimbursement of subordinated debt	(2,400)	(400,075)
Issuance of debt securities	233,587	3,425,088
Reimbursement of debt securities	(785,829)	(4,686,520)
Issuance of commercial paper and other securities	104,747	123,078
Reimbursement of commercial paper and other securities	(3,409)	(8,651)
Dividends paid to non-controlling interests	(10,157)	(31,055)
Increase / (decrease) in other sundry liabilities and non-controlling interests	(62,911)	235,968
	<u>(525,684)</u>	<u>(1,341,555)</u>
Exchange differences effect on cash and equivalents	(40,201)	(12,695)
Net changes in cash and equivalents	331,153	(475,616)
Cash and equivalents at the beginning of the period	<u>1,398,584</u>	<u>1,733,730</u>
Cash (note 19)	588,976	537,558
Other short term investments (note 20)	<u>1,140,761</u>	<u>720,556</u>
Cash and equivalents at the end of the period	<u><u>1,729,737</u></u>	<u><u>1,258,114</u></u>

BANCO COMERCIAL PORTUGUÊS
Consolidated Statement of Changes in Equity
for the six months period ended 30 June, 2015 and 2014

(Amounts expressed in thousands of Euros)

	Other comprehensive income				Other reserves and retained earnings		Treasury stock		Equity attributed to the Shareholders of the Bank		Non-controlling interests		Total equity
	Share capital	Preference shares	Other capital instruments	Share premium	Legal and statutory reserves	Fair value and cash flow hedged reserves	Other						
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	-	-	-	-	-	-	(8,154)	-	-	(8,154)	(4,541)		(12,695)
Fair value reserves (note 42)	-	-	-	-	-	165,210	-	-	-	165,210	945		166,155
Deferred tax of actuarial losses													
Gross value	-	-	-	-	-	-	(547)	-	-	(547)	-		(547)
Taxes	-	-	-	-	-	-	(6,892)	-	-	(6,892)	-		(6,892)
Net (loss) / income for the period	-	-	-	-	-	-	-	(84,723)	-	(84,723)	52,596		(32,127)
Total comprehensive income for the period	-	-	-	-	-	165,210	(15,593)	(84,723)	-	64,894	49,000		113,894
Share capital decrease (note 40)	(2,035,000)	-	-	-	-	-	-	2,035,000	-	-	-		-
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)	-	-	-	-	-	-	-	-	(10,010)	(10,010)	-		(10,010)
Other reserves arising on consolidation (note 42)	-	-	-	-	-	-	-	(494)	-	(494)	(8)		(502)
Balance on 30 June, 2014	1,465,000	171,175	9,853	-	223,270	187,521	(1,966,383)	2,579,916	(32,755)	2,637,597	710,538		3,348,135
Other comprehensive income													
Exchange differences arising on consolidation	-	-	-	-	-	-	19,073	-	-	19,073	4,226		23,299
Fair value reserves (note 42)	-	-	-	-	-	(80,623)	-	-	-	(80,623)	(1,352)		(81,975)
Deferred tax of actuarial losses													
Gross value	-	-	-	-	-	-	(477,312)	-	-	(477,312)	(500)		(477,812)
Taxes	-	-	-	-	-	-	41,135	-	-	41,135	41		41,176
Net (loss) / income for the period	-	-	-	-	-	-	-	(141,897)	-	(141,897)	57,464		(84,433)
Total comprehensive income for the period	-	-	-	-	-	(80,623)	(417,104)	(141,897)	-	(639,624)	59,879		(579,745)
Share capital increase (note 40)	2,241,690	-	-	-	-	-	-	-	-	2,241,690	-		2,241,690
Costs related to the share capital increase	-	-	-	-	-	-	-	(57,718)	-	(57,718)	-		(57,718)
Tax related to costs arising from the share capital increase	-	-	-	-	-	-	-	12,121	-	12,121	-		12,121
Acquisition of 54.01% of the Units of the Investment Fund DP Invest	-	-	-	-	-	-	-	-	-	-	3,932		3,932
Treasury stock (note 43)	-	-	-	-	-	-	-	-	19,208	19,208	-		19,208
Other reserves arising on consolidation (note 42)	-	-	-	-	-	-	-	(738)	-	(738)	22		(716)
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	-	-	-	-	-	-	(17,717)	-	-	(17,717)	(22,484)		(40,201)
Fair value reserves (note 42)	-	-	-	-	-	(207,779)	-	-	-	(207,779)	(12,672)		(220,451)
Deferred tax of actuarial losses													
Gross value	-	-	-	-	-	-	(37,405)	-	-	(37,405)	-		(37,405)
Taxes	-	-	-	-	-	-	62,593	-	-	62,593	-		62,593
Net (loss) / income for the period	-	-	-	-	-	-	-	240,744	-	240,744	68,852		309,596
Total comprehensive income for the period	-	-	-	-	-	(207,779)	7,471	240,744	-	40,436	33,696		74,132
Share capital increase (note 40)	387,545	-	-	16,471	-	-	-	-	-	404,016	-		404,016
Costs related to the share capital increase	-	-	-	-	-	-	-	(267)	-	(267)	-		(267)
Tax related to costs arising from the share capital increase	-	-	-	-	-	-	-	56	-	56	-		56
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)	-	-	-	-	-	-	-	31,089	-	31,089	227,910		258,999
Treasury stock (note 43)	-	-	-	-	-	-	-	43,697	(106,543)	(62,846)	-		(62,846)
Other reserves arising on consolidation (note 42)	-	-	-	-	-	-	3,486	(3,329)	-	157	(127)		30
Balance on 30 June, 2015	4,094,235	171,175	9,853	16,471	223,270	(100,881)	(2,372,530)	2,703,674	(120,090)	4,625,177	1,025,693		5,650,870

See accompanying notes to the interim consolidated financial statements

BANCO COMERCIAL PORTUGUÊS

Statement of Comprehensive income six months period ended 30 June, 2015 and 2014

30 June 2015					
(Thousands of Euros)					
Notes	Continuing operations	Discontinued operations	Total	Attributable to	
				Shareholders of the Bank	Non-controlling interests
<i>Items that may be reclassified to the income statement</i>					
Fair value reserves	(305,701)	-	(305,701)	(290,037)	(15,664)
Taxes	85,250	-	85,250	82,258	2,992
	(220,451)	-	(220,451)	(207,779)	(12,672)
Exchange differences arising on consolidation	(40,201)	-	(40,201)	(17,717)	(22,484)
	(260,652)	-	(260,652)	(225,496)	(35,156)
<i>Items that will not be reclassified to the income statement</i>					
Actuarial losses for the period					
BCP Pensions Fund	48	(37,865)	(71)	(37,936)	-
Actuarial losses from associated companies		531	-	531	-
		(37,334)	(71)	(37,405)	-
Taxes		62,593	-	62,593	-
		25,259	(71)	25,188	-
Other comprehensive (loss) / income after taxes		(235,393)	(71)	(235,464)	(35,156)
Consolidated net (loss) / income for the period		294,834	14,762	309,596	68,852
Total comprehensive (loss) / income for the period		59,441	14,691	74,132	33,696
30 June 2014					
(Thousands of Euros)					
Notes	Continuing operations	Discontinued operations	Total	Attributable to	
				Shareholders of the Bank	Non-controlling interests
<i>Items that may be reclassified to the income statement</i>					
Fair value reserves	205,844	799	206,643	205,659	984
Taxes	(40,361)	(127)	(40,488)	(40,449)	(39)
	165,483	672	166,155	165,210	945
Exchange differences arising on consolidation	(14,140)	1,445	(12,695)	(8,154)	(4,541)
	151,343	2,117	153,460	157,056	(3,596)
<i>Items that will not be reclassified to the income statement</i>					
Actuarial losses for the period					
Gross amount					
BCP Pensions Fund	48	(1,792)	(180)	(1,972)	-
Actuarial losses from associated companies		1,425	-	1,425	-
		(367)	(180)	(547)	-
Taxes		(6,933)	41	(6,892)	-
		(7,300)	(139)	(7,439)	-
Other comprehensive (loss) / income after taxes		144,043	1,978	149,617	(3,596)
Consolidated net (loss) / income for the period		1,478	(33,605)	(84,723)	52,596
Total comprehensive (loss) / income for the period		145,521	(31,627)	64,894	49,000

See accompanying notes to the interim consolidated financial statements

BANCO COMERCIAL PORTUGUÊS

Statement of Comprehensive income for the three month period between 1 April and 30 June 2015 and 2014

Second 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	(524,056)	-	(524,056)	(527,570)	3,514
Taxes	149,393	-	149,393	150,101	(708)
	(374,663)	-	(374,663)	(377,469)	2,806
Exchange differences arising on consolidation	(124,521)	-	(124,521)	(63,191)	(61,330)
	(499,184)	-	(499,184)	(440,660)	(58,524)
<i>Items that will not be reclassified to the income statement</i>					
Actuarial losses for the period					
Gross amount					
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	68,375	-	68,375	68,375	-
	31,041	(71)	30,970	30,970	-
Other comprehensive (loss) / income after taxes	(468,143)	(71)	(468,214)	(409,690)	(58,524)
Consolidated net (loss) / income for the period	195,047	13,986	209,033	170,331	38,702
Total comprehensive (loss) / income for the period	(273,096)	13,915	(259,181)	(239,359)	(19,822)

Second 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	61,263	759	62,022	59,928	2,094
Taxes	(16,368)	(121)	(16,489)	(16,133)	(356)
	44,895	638	45,533	43,795	1,738
Exchange differences arising on consolidation	3,179	1,259	4,438	2,290	2,148
	48,074	1,897	49,971	46,085	3,886
<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	1,425	-	1,425	1,425	-
	(367)	(180)	(547)	(547)	-
Taxes	(2,800)	41	(2,759)	(2,759)	-
	(3,167)	(139)	(3,306)	(3,306)	-
Other comprehensive (loss) / income after taxes	44,907	1,758	46,665	42,779	3,886
Consolidated net (loss) / income for the period	16,459	(33,259)	(16,800)	(43,993)	27,193
Total comprehensive (loss) / income for the period	61,366	(31,501)	29,865	(1,214)	31,079

See accompanying notes to the interim consolidated financial statements

BANCO COMERCIAL PORTUGUÊS
Notes to the Interim Consolidated Financial Statements
30 June, 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 six months ended 30 June, 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 25 August 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 six months ended 30 June, 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 second quarter of 2015 with comparative figures for the second quarter of last year. The financial statements for the six months period ended 30 June, 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.

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

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

Investments in associates

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

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

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

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

Goodwill - Differences arising from consolidation

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

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

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

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

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

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

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

Purchases and dilution of non-controlling interests

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

Loss of control

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

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

Investments in foreign subsidiaries and associates

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

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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 customers.

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

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

Impairment

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

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

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

(i) Individually assessed loans

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

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

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 June 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 June 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" and, at consolidated balance sheet level, the assets and liabilities of Millennium bcp Gestão de Activos were considered with the same criteria as that of the consolidated financial statements as at 30 June 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 June 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 June 2014.

Others

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

z) Provisions

Provisions are recognised when (i) the Group has a present obligation (legal or resulting from past practices or published policies that imply the recognition of certain responsibilities), (ii) it is probable that an outflow of economic benefits will be required to settle a present legal or constructive obligation as a result of past events and (iii) a reliable estimate can be made of the amount of the obligation.

The measurement of provisions takes into account the principles set in IAS 37 regarding the best estimate of the expected cost, the most likely result of current actions and considering the risks and uncertainties inherent in the process result. On the cases that the discount effect is material, provision corresponds to the actual value of the expected future payments, discounted by a rate that considers the associated risk of the obligation.

Provisions are reviewed at each balance sheet date and adjusted to reflect the best estimate, being reverted through profit and loss in the proportion of the payments that are probable.

The provisions are derecognised through their use for the obligations for which they were initially accounted or for the cases that the situations were not already observed.

aa) Earnings per share

Basic earnings per share are calculated by dividing net income available to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the year, excluding the average number of ordinary shares purchased by the Group and held as treasury stock.

For the diluted earnings per share, the weighted average number of ordinary shares outstanding is adjusted to consider conversion of all dilutive potential ordinary shares, such as convertible debt and stock options granted to employees. Potential or contingent share issues are treated as dilutive when their conversion to shares would decrease net earnings per share.

If the earnings per share are changed as a result of an issue with premium or discount or other event that changed the potential number of ordinary shares or as a result of changes in the accounting policies, the earnings per share for all presented periods should be adjusted retrospectively.

ab) Insurance contracts

Classification

The Group issues contracts that contain insurance risk, financial risk or a combination of both insurance and financial risk. A contract, under which the Group accepts significant insurance risk from another party, by agreeing to compensate that party on the occurrence of a specified uncertain future event, is classified as an insurance contract.

A contract issued by the Group without significant insurance risk, but on which financial risk is transferred with discretionary participating features is classified as an investment contract recognised and measured in accordance with the accounting policies applicable to insurance contracts. A contract issued by the Group that transfers only financial risk, without discretionary participating features, is classified as an investment contract and accounted for as a financial instrument.

Recognition and measurement

Premiums of life insurance and investment contracts with discretionary participating features, which are considered as long-term contracts are recognised when due from the policyholders. The benefits and other costs are recognised concurrently with the recognition of income over the life of the contracts. This specialization is achieved through the establishment of provisions / liabilities of insurance contracts and investment contracts with discretionary participating features.

The responsibilities correspond to the present value of future benefits payable, net of administrative expenses directly associated with the contracts, less the theoretical premiums that would be required to comply with the established benefits and related expenses. The liabilities are determined based on assumptions of mortality, costs of management or investment at the valuation date.

For contracts where the payment period is significantly shorter than the period of benefit, premiums are deferred and recognised as income in proportion to the duration of risk coverage.

Regarding short-term contracts, including contracts of non-life insurance, premiums are recorded at the time of issue. The award is recognised as income acquired in a pro-rata basis during the term of the contract. The provision for unearned premiums represents the amount of premiums on risks not occurred.

Premiums

Gross premiums written are recognised for as income in the period to which they respect independently from the moment of payment or receivable, in accordance with the accrual accounting principle.

Reinsurance premiums ceded are accounted for as expense in the year to which they respect in the same way as gross premiums written.

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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.

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Fair value of derivatives

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

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

Held-to-maturity investments

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

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

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

Entities included in the consolidation perimeter

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

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

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

Income taxes

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

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

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

Pension and other employees' benefits

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

Changes in these assumptions could materially affect these values.

Goodwill impairment

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

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

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

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

For the preparation of the consolidated condensed financial statements as at 30 June, 2015, the Group first 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 paymanet 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 semester 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 semster 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 semester of 2014 resulted in a cost in the item Other operating income / (costs) of Euros 24,116,000 (see note 8), and in the caption Income Taxes of a revenue of Euros 1,640,000 (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:

	Jun 2015	Jun 2014
	Euros '000	Euros '000
Net interest income	627,997	495,959
Net gains / (losses) from trading and hedging assets	100,964	54,643
Net gains / (losses) from financial assets available for sale	407,294	120,518
	<u>1,136,255</u>	<u>671,120</u>

3. Net interest income

The amount of this account is comprised of:

	Jun 2015	Jun 2014
	Euros '000	Euros '000
<i>Interest and similar income</i>		
Interest on loans and advances	936,179	1,033,854
Interest on trading securities	11,264	8,633
Interest on available for sale financial assets	122,170	151,921
Interest on held to maturity financial assets	25,217	60,283
Interest on hedging derivatives	53,256	59,037
Interest on derivatives associated to financial instruments through profit and loss account	6,691	14,575
Interest on deposits and other investments	15,606	21,370
	<u>1,170,383</u>	<u>1,349,673</u>
<i>Interest expense and similar charges</i>		
Interest on deposits and inter-bank funding	362,235	480,142
Interest on securities issued	102,239	195,594
Interest on subordinated debt		
Hybrid instruments eligible as core tier 1 (CoCos)		
underwritten by the Portuguese State	32,303	130,554
Others	32,363	32,995
Interest on hedging derivatives	5,002	7,955
Interest on derivatives associated to financial instruments through profit and loss account	8,244	6,474
	<u>542,386</u>	<u>853,714</u>
	<u>627,997</u>	<u>495,959</u>

The balance Interest on loans and advances includes the amount of Euros 25,914,000 (30 June 2014: Euros 28,488,000) 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 45,408,000 (30 June 2014: Euros 83,734,000) related to commissions and other costs accounted for under the effective interest method, as referred in the accounting policy described in note 1 m).

The balance Interest and similar income includes, the amount of Euros 91,197,000 (30 June 2014: Euros 97,657,000) related to interest income arising from customers with signs of impairment (individual and parametric analysis).

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4. Dividends from equity instruments

The amount of this account is comprised of:

	Jun 2015	Jun 2014
	Euros '000	Euros '000
Dividends from financial assets available for sale	5,721	5,726

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:

	Jun 2015	Jun 2014
	Euros '000	Euros '000
<i>Fees and commissions received</i>		
From guarantees	42,889	42,697
From credit and commitments	1,228	910
From banking services	231,481	231,486
From insurance activity	892	756
From securities operations	49,623	55,854
From management and maintenance of accounts	39,836	38,796
From fiduciary and trust activities	549	790
From other services	38,753	41,441
	<u>405,251</u>	<u>412,730</u>
<i>Fees and commissions paid</i>		
From guarantees	2,038	17,857
From banking services	41,372	42,886
From insurance activity	946	857
From securities operations	4,830	4,990
From other services	5,402	4,957
	<u>54,588</u>	<u>71,547</u>
	<u>350,663</u>	<u>341,183</u>

The balance Fees and commissions received - From banking services includes the amount of Euros 37,716,000 (30 June 2014: Euros 36,621,000) related to insurance mediation commissions.

The caption Fees and commissions expenses - From guarantees included, as at 30 June 2014, the amount of Euros 16,437,000 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:

	Jun 2015	Jun 2014
	Euros '000	Euros '000
<i>Gains arising on trading and hedging activities</i>		
Foreign exchange activity	1,616,858	464,285
Transactions with financial instruments recognised at fair value through profit and loss account		
Held for trading		
Securities portfolio		
Fixed income	4,635	30,044
Variable income	820	382
Certificates and structured securities issued	36,305	40,592
Derivatives associated to financial instruments through profit and loss account	25,545	27,257
Other financial instruments derivatives	404,366	344,417
Other financial instruments through profit and loss account	13,406	3,274
Repurchase of own issues	41,337	12,724
Hedging accounting		
Hedging derivatives	57,028	56,170
Hedged item	10,530	12,969
Other activity	4,622	24,160
	<u>2,215,452</u>	<u>1,016,274</u>
<i>Losses arising on trading and hedging activities</i>		
Foreign exchange activity	1,553,878	418,294
Transactions with financial instruments recognised at fair value through profit and loss account		
Held for trading		
Securities portfolio		
Fixed income	11,161	2,836
Variable income	1,807	86
Certificates and structured securities issued	60,804	53,383
Derivatives associated to financial instruments through profit and loss account	21,936	24,352
Other financial instruments derivatives	369,277	354,238
Other financial instruments through profit and loss account	22,017	18,548
Repurchase of own issues	1,653	11,104
Hedging accounting		
Hedging derivatives	36,472	25,911
Hedged item	33,659	39,481
Other activity	1,824	13,398
	<u>2,114,488</u>	<u>961,631</u>
	<u>100,964</u>	<u>54,643</u>

The caption Net gains arising from trading and hedging activities includes, as at 30 June 2015, for Deposits from customers - Deposits at fair value through profit and loss, a loss of Euros 2,662,000 (30 June 2014: gain of Euros 4,418,000) related to the fair value changes arising from changes in own credit risk (spread), as referred in note 34.

This caption also includes as at 30 June 2015, for Debt securities at fair value through profit and loss, a gain of Euros 6,797,000 (30 June 2014: gain of Euros 1,119,000) and for derivatives liabilities associated to financial instruments a loss of Euros 4,619,000 (30 June 2014: Euros 2,226,000), related to the fair value changes arising from changes in own credit risk (spread), as referred in note 35.

The result of repurchases of own issues is determined in accordance with the accounting policy described in note 1 d).

As mentioned in note 46, the approval of the exchange offer of subordinated securities for shares originated a gain of Euros 34,420,000 in Net gains / (losses) arising from trading and hedging activities - Repurchases of own issues.

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

The amount of this account is comprised of:

	Jun 2015	Jun 2014
	Euros '000	Euros '000
<i>Gains arising from financial assets available for sale</i>		
Fixed income	406,684	117,636
Variable income	5,147	4,587
<i>Losses arising from financial assets available for sale</i>		
Fixed income	(4,537)	(201)
Variable income	-	(1,504)
	<u>407,294</u>	<u>120,518</u>

The caption Gains arising from financial assets available for sale - Fixed income - includes, as at 30 June 2015, the amount of Euros 391,553,000 (30 June 2014: Euros 110,951,000) 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:

	Jun 2015	Jun 2014
	Euros '000	Euros '000
<i>Operating income</i>		
Income from services	13,115	16,841
Cheques and others	7,497	7,335
Other operating income	8,397	1,479
	<u>29,009</u>	<u>25,655</u>
<i>Operating costs</i>		
Indirect taxes	9,992	3,568
Donations and contributions	1,964	1,984
Contribution over the banking sector	24,937	37,195
Contribution for the resolution fund	6,393	8,016
Other operating expenses	24,124	24,963
	<u>67,410</u>	<u>75,726</u>
	<u>(38,401)</u>	<u>(50,071)</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:

	Jun 2015	Jun 2014
	Euros '000	Euros '000
Salaries and remunerations	237,234	245,796
Mandatory social security charges		
BCP Pension Fund		
Service cost	(1,005)	(3,025)
Interest cost / (income)	2,864	1,642
Other	(61)	(147)
	1,798	(1,530)
Other mandatory social security charges	52,760	56,685
	54,558	55,155
Voluntary social security charges	13,191	17,014
Seniority premium	1,300	2,777
Other staff costs	2,643	2,649
	308,926	323,391

Considering that the remuneration of the members of the Executive Committee intends to compensate the functions that are performed directly in the Bank and all other functions on subsidiaries or other companies for which they have been designated by indication or representing the Bank, in the last case, the net amount of the remunerations annually received by each member is deducted to the fixed annual remuneration attributed by the Bank.

The remunerations paid to the members of the Executive Committee during the first semester of 2015, amounts to Euros 1,074,000 (30 June 2014: Euros 1,040,000), of which Euros 40,000 (30 June 2014: Euros 64,000) were paid by subsidiaries or companies whose governing bodies represent interests in the Group. During the first semester of 2015 and 2014, no variable remuneration was attributed to the members of the Executive Committee.

During the first semester of 2015, for members of the Executive Committee, the costs with Social Security amounts to Euros 245,000 (30 June 2014: Euros 231,000) and the contributions to the Pension Fund amounts to Euros 20,000 (30 June 2014: Euros 12,000).

The remunerations paid to key management personnel during the first semester of 2015, amount to Euros 3,432,000 (30 June 2014: Euros 3,886,000), being also supported costs with contributions with Social Security in the amount of Euros 844,000 (30 June 2014: Euros 986,000), Pension Fund in the amount of Euros 71,000 (30 June 2014: Euros 21,000) and seniority premium in the amount of Euros 38,000 (30 June 2014: Euros 86,000).

For non-executive members of the Board of Directors were paid during the first semester of 2015, fixed remunerations of Euros 282,000 (30 June 2014: Euros 291,000) and the costs incurred with contributions to the Social Security amounted to Euros 67,000 (30 June 2014: Euros 85,000).

10. Other administrative costs

The amount of this account is comprised of:

	Jun 2015	Jun 2014
	Euros '000	Euros '000
Water, electricity and fuel	9,897	9,942
Consumables	2,973	3,001
Rents	53,936	58,036
Communications	13,551	14,124
Travel, hotel and representation costs	4,901	4,929
Advertising	15,377	15,724
Maintenance and related services	13,777	14,506
Credit cards and mortgage	2,969	2,327
Advisory services	6,563	4,969
Information technology services	10,640	10,439
Outsourcing	37,190	37,048
Other specialised services	15,014	14,885
Training costs	872	803
Insurance	3,073	2,438
Legal expenses	3,375	3,776
Transportation	5,389	5,054
Other supplies and services	13,522	19,494
	213,019	221,495

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The caption Rents includes the amount of Euros 44,861,000 (30 June 2014: Euros 48,778,000) related to rents paid regarding buildings used by the Group as lessee.

The Group has various operating lease for properties and vehicles. The payments under these leases are recognised in the statement of income during the life of the contract. The minimum future payments relating to operating leases not revocable, by maturity, are as follows:

	Jun 2015			Jun 2014		
	Properties Euros '000	Vehicles Euros '000	Total Euros '000	Properties Euros '000	Vehicles Euros '000	Total Euros '000
Until 1 year	80,382	1,466	81,848	70,449	2,219	72,668
1 to 5 years	104,166	1,193	105,359	112,955	1,954	114,909
Over 5 years	16,869	27	16,896	21,182	-	21,182
	<u>201,417</u>	<u>2,686</u>	<u>204,103</u>	<u>204,586</u>	<u>4,173</u>	<u>208,759</u>

11. Depreciation

The amount of this account is comprised of:

	Jun 2015 Euros '000	Jun 2014 Euros '000
<i>Intangible assets:</i>		
Software	7,009	6,949
Other intangible assets	192	181
	<u>7,201</u>	<u>7,130</u>
<i>Property, plant and equipment:</i>		
Land and buildings	12,901	13,288
Equipment		
Furniture	1,062	997
Machinery	1,165	1,120
Computer equipment	4,687	4,130
Interior installations	1,278	1,113
Motor vehicles	2,429	1,857
Security equipment	1,280	1,218
Other equipment	1,261	962
Other tangible assets	-	1
	<u>26,063</u>	<u>24,686</u>
	<u>33,264</u>	<u>31,816</u>

12. Loans impairment

The amount of this account is comprised of:

	Jun 2015 Euros '000	Jun 2014 Euros '000
<i>Loans and advances to credit institutions:</i>		
For overdue loans and credit risks		
Impairment charge for the period	10	-
Write-back for the period	(3)	(4)
	<u>7</u>	<u>(4)</u>
<i>Loans and advances to customers:</i>		
For overdue loans and credit risks		
Impairment charge for the period	771,628	685,541
Write-back for the period	(277,206)	(305,720)
Recovery of loans and interest charged-off	(19,450)	(8,187)
	<u>474,972</u>	<u>371,634</u>
	<u>474,979</u>	<u>371,630</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).

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13. Other financial assets impairment

The amount of this account is comprised of:

	Jun 2015	Jun 2014
	Euros '000	Euros '000
Impairment for financial assets available for sale		
Charge for the period	26,977	39,129

The caption Impairment for financial assets available for sale - Charge for the period includes the impairment losses on shares and on participation units held by the Group in the amount of Euros 18,828,000 (30 June 2014: Euros 39,129,000), namely related to the investments held in restructuring funds, as described in note 55.

14. Other provisions

The amount of this account is comprised of:

	Jun 2015	Jun 2014
	Euros '000	Euros '000
Provision for guarantees and other commitments		
Charge for the period	4,893	24,587
Write-back for the period	(12,465)	(9,014)
	(7,572)	15,573
Other provisions for liabilities and charges		
Charge for the period	18,569	30,155
Write-back for the period	(386)	(1,199)
	18,183	28,956
	10,611	44,529

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:

	Jun 2015	Jun 2014
	Euros '000	Euros '000
Banque BCP, S.A.S.	1,468	1,370
Banque BCP (Luxembourg), S.A.	8	25
Millenniumbcp Ageas Grupo Segurador, S.G.P.S., S.A.	12,585	24,087
SIBS, S.G.P.S., S.A.	1,630	1,694
Unicre - Instituição Financeira de Crédito, S.A.	1,752	311
VSC - Aluguer de Veículos Sem Condutor, Lda.	123	379
Other companies	3,050	(4,872)
	20,616	22,994

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

The amount of this account is comprised of:

	Jun 2015	Jun 2014
	Euros '000	Euros '000
Disposal of the investments held in Ocidental - Companhia Portuguesa de Seguros, S.A. and in Médis - Companhia Portuguesa Seguros de Saúde, S.A.	-	69,396
Other assets	(12,129)	(5,258)
	<u>(12,129)</u>	<u>64,138</u>

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.

17. (Loss) / income arising from discontinued operations

The amount of this account is comprised of:

	Jun 2015	Jun 2014
	Euros '000	Euros '000
Net (loss) / income before income tax appropriated		
Millennium bcp Gestão de Activos - Sociedade Gestora de Fundos de Investimento, S.A.	1,463	1,703
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)	-	(1,106)
Impairment for Banca Millennium S.A. (Romania)	-	(34,000)
Others	-	94
	<u>15,106</u>	<u>(33,309)</u>
Taxes		
Millennium bcp Gestão de Activos - Sociedade Gestora de Fundos de Investimento, S.A.	(344)	(436)
Banca Millennium S.A.	-	155
Others	-	(15)
	<u>(344)</u>	<u>(296)</u>
	<u>14,762</u>	<u>(33,605)</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 June 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 June 2014. The sale of Banca Millennium was completed on the 8 January 2015

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18. Earnings per share

The earnings per share are calculated as follows:

	Jun 2015	Jun 2014
	Euros '000	Euros '000
Net income / (loss) from continuing operations	225,982	(51,118)
Gains / (losses) in equity instruments	43,697	-
Adjusted net income / (loss) from continuing operations	269,679	(51,118)
Net income / (loss) arising from discontinued operations	14,762	(33,605)
Net income / (loss)	284,441	(84,723)
Average number of shares	54,703,228,549	33,959,527,416
Basic earnings per share (Euros):		
from continuing operations	0.009	(0.003)
from discontinued operations	0.001	(0.002)
	<u>0.010</u>	<u>(0.005)</u>
Diluted earnings per share (Euros)		
from continuing operations	0.009	(0.003)
from discontinued operations	0.001	(0.002)
	<u>0.010</u>	<u>(0.005)</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.

On July 2014, the Bank registered a share capital increase from Euros 1,465,000,000 to Euros 3,706,690,253.08 through the issuance of new 34,487,542,355 ordinary, book-entry and 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 June 2014, the Bank had registered a decrease of the share capital from Euros 3,500,000,000 to Euros 1,465,000,000 without changing the number of existing shares without nominal value.

As at 30 June 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:

	Jun 2015	Dec 2014
	Euros '000	Euros '000
Cash	588,976	602,810
Central Banks		
Bank of Portugal	951,458	194,459
Central Banks abroad	886,411	910,178
	<u>2,426,845</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:

	Jun 2015	Dec 2014
	Euros '000	Euros '000
Credit institutions in Portugal	4,737	8,760
Credit institutions abroad	928,209	591,061
Amounts due for collection	207,815	195,953
	<u>1,140,761</u>	<u>795,774</u>

Following the signed agreements of derivative financial transactions with institutional counterparties, the Group has the amount of Euros 696,293,000 (31 December 2014: Euros 0) of Loans and advances to credit institutions repayable on demand, granted as collateral on the mentioned transactions.

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

21. Other loans and advances to credit institutions

This balance is analysed as follows:

	Jun 2015	Dec 2014
	Euros '000	Euros '000
Central Banks abroad	43	87,765
Credit institutions in Portugal	2,249	18,268
Credit institutions abroad	828,738	1,350,046
	831,030	1,456,079
Impairment for other loans and advances to credit institutions	(9)	(53)
	<u>831,021</u>	<u>1,456,026</u>

As at 30 June, 2015, the balance Other loans and advances to credit institutions includes the amount of Euros 83,918,000 (31 December 2014: Euros 70,073,000) regarding loans and advances to companies controlled by qualified shareholders and / or by non-executive directors.

Following the signed agreements of derivative financial transactions with institutional counterparties, the Group has the amount of Euros 334,465,000 (31 December 2014: Euros 702,356,000) of Loans and advances to credit institutions granted as collateral on the mentioned transactions.

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

	Jun 2015	Jun 2014
	Euros '000	Euros '000
Balance on 1 January	53	202
Transfers	(46)	(68)
Impairment charge for the period	10	-
Write-back for the period	(3)	(4)
Exchange rate differences	(5)	3
Balance on 30 June	<u>9</u>	<u>133</u>

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22. Loans and advances to customers

This balance is analysed as follows:

	Jun 2015	Dec 2014
	Euros '000	Euros '000
Public sector	1,272,374	1,389,373
Asset-backed loans	31,465,745	30,777,956
Personal guaranteed loans	9,460,515	10,069,656
Unsecured loans	3,394,188	3,390,246
Foreign loans	2,468,867	2,543,534
Factoring	1,374,868	1,482,708
Finance leases	3,274,963	3,231,521
	<u>52,711,520</u>	<u>52,884,994</u>
Overdue loans - less than 90 days	116,332	94,547
Overdue loans - Over 90 days	4,256,856	4,188,812
	<u>57,084,708</u>	<u>57,168,353</u>
Impairment for credit risk	(3,676,066)	(3,482,705)
	<u><u>53,408,642</u></u>	<u><u>53,685,648</u></u>

As at 30 June 2015, the balance Loans and advances to customers includes the amount of Euros 12,829,616,000 (31 December 2014: Euros 12,951,710,000) regarding mortgage loans which are allocated as a collateral for seven asset-back securities, issued by the Group.

As referred in note 51, the Group, as part of the liquidity risk management, holds a pool of eligible assets that can serve as collateral in funding operations with the European Central Bank and other Central Banks in countries where the Group operates, which include loans and advances to customers.

As referred in note 55, the Group performed a set of sales of loans and advances to customers for Specialized Loan Funds. The total amount of loans sold amounted to Euros 1,468,500,000 (31 December 2014: Euros: 1,442,617,000).

As at 30 June 2015, shareholders holding individually or together with their affiliates, 2% or more of the share capital, described in the Executive Board of Directors report, and to which the Group provides loans and/or guarantees represents, in aggregate, 25.4% of the share capital (31 December 2014: 32.2%).

As at 30 June 2015, loans, guarantees and irrevocable credit lines (excluding interbank and money market transactions) that the Group has made to qualifying shareholders and entities controlled by them, amounts to Euros 336,220,000 (31 December 2014: Euros 351,380,000). Business conducted between the company and qualifying shareholders or natural or legal persons related to them, pursuant to article 20 of the Securities Code, regardless of the amount, is always subject to appraisal and deliberation by the Board of Directors, through a proposal by the Credit Committee and the Executive Committee, supported by an analysis and technical opinion issued by the Internal Audit Division, and after a prior opinion has been obtained from the Audit Committee. The amount of impairment recognised for these contracts amounts to Euros 977,000 as at 30 June 2015 (31 December 2014: Euros 783,000).

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

	Jun 2015	Dec 2014
	Euros '000	Euros '000
<i>Loans not represented by securities</i>		
Discounted bills	312,099	353,128
Current account credits	2,500,683	2,543,984
Overdrafts	1,780,848	1,657,598
Loans	15,244,650	15,597,520
Mortgage loans	26,098,633	25,959,333
Factoring	1,374,868	1,482,708
Finance leases	3,274,963	3,231,521
	<u>50,586,744</u>	<u>50,825,792</u>
<i>Loans represented by securities</i>		
Commercial paper	1,793,520	1,729,210
Bonds	331,256	329,992
	<u>2,124,776</u>	<u>2,059,202</u>
	<u>52,711,520</u>	<u>52,884,994</u>
Overdue loans - less than 90 days	116,332	94,547
Overdue loans - Over 90 days	4,256,856	4,188,812
	<u>57,084,708</u>	<u>57,168,353</u>
Impairment for credit risk	(3,676,066)	(3,482,705)
	<u><u>53,408,642</u></u>	<u><u>53,685,648</u></u>

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

	Jun 2015	Dec 2014
	Euros '000	Euros '000
Agriculture	437,329	429,887
Mining	189,997	207,428
Food, beverage and tobacco	605,689	582,472
Textiles	495,793	487,611
Wood and cork	226,612	221,308
Paper, printing and publishing	212,825	202,393
Chemicals	779,536	660,935
Machinery, equipment and basic metallurgical	1,038,314	1,018,095
Electricity, water and gas	1,053,258	1,096,016
Construction	3,984,352	4,097,247
Retail business	1,261,425	1,199,603
Wholesale business	2,163,664	2,165,597
Restaurants and hotels	1,056,520	1,222,994
Transports and communications	2,008,528	1,947,866
Services	10,403,937	10,714,045
Consumer credit	4,081,478	4,037,116
Mortgage credit	25,828,465	25,545,160
Other domestic activities	8,087	7,890
Other international activities	1,248,899	1,324,690
	<u>57,084,708</u>	<u>57,168,353</u>
Impairment for credit risk	<u>(3,676,066)</u>	<u>(3,482,705)</u>
	<u><u>53,408,642</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 BCP Group refer to mortgage loans, consumer loans, leases, commercial paper and corporate loans. The securitization transactions are set through specifically created SPE. As referred in accounting policy 1 b), when the substance of the relationships with the SPEs indicates that the Group holds control of its activities, the SPE are fully consolidated.

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

	Traditional
	Jun 2015
	Euros '000
Mortgage loans	<u><u>614,288</u></u>

As at 30 June 2015, the securitization operations remaining are detailed as follows:

Magellan Mortgages No. 3

On 24 June 2005, the Group transferred a pool of mortgage loans owned by Banco Comercial Português, S.A. to the SPE "Magellan Mortgages No. 3 PLC". Considering that, by having acquired the total subordinated tranches, the Group holds the control of the referred assets, the SPE is consolidated in the Group's Financial Statements, as established in the accounting policy 1 b). The total assets of the SPE associated with this operation amounts to Euros 439,450,000 and the nominal value of liabilities amounts to Euros 454,039,000.

Magellan Mortgages No. 2

On 20 October 2003, the Group transferred a pool of mortgage loans owned by Banco Comercial Português, S.A. and by Banco de Investimento Imobiliário, S.A. to the SPE "Magellan Mortgages No. 2 PLC". Considering that, by having acquired the total subordinated tranches, the Group holds the control of the referred assets, the SPE is consolidated in the Group's Financial Statements, as established in the accounting policy 1 b). The total assets of the SPE associated with this operation amounts to Euros 174,838,000 and the nominal value of liabilities amounts to Euros 188,009,000.

Caravela SME No. 3

The synthetic securitization "Caravela SME No.3" amounts to Euros 2,424,998,000.

Caravela SME No. 4

The synthetic securitization "Caravela SME No.4" amounts to Euros 1,034,450,000.

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The Group's credit portfolio, which includes further than loans to customers, the guarantees granted and commitments to third parties, split between impaired and non impairment loans is analysed as follows:

	Jun 2015	Dec 2014
	Euros '000	Euros '000
Total loans	62,420,125	62,651,250
<i>Loans and advances to customers with impairment</i>		
<i>Individually significant</i>		
Gross amount	9,731,212	7,897,946
Impairment	(2,438,934)	(2,455,958)
	7,292,278	5,441,988
<i>Parametric analysis</i>		
Gross amount	4,088,976	3,616,411
Impairment	(1,142,928)	(1,077,572)
	2,946,048	2,538,839
Loans and advances to customers without impairment	48,599,937	51,136,893
Impairment (IBNR)	(178,041)	(199,333)
	58,660,222	58,918,387

The balance Total loans includes the loans and advances to customers and the guarantees granted and commitments to third parties balance (see note 45), in the amount of Euros 5,335,417,000 (31 December 2014: Euros 5,482,897,000).

The balances Impairment and Impairment ('IBNR') were determined in accordance with the accounting policy described in note 1 c), including the provision for guarantees and other commitments to third parties (see note 37), in the amount of Euros 83,837,000 (31 December 2014: Euros 250,158,000).

The fair values of collaterals related to the loan portfolios, is analysed as follows:

	Jun 2015	Dec 2014
	Euros '000	Euros '000
<i>Loans and advances to customers with impairment</i>		
<i>Individually significant</i>		
Securities and other financial assets	1,515,405	1,202,159
Home mortgages	949,831	963,133
Other real estate	2,327,182	2,264,036
Other guarantees	904,048	967,525
	5,696,466	5,396,853
<i>Parametric analysis</i>		
Securities and other financial assets	24,523	26,938
Home mortgages	1,723,922	1,661,317
Other real estate	286,784	288,090
Other guarantees	72,448	82,265
	2,107,677	2,058,610
<i>Loans and advances to customers without impairment</i>		
Securities and other financial assets	1,621,363	2,015,005
Home mortgages	22,620,117	22,797,031
Other real estate	3,013,125	3,266,470
Other guarantees	3,722,574	3,733,437
	30,977,179	31,811,943
	38,781,322	39,267,406

Considering the Group's risk management policy, the amounts shown do not include the fair value of personal guarantees provided by customers with lower risk notation.

The Group is applying physical collaterals and financial guarantees as instruments to mitigate the credit risk. The physical collaterals are mainly mortgages on residential buildings for the mortgage portfolio and other mortgages on other types of buildings related to other types of loans. In order to reflect the market value, these collaterals are regularly reviewed based on independent and certified valuation entities or through the application of evaluation coefficients that reflect the market trends for each specific type of building and geographical area. The financial guarantees are reviewed based on the market value of the respective assets, when available, with the subsequent application of haircuts that reflect the volatility of their prices.

Considering the current real estate and financial markets conditions, the Group continued to negotiate additional physical and financial collaterals with its customers.

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

	Jun 2015	Dec 2014
	Euros '000	Euros '000
Gross amount	3,743,911	3,718,449
Interest not yet due	(468,948)	(486,928)
Net book value	<u>3,274,963</u>	<u>3,231,521</u>

The analysis of financial lease contracts, by type of client, is presented as follows:

	Jun 2015	Dec 2014
	Euros '000	Euros '000
Individuals		
Home	75,716	82,908
Consumer	36,959	36,440
Others	141,802	149,579
	<u>254,477</u>	<u>268,927</u>
Companies		
Equipment	1,280,848	1,199,975
Mortgage	1,739,638	1,762,619
	<u>3,020,486</u>	<u>2,962,594</u>
	<u>3,274,963</u>	<u>3,231,521</u>

Regarding operational leasing, the Group does not present relevant contracts as lessor.

The loans to customers' portfolio includes contracts that resulted in a formal restructuring with the customers and the consequent establishment of a new funding to replace the previous. The restructuring may result in a reinforce of guarantees and / or liquidation of part of the credit and involve an extension of maturities or a different interest rate. The analysis of restructured loans, by sector of activity, is as follows:

	Jun 2015	Dec 2014
	Euros '000	Euros '000
Agriculture	34,626	18,710
Mining	126	122
Food, beverage and tobacco	3,541	5,276
Textiles	1,240	1,227
Wood and cork	13,773	4,317
Paper, printing and publishing	3,488	3,599
Chemicals	3,597	1,613
Machinery, equipment and basic metallurgical	37,759	32,661
Electricity, water and gas	598	988
Construction	53,511	51,475
Retail business	7,548	7,796
Wholesale business	30,567	31,760
Restaurants and hotels	1,766	1,995
Transports and communications	7,345	4,822
Services	14,361	75,317
Consumer credit	111,593	92,535
Mortgage credit	91,313	78,159
Other domestic activities	-	9
Other international activities	10,126	11,657
	<u>426,878</u>	<u>424,038</u>

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

Regarding the restructured loans, the impairment associated to these operations amounts to Euros 176,600,000 (31 December 2014: Euros 158,221,000).

Additionally, the portfolio includes loans that, based on the customer's financial difficulties, are subject to a change in the original terms of the contract, in the amount of Euros 4,336,605,000 (31 December 2014: Euros 4,583,597,000) with an impairment of Euros 611,174,000 (31 December 2014: Euros 594,611,000).

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

	Jun 2015	Dec 2014
	Euros '000	Euros '000
Agriculture	23,149	22,108
Mining	10,129	9,312
Food, beverage and tobacco	22,254	19,214
Textiles	38,642	38,658
Wood and cork	25,464	35,751
Paper, printing and publishing	12,380	12,417
Chemicals	66,135	63,760
Machinery, equipment and basic metallurgical	89,161	74,460
Electricity, water and gas	5,294	15,608
Construction	1,162,687	1,116,612
Retail business	172,939	177,217
Wholesale business	203,875	200,528
Restaurants and hotels	156,786	269,483
Transports and communications	148,702	129,927
Services	1,252,024	1,121,653
Consumer credit	629,286	637,491
Mortgage credit	308,462	295,855
Other domestic activities	8,060	7,269
Other international activities	37,759	36,036
	<u>4,373,188</u>	<u>4,283,359</u>

The analysis of overdue loans, by type of credit, is as follows:

	Jun 2015	Dec 2014
	Euros '000	Euros '000
Public sector	2	79
Asset-backed loans	2,220,487	2,201,562
Personal guaranteed loans	747,925	755,769
Unsecured loans	1,067,689	951,307
Foreign loans	74,980	93,797
Factoring	31,227	33,733
Finance leases	230,878	247,112
	<u>4,373,188</u>	<u>4,283,359</u>

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

	Jun 2015	Jun 2014
	Euros '000	Euros '000
Balance on 1 January	3,482,705	3,420,059
Transfers resulting from changes in the		
Group's structure	-	35,179
Other transfers	131,875	(23,116)
Impairment charge for the period	771,628	685,541
Write-back for the period	(277,206)	(305,720)
Loans charged-off	(436,023)	(645,476)
Exchange rate differences	3,087	(1,582)
Balance on 30 June	<u>3,676,066</u>	<u>3,164,885</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.

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

	Jun 2015	Dec 2014
	Euros '000	Euros '000
Agriculture	42,288	42,398
Mining	13,188	12,186
Food, beverage and tobacco	21,004	19,285
Textiles	24,224	26,145
Wood and cork	32,736	32,237
Paper, printing and publishing	17,139	14,707
Chemicals	54,483	54,057
Machinery, equipment and basic metallurgical	70,963	66,419
Electricity, water and gas	13,080	10,561
Construction	723,710	685,947
Retail business	142,148	139,861
Wholesale business	204,465	193,361
Restaurants and hotels	122,139	151,605
Transports and communications	136,727	113,661
Services	1,194,471	1,074,482
Consumer credit	445,893	414,983
Mortgage credit	313,897	328,891
Other domestic activities	44,910	33,134
Other international activities	58,601	68,785
	<u>3,676,066</u>	<u>3,482,705</u>

The impairment for credit risk, by type of credit, is analysed as follows:

	Jun 2015	Dec 2014
	Euros '000	Euros '000
Public sector	2,081	2,002
Asset-backed loans	1,729,209	1,682,257
Personal guaranteed loans	635,039	549,823
Unsecured loans	1,001,002	925,467
Foreign loans	97,269	110,790
Factoring	35,885	29,512
Finance leases	175,581	182,854
	<u>3,676,066</u>	<u>3,482,705</u>

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

	Jun 2015	Jun 2014
	Euros '000	Euros '000
Agriculture	2,092	680
Mining	166	221
Food, beverage and tobacco	766	3,090
Textiles	5,822	3,276
Wood and cork	1,202	10,204
Paper, printing and publishing	760	23,098
Chemicals	1,296	1,567
Machinery, equipment and basic metallurgical	7,297	6,586
Electricity, water and gas	64	1
Construction	53,637	152,367
Retail business	13,450	19,329
Wholesale business	21,573	23,724
Restaurants and hotels	35,623	10,700
Transports and communications	177,530	14,080
Services	39,935	323,783
Consumer credit	45,200	49,289
Mortgage credit	3,006	1,896
Other domestic activities	16,994	576
Other international activities	9,610	1,009
	<u>436,023</u>	<u>645,476</u>

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

The analysis of loans charged-off, by type of credit, is as follows:

	Jun 2015	Jun 2014
	Euros '000	Euros '000
Asset-backed loans	25,225	49,484
Personal guaranteed loans	9,883	19,881
Unsecured loans	391,747	506,106
Foreign loans	6,361	58,266
Factoring	462	1,253
Finance leases	2,345	10,486
	<u>436,023</u>	<u>645,476</u>

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

	Jun 2015	Jun 2014
	Euros '000	Euros '000
Agriculture	27	84
Mining	1	80
Food, beverage and tobacco	87	84
Textiles	421	201
Wood and cork	135	-
Paper, printing and publishing	4	127
Chemicals	39	66
Machinery, equipment and basic metallurgical	186	1,232
Electricity, water and gas	7	25
Construction	15,110	440
Retail business	253	568
Wholesale business	443	624
Restaurants and hotels	31	199
Transports and communications	55	210
Services	292	452
Consumer credit	1,616	3,583
Other domestic activities	18	161
Other international activities	725	51
	<u>19,450</u>	<u>8,187</u>

The analysis of recovered loans and interest during the first semester of 2015 and 2014, by type of credit, is as follows:

	Jun 2015	Jun 2014
	Euros '000	Euros '000
Asset-backed loans	116	210
Personal guaranteed loans	428	555
Unsecured loans	18,845	7,086
Foreign loans	14	290
Finance leases	47	46
	<u>19,450</u>	<u>8,187</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:

	Jun 2015 Euros '000	Dec 2014 Euros '000
Bonds and other fixed income securities		
Issued by public entities	9,003,465	5,674,624
Issued by other entities	2,444,115	1,716,746
	11,447,580	7,391,370
Overdue securities	4,083	4,083
Impairment for overdue securities	(4,077)	(4,077)
	11,447,586	7,391,376
Shares and other variable income securities	1,519,341	1,464,597
	12,966,927	8,855,973
Trading derivatives	953,602	1,081,492
	13,920,529	9,937,465

The balance Trading derivatives included, as at 31 December 2014, the valuation of the embedded derivatives separated from the host contracts in accordance with the accounting policy 1 d) in the amount of Euros 3,000.

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

	Jun 2015			Dec 2014		
	Securities			Securities		
	Trading Euros '000	Available for sale Euros '000	Total Euros '000	Trading Euros '000	Available for sale Euros '000	Total Euros '000
<i>Fixed income:</i>						
Bonds issued by public entities						
Portuguese issuers	178,807	4,170,191	4,348,998	193,972	1,812,499	2,006,471
Foreign issuers	978,429	2,981,617	3,960,046	291,829	1,948,834	2,240,663
Bonds issued by other entities						
Portuguese issuers	691	1,092,825	1,093,516	1,072	884,740	885,812
Foreign issuers	90,115	1,264,567	1,354,682	89,866	745,151	835,017
Treasury bills and other						
Government bonds	-	694,421	694,421	-	1,427,490	1,427,490
	1,248,042	10,203,621	11,451,663	576,739	6,818,714	7,395,453
Impairment for overdue securities	-	(4,077)	(4,077)	-	(4,077)	(4,077)
	1,248,042	10,199,544	11,447,586	576,739	6,814,637	7,391,376
<i>Variable income:</i>						
Shares in Portuguese companies	12,938	95,979	108,917	13,555	83,635	97,190
Shares in foreign companies	311	24,435	24,746	187	26,204	26,391
Investment fund units	1,412	1,383,684	1,385,096	1,244	1,338,749	1,339,993
Other securities	582	-	582	1,023	-	1,023
	15,243	1,504,098	1,519,341	16,009	1,448,588	1,464,597
<i>Trading derivatives</i>	953,602	-	953,602	1,081,492	-	1,081,492
	2,216,887	11,703,642	13,920,529	1,674,240	8,263,225	9,937,465
Level 1	1,328,965	7,819,527	9,148,492	668,595	5,009,841	5,678,436
Level 2	722,600	2,336,850	3,059,450	991,304	1,782,205	2,773,509
Level 3	151,574	1,474,870	1,626,444	9	1,375,926	1,375,935
Financial assets at cost	13,748	72,395	86,143	14,332	95,253	109,585

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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 June 2015, the negative amount of fair value reserves of Euros 103,042,000 (31 December 2014: Euros 177,879,000) is presented net of impairment losses in the amount of Euros 283,366,000 (31 December 2014: Euros 287,106,000).

As referred in the accounting policy note 1 f) the Group performed reclassifications of Financial instruments, during the first semester of 2010.

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

	Jun 2015					
	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	4,377,670	-	4,377,670	(198,390)	(9,089)	4,170,191
Foreign issuers	2,976,719	-	2,976,719	4,898	-	2,981,617
Bonds issued by other entities						
Portuguese issuers	1,125,345	(77,365)	1,047,980	40,492	276	1,088,748
Foreign issuers	1,260,847	-	1,260,847	3,720	-	1,264,567
Treasury bills and other						
Government bonds	694,400	(12)	694,388	33	-	694,421
	<u>10,434,981</u>	<u>(77,377)</u>	<u>10,357,604</u>	<u>(149,247)</u>	<u>(8,813)</u>	<u>10,199,544</u>
<i>Variable income:</i>						
Shares in Portuguese companies	163,929	(72,010)	91,919	4,060	-	95,979
Shares in foreign companies	24,339	(180)	24,159	276	-	24,435
Investment fund units	1,475,614	(133,799)	1,341,815	41,869	-	1,383,684
	<u>1,663,882</u>	<u>(205,989)</u>	<u>1,457,893</u>	<u>46,205</u>	<u>-</u>	<u>1,504,098</u>
	<u>12,098,863</u>	<u>(283,366)</u>	<u>11,815,497</u>	<u>(103,042)</u>	<u>(8,813)</u>	<u>11,703,642</u>

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 portfolio of financial instruments held for trading and available for sale securities, net of impairment, as at 30 June 2015, by valuation levels, is analysed as follows:

	Jun 2015				
	Level 1 Euros '000	Level 2 Euros '000	Level 3 Euros '000	Financial instruments at cost Euros '000	Total Euros '000
<i>Fixed income:</i>					
Bonds issued by public entities					
Portuguese issuers	4,348,998	-	-	-	4,348,998
Foreign issuers	3,348,457	611,589	-	-	3,960,046
Bonds issued by other entities					
Portuguese issuers	923,054	134,810	31,575	4,077	1,093,516
Foreign issuers	281,065	1,073,614	-	3	1,354,682
Treasury bills and other					
Government bonds	156,484	515,921	22,016	-	694,421
	9,058,058	2,335,934	53,591	4,080	11,451,663
Impairment for overdue securities	-	-	-	(4,077)	(4,077)
	9,058,058	2,335,934	53,591	3	11,447,586
<i>Variable income:</i>					
Shares in Portuguese companies	9,329	1,048	38,677	59,863	108,917
Shares in foreign companies	328	322	-	24,096	24,746
Investment fund units	297	-	1,382,618	2,181	1,385,096
Other securities	582	-	-	-	582
	10,536	1,370	1,421,295	86,140	1,519,341
<i>Trading derivatives</i>	79,898	722,146	151,558	-	953,602
	9,148,492	3,059,450	1,626,444	86,143	13,920,529

The portfolio of financial instruments held for trading and available for sale securities, net of impairment, as at 31 December 2014, by valuation levels, is analysed as follows:

	Dec 2014				
	Level 1 Euros '000	Level 2 Euros '000	Level 3 Euros '000	Financial instruments at cost Euros '000	Total Euros '000
<i>Fixed income:</i>					
Bonds issued by public entities					
Portuguese issuers	2,006,471	-	-	-	2,006,471
Foreign issuers	1,815,343	425,320	-	-	2,240,663
Bonds issued by other entities					
Portuguese issuers	679,326	196,584	5,825	4,077	885,812
Foreign issuers	257,963	577,048	-	6	835,017
Treasury bills and other					
Government bonds	814,946	590,694	21,850	-	1,427,490
	5,574,049	1,789,646	27,675	4,083	7,395,453
Impairment for overdue securities	-	-	-	(4,077)	(4,077)
	5,574,049	1,789,646	27,675	6	7,391,376
<i>Variable income:</i>					
Shares in Portuguese companies	4,055	983	10,623	81,529	97,190
Shares in foreign companies	63	441	-	25,887	26,391
Investment fund units	193	-	1,337,637	2,163	1,339,993
Other securities	1,023	-	-	-	1,023
	5,334	1,424	1,348,260	109,579	1,464,597
<i>Trading derivatives</i>	99,053	982,439	-	-	1,081,492
	5,678,436	2,773,509	1,375,935	109,585	9,937,465

As referred in IFRS 13, financial instruments are measured according to the levels of valuation described in note 47.

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As mentioned in note 55, the balance Variable income - investment fund units includes the amount of Euros 1,306,957,000 (31 December 2014: Euros 1,267,071,000) related to participation units of funds specialized in recovery loans, acquired under the sale of loans and advances to customers (net of impairment). The amount of Euros 35,441,000 (31 December 2014: Euros 35,441,000) refers to junior tranches (bonds with a more subordinated nature), which are fully provided. The instruments are valued according to the quotations published by Funds Management Companies.

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.

During the first semester of 2015, reclassifications were made from level 2 to level 1 in the amount of Euros 49,676,000(31 December 2014: Euros 79,419,000) related to securities that became complied with the requirements of this level, as described in note 47.

The instruments classified as level 3 have associated gains and unrealized losses in the amount of Euros 44,116,000 (31 December 2014: Euros 25,088,000) recorded in fair value reserves. The amount of impairment associated to these securities amounts to Euros 206,239,000 as at 30 June 2015 (31 December 2014: Euros 152,109,000) and were not generated capital gains or losses in the year. Were not made transfers to and from this level.

The assets included in level 3, in the amount of Euros 1,382,618,000 (31 December 2014: Euros 1,337,637,000) corresponds to units of closed-ended investment funds valued in accordance with 'Net assets attributable to unit holders' (NAV) quote determined by the management company and in accordance with the audited accounts for the respective funds. These funds have a diverse set of assets and liabilities valued in their respective accounts at fair value through internal methodologies used by the management company. It is not practicable to present a sensitivity analysis of the different components of the underlying assumptions used by entities in the presentation of NAV, nevertheless it should be noted that a variation of + / - 10 % of the NAV has an impact of Euros 138,262,000 (31 December 2014: Euros 133,764,000) in Equity (Fair value reserves).

The reclassifications performed in prior years until 30 June 2015, are analysed as follows:

	At the reclassification date		Jun 2015		Difference Euros '000
	Book value	Fair value	Book value	Fair value	
	Euros '000	Euros '000	Euros '000	Euros '000	
<i>From Financial assets held for trading to:</i>					
Financial assets available for sale	196,800	196,800	18,374	18,374	-
Financial assets held to maturity	2,144,892	2,144,892	236,542	230,155	(6,387)
<i>From Financial assets available for sale to:</i>					
Loans represented by securities	2,713,524	2,713,524	123,074	127,200	4,126
Financial assets held to maturity	627,492	627,492	73,340	80,777	7,437
			451,330	456,506	5,176

The amounts accounted in the income statement and in fair value reserves, as at 30 June 2015 related to reclassified financial assets are analysed as follows:

	Income statement	Changes	
	Interests	Fair value	Equity
	Euros '000	reserves Euros '000	Euros '000
<i>From Financial assets held for trading to:</i>			
Financial assets available for sale	225	(2,046)	(1,821)
Financial assets held to maturity	6,648	-	6,648
<i>From Financial assets available for sale to:</i>			
Loans represented by securities	2,043	3	2,046
Financial assets held to maturity	1,615	125	1,740
	10,531	(1,918)	8,613

If the reclassifications described previously had not occurred, the additional amounts recognised in equity as at 30 June 2015, would be as follows:

	Income statement		Fair value reserves Euros '000	Equity Euros '000
	Fair value	Retained		
	changes Euros '000	earnings Euros '000		
<i>From Financial assets held for trading to:</i>				
Financial assets available for sale	(2,046)	1,614	432	-
Financial assets held to maturity	(53,742)	47,355	-	(6,387)
<i>From Financial assets available for sale to:</i>				
Loans represented by securities	-	-	4,126	4,126
Financial assets held to maturity	-	-	7,437	7,437
	(55,788)	48,969	11,995	5,176

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As at 31 December 2014, this reclassification is analysed as follows:

	At the reclassification date		Dec 2014		
	Book value	Fair value	Book value	Fair value	Difference
	Euros '000	Euros '000	Euros '000	Euros '000	Euros '000
<i>From Financial assets held for trading to:</i>					
Financial assets available for sale	196,800	196,800	18,213	18,213	-
Financial assets held to maturity	2,144,892	2,144,892	698,421	745,776	47,355
<i>From Financial assets available for sale to:</i>					
Loans represented by securities	2,713,524	2,713,524	123,038	127,237	4,199
Financial assets held to maturity	627,492	627,492	73,151	80,294	7,143
			912,823	971,520	58,697

The amounts accounted in the income statement and in fair value reserves, as at 31 December 2014, related to reclassified financial assets are analysed as follows:

	Income statement	Changes	
	Interest	Fair value reserves	Equity
	Euros '000	Euros '000	Euros '000
<i>From Financial assets held for trading to:</i>			
Financial assets available for sale	826	4,411	5,237
Financial assets held to maturity	30,443	-	30,443
<i>From Financial assets available for sale to:</i>			
Loans represented by securities	4,653	5	4,658
Financial assets held to maturity	10,418	(6,709)	3,709
	46,340	(2,293)	44,047

If the reclassifications described previously had not occurred, the additional amounts recognised in equity as at 31 December 2014, would be as follows:

	Income statement			
	Fair value changes	Retained earnings	Fair value reserves	Equity
	Euros '000	Euros '000	Euros '000	Euros '000
<i>From Financial assets held for trading to:</i>				
Financial assets available for sale	4,411	(2,798)	(1,613)	-
Financial assets held to maturity	81,930	(34,575)	-	47,355
<i>From Financial assets available for sale to:</i>				
Loans represented by securities	-	-	4,199	4,199
Financial assets held to maturity	-	-	7,143	7,143
	86,341	(37,373)	9,729	58,697

The changes occurred in impairment for financial assets available for sale are analysed as follows:

	Jun 2015	Jun 2014
	Euros '000	Euros '000
Balance on 1 January	287,106	151,535
Transfers	-	(7)
Impairment against profit and loss	26,976	39,129
Write-back against fair value reserves	(9,349)	(929)
Loans charged-off	(21,364)	(6,012)
Exchange rate differences	(3)	(7)
Balance on 30 June	283,366	183,709

The Group recognises impairment for financial assets available for sale when there is a significant or prolonged decrease in its fair value or when there is an impact on expected future cash flows of the assets. This assessment involves judgement in which the Group takes into consideration, among other factors, the volatility of the securities prices.

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Thus, as a consequence of the low liquidity and significant volatility in financial markets, the following factors were taken into consideration in determining the existence of impairment:

- Equity instruments: (i) decreases of more than 30% against the purchase price; or (ii) the market value below the purchase price for a period exceeding 12 months;
- Debt instruments: when there is objective evidence of events with impact on recoverable value of future cash flows of these assets.

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

	Jun 2015					
	Up to 3 months Euros '000	3 months to 1 year Euros '000	1 year to 5 years Euros '000	Over 5 years Euros '000	Undetermined Euros '000	Total Euros '000
<i>Fixed income:</i>						
Bonds issued by public entities						
Portuguese issuers	-	7,595	1,340,883	3,000,520	-	4,348,998
Foreign issuers	64,445	873,135	2,111,086	911,380	-	3,960,046
Bonds issued by other entities						
Portuguese issuers	-	85,431	577,613	426,395	4,077	1,093,516
Foreign issuers	1,090,855	263	62,053	201,504	7	1,354,682
Treasury bills and other						
Government bonds	286,787	389,705	13,784	4,145	-	694,421
	1,442,087	1,356,129	4,105,419	4,543,944	4,084	11,451,663
Impairment for overdue securities	-	-	-	-	(4,077)	(4,077)
	1,442,087	1,356,129	4,105,419	4,543,944	7	11,447,586
<i>Variable income:</i>						
Companies' shares						
Portuguese companies					108,917	108,917
Foreign companies					24,746	24,746
Investment fund units					1,385,096	1,385,096
Other securities					582	582
					1,519,341	1,519,341
	1,442,087	1,356,129	4,105,419	4,543,944	1,519,348	12,966,927

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

	Dec 2014					
	Up to 3 months Euros '000	3 months to 1 year Euros '000	1 year to 5 years Euros '000	Over 5 years Euros '000	Undetermined Euros '000	Total Euros '000
<i>Fixed income:</i>						
Bonds issued by public entities						
Portuguese issuers	21	82,644	1,111,230	812,576	-	2,006,471
Foreign issuers	20,453	119,109	1,949,390	151,711	-	2,240,663
Bonds issued by other entities						
Portuguese issuers	7,176	86,719	511,911	275,929	4,077	885,812
Foreign issuers	561,639	19,597	68,312	185,463	6	835,017
Treasury bills and other						
Government bonds	274,372	1,134,971	13,417	4,730	-	1,427,490
	863,661	1,443,040	3,654,260	1,430,409	4,083	7,395,453
Impairment for overdue securities	-	-	-	-	(4,077)	(4,077)
	863,661	1,443,040	3,654,260	1,430,409	6	7,391,376
<i>Variable income:</i>						
Companies' shares						
Portuguese companies					97,190	97,190
Foreign companies					26,391	26,391
Investment fund units					1,339,993	1,339,993
Other securities					1,023	1,023
					1,464,597	1,464,597
	863,661	1,443,040	3,654,260	1,430,409	1,464,603	8,855,973

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

	Jun 2015				
			Other		
	Bonds	Shares	Financial	Overdue	
	Euros '000	Euros '000	Assets	Securities	Total
	Euros '000	Euros '000	Euros '000	Euros '000	Euros '000
Food, beverage and tobacco	-	-	-	6	6
Textiles	-	6,913	-	361	7,274
Wood and cork	-	501	-	998	1,499
Paper, printing and publishing	29,643	41	-	-	29,684
Chemicals	-	9	-	-	9
Machinery, equipment and basic metallurgical	-	6	-	-	6
Construction	-	957	-	2,540	3,497
Retail business	-	237	-	-	237
Wholesale business	-	1,048	-	176	1,224
Restaurants and hotels	-	14,298	-	-	14,298
Transport and communications	400,052	45,930	-	-	445,982
Services	2,014,420	63,719	1,384,824	2	3,462,965
Other international activities	-	4	854	-	858
	2,444,115	133,663	1,385,678	4,083	3,967,539
Government and Public securities	8,309,044	-	694,421	-	9,003,465
Impairment for overdue securities	-	-	-	(4,077)	(4,077)
	10,753,159	133,663	2,080,099	6	12,966,927

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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The analysis of trading derivatives, by maturity, as at 30 June 2015, is as follows:

	Jun 2015					
	Notional (remaining term)				Fair value	
	Up to 3 months Euros '000	3 months to 1 year Euros '000	Over 1 year Euros '000	Total Euros '000	Assets Euros '000	Liabilities Euros '000
Interest rate derivatives:						
OTC Market:						
Interest rate swaps	914,928	3,577,289	11,538,050	16,030,267	594,873	599,540
Interest rate options (purchase)	1	2,035	180,236	182,272	1,539	-
Interest rate options (sale)	-	1,200	180,236	181,436	-	826
Other interest rate contracts	107,248	3,839	99,882	210,969	39,721	41,373
	1,022,177	3,584,363	11,998,404	16,604,944	636,133	641,739
Stock Exchange transactions:						
Interest rate futures	13,406	8,937	-	22,343	-	-
Currency derivatives:						
OTC Market:						
Forward exchange contract	379,168	212,523	31,777	623,468	8,602	8,353
Currency swaps	3,778,347	27,453	8,946	3,814,746	49,442	63,377
Currency options (purchase)	14,119	1,801	-	15,920	243	-
Currency options (sale)	4,723	7,893	-	12,616	-	417
	4,176,357	249,670	40,723	4,466,750	58,287	72,147
Shares/debt instruments derivatives:						
OTC Market:						
Shares/indexes swaps	138,516	1,293,333	1,411,445	2,843,294	9,412	14,434
Shares/indexes options (sale)	14,675	-	2,067	16,742	-	-
Others shares/indexes options (purchase)	-	-	-	-	7,853	-
	153,191	1,293,333	1,413,512	2,860,036	17,265	14,434
Stock exchange transactions:						
Shares futures	416,364	-	-	416,364	-	-
Shares/indexes options (purchase)	92,409	334,152	321,350	747,911	79,898	-
Shares/indexes options (sale)	2,176	96,556	17,627	116,359	-	79,993
	510,949	430,708	338,977	1,280,634	79,898	79,993
Commodity derivatives:						
Stock Exchange transactions:						
Commodities futures	61,362	-	-	61,362	-	-
Credit derivatives:						
OTC Market:						
Credit Default swaps	-	801,750	1,987,356	2,789,106	162,019	15,616
Other credit derivatives (sale)	-	-	13,901	13,901	-	-
	-	801,750	2,001,257	2,803,007	162,019	15,616
Total financial instruments traded in:						
OTC Market	5,351,725	5,929,116	15,453,896	26,734,737	873,704	743,936
Stock Exchange	585,717	439,645	338,977	1,364,339	79,898	79,993
Embedded derivatives					-	300
	5,937,442	6,368,761	15,792,873	28,099,076	953,602	824,229

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The analysis of trading derivatives, by maturity, as at 31 December 2014, is as follows:

	Dec 2014					
	Notional (remaining term)				Fair value	
	Up to 3 months Euros '000	3 months to 1 year Euros '000	Over 1 year Euros '000	Total Euros '000	Assets Euros '000	Liabilities Euros '000
Interest rate Derivatives:						
OTC Market:						
Forward rate agreements	-	608,443	-	608,443	115	-
Interest rate swaps	874,722	2,335,806	13,833,535	17,044,063	721,128	744,093
Interest rate options (purchase)	129,200	171,218	62,403	362,821	759	-
Interest rate options (sale)	129,200	170,373	62,403	361,976	-	2,082
Other interest rate contracts	2,389	16,953	105,027	124,369	48,167	48,170
	1,135,511	3,302,793	14,063,368	18,501,672	770,169	794,345
Stock Exchange transactions:						
Interest rate futures	16,473	15,649	-	32,122	-	-
Currency derivatives:						
OTC Market:						
Forward exchange contract	273,708	116,515	27,565	417,788	5,035	4,784
Currency swaps	2,391,730	201,778	16,089	2,609,597	59,084	18,738
Currency options (purchase)	6,264	1,429	-	7,693	27	-
Currency options (sale)	4,846	1,429	-	6,275	-	17
	2,676,548	321,151	43,654	3,041,353	64,146	23,539
Shares/debt instruments derivatives:						
OTC Market:						
Shares/indexes swaps	123,731	680,084	1,133,972	1,937,787	4,347	11,673
Shares/indexes options (sale)	13,728	-	2,067	15,795	-	-
Other shares/indexes options (purchase)	-	-	-	-	8,316	-
	137,459	680,084	1,136,039	1,953,582	12,663	11,673
Stock Exchange transactions:						
Shares futures	323,450	-	-	323,450	-	-
Shares/indexes options (purchase)	253,464	280,694	313,889	848,047	99,053	-
Shares/indexes options (sale)	10,324	20,592	98,287	129,203	-	98,880
	587,238	301,286	412,176	1,300,700	99,053	98,880
Commodity derivatives:						
Stock exchange transactions:						
Commodities futures	30,312	-	-	30,312	-	-
Credit derivatives:						
OTC Market:						
Credit Default swaps	5,000	-	2,788,640	2,793,640	135,458	24,163
Other credit derivatives (sale)	-	-	14,099	14,099	-	-
	5,000	-	2,802,739	2,807,739	135,458	24,163
Total financial instruments traded in:						
OTC Market	3,954,518	4,304,028	18,045,800	26,304,346	982,436	853,720
Stock Exchange	634,023	316,935	412,176	1,363,134	99,053	98,880
Embedded derivatives					3	369
	4,588,541	4,620,963	18,457,976	27,667,480	1,081,492	952,969

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24. Hedging derivatives

This balance is analysed as follows:

	Jun 2015		Dec 2014	
	Assets	Liabilities	Assets	Liabilities
	Euros '000	Euros '000	Euros '000	Euros '000
<i>Hedging instruments</i>				
Swaps	80,927	779,339	75,325	352,543

Hedging derivatives are measured in accordance with internal valuation techniques considering mainly observable market inputs. In accordance with the hierarchy of the valuation sources, as referred in IFRS 13 these derivatives are classified in level 2. The Group applies derivatives to hedge interest and exchange rate exposure risks. The accounting method depends on the nature of the hedged risk, namely if the Group is exposed to fair value changes, variability in cash flows or highly probable forecast transactions.

For the hedging relationships which comply with the hedging requirements of IAS 39, the Group adopts the hedge accounting method mainly interest rate and exchange rate derivatives. The fair value hedge model is adopted for debt securities, loans granted with fixed rate loans and deposits and money market loans. The cash flows hedge model is adopted for future transactions in foreign currency to cover dynamic changes in cash flows from loans granted and variable rate deposits in foreign currency and foreign currency mortgage loans.

The relationships that follow the fair value hedge model recorded ineffectiveness for the year of a negative amount of Euros 2,573,000 (31 December 2014: negative amount of Euros 9,240,000) and the hedging relationships that follow the cash flows model recorded ineffectiveness for the period of a positive amount of Euros 133,000 (31 December 2014: negative amount of Euros 2,373,000).

The accumulated adjustment on financial risks covered performed on the assets and liabilities which includes hedged items is analysed as follows:

Hedged item	Jun 2015	Dec 2014
	Euros '000	Euros '000
Loans	2,243	3,279
Deposits	(31,570)	(34,277)
Debt issued	(79,053)	(97,190)
	(108,380)	(128,188)

The analysis of hedging derivatives portfolio, by maturity, as at 30 June 2015, is as follows:

	Jun 2015				Fair value	
	Notional (remaining term)			Total	Assets	Liabilities
	Up to 3 months	3 months to 1 year	Over 1 year			
	Euros '000	Euros '000	Euros '000	Euros '000	Euros '000	Euros '000
Fair value hedging derivatives related to interest rate risk changes:						
OTC Market:						
Interest rate swaps	183,834	139,857	3,404,408	3,728,099	57,934	35,389
Other interest rate contracts	-	-	138,609	138,609	-	38,712
	183,834	139,857	3,543,017	3,866,708	57,934	74,101
Cash flow hedging derivatives related to interest rate risk changes:						
OTC Market:						
Interest rate swaps	73,966	120,493	3,448,145	3,642,604	7,134	253
Other interest rate contracts	144,635	911,201	3,424,437	4,480,273	7,355	704,414
	218,601	1,031,694	6,872,582	8,122,877	14,489	704,667
Cash flow hedging derivatives related to currency risk changes:						
OTC Market:						
Currency swaps	45,089	-	-	45,089	-	-
Hedging derivatives related to net investment in foreign operations:						
OTC Market:						
Interest rate swaps	-	138,215	414,377	552,592	8,504	571
Total financial instruments						
Traded by:						
OTC Market	447,524	1,309,766	10,829,976	12,587,266	80,927	779,339

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The analysis of hedging derivatives portfolio, by maturity, as at 31 December 2014, is as follows:

	Dec 2014					
	Notional (remaining term)				Fair value	
	Up to 3 months Euros '000	3 months to 1 year Euros '000	Over 1 year Euros '000	Total Euros '000	Assets Euros '000	Liabilities Euros '000
Fair value hedging derivatives related to interest rate risk changes:						
OTC Market:						
Interest rate swaps	53,052	674,594	1,372,693	2,100,339	51,630	27,207
Other interest rate contracts	-	-	119,243	119,243	-	19,773
	<u>53,052</u>	<u>674,594</u>	<u>1,491,936</u>	<u>2,219,582</u>	<u>51,630</u>	<u>46,980</u>
Cash flow hedging derivatives related to interest rate risk changes:						
OTC Market:						
Interest rate swaps	77,225	129,879	2,101,797	2,308,901	6,072	58
Others interest rate contracts	885,636	186,642	3,286,106	4,358,384	1,118	304,364
	<u>962,861</u>	<u>316,521</u>	<u>5,387,903</u>	<u>6,667,285</u>	<u>7,190</u>	<u>304,422</u>
Cash flow hedging derivatives related to currency risk changes:						
OTC Market:						
Forward exchange contract	7,294	3,437	-	10,731	108	1,141
Hedging derivatives related to net investment in foreign operations:						
OTC Market:						
Interest rate swaps	-	77,388	394,926	472,314	16,397	-
Total financial instruments						
Traded by:						
OTC Market	<u>1,023,207</u>	<u>1,071,940</u>	<u>7,274,765</u>	<u>9,369,912</u>	<u>75,325</u>	<u>352,543</u>

25. Financial assets held to maturity

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

	Jun 2015 Euros '000	Dec 2014 Euros '000
<i>Bonds and other fixed income securities</i>		
Issued by Government and public entities	50,529	1,917,366
Issued by other entities	386,213	393,815
	<u>436,742</u>	<u>2,311,181</u>

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.

As at 30 June 2015, the balance Financial assets held to maturity also includes the amount of Euros 236,542,000 (31 December 2014: Euros 698,421,000) related to non derivatives financial assets (bonds) reclassified in previous years from financial assets held for trading caption to financial assets held to maturity caption, as referred in the accounting policy note 1 f) and note 23.

As at 30 June 2015, the balance Financial assets held to maturity also includes the amount of Euros 73,340,000 (31 December 2014: Euros 73,151,000) related to non derivatives financial assets (bonds) reclassified in previous years from financial assets available for sale caption to financial assets held to maturity caption, as referred in the accounting policy note 1 f) and note 23.

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As at 30 June 2015, the Financial assets held to maturity portfolio is analysed as follows:

Description	Country	Maturity date	Interest rate	Nominal value Euros '000	Book value Euros '000	Fair value Euros '000
<i>Issued by Government and public entities</i>						
Btps 4.5 Pct 08/01.08.2018 Eur	Italy	August, 2018	4.500%	50,000	50,529	56,696
					50,529	56,696
<i>Issued by other entities</i>						
Cp Comboios Pt 09/16.10.2019	Portugal	October, 2019	4.170%	75,000	75,550	82,988
Edia Sa 07/30.01.2027	Portugal	January, 2027	0.140%	40,000	38,935	32,331
Step 00/05.06.2022 - 100Mios Call						
Semest. a Partir 10Cpn-Min.10Mios	Portugal	June, 2022	0.055%	100,000	98,357	89,191
Ayt Cédulas 07/21.03.2017	Spain	March, 2017	4.000%	50,000	50,238	53,454
Mbs Magellan M Series 1 Class A	Ireland	December, 2036	0.526%	78,981	79,000	78,340
Mbs Magellan M Series 1 Class B	Ireland	December, 2036	1.146%	26,300	26,313	25,398
Mbs Magellan M Series 1 Class C	Ireland	December, 2036	2.586%	17,800	17,820	12,807
					386,213	374,509
					436,742	431,205

As at 31 December 2014, the Financial assets held to maturity portfolio is analysed as follows:

Description	Country	Maturity date	Interest rate	Nominal value Euros '000	Book value Euros '000	Fair value Euros '000
<i>Issued by Government and public entities</i>						
OT 3.5 Pct 10/25.03.2015	Portugal	March, 2015	3.500%	82,366	83,115	83,324
OT 3.85% 05/15.04.2021	Portugal	April, 2021	3.850%	135,000	142,109	153,460
OT 4.45 Pct 08/15.06.2018	Portugal	June, 2018	4.450%	1,436,762	1,427,953	1,628,905
OT 4.75 Pct 09/14.06.2019	Portugal	June, 2019	4.750%	10,000	10,057	11,657
OT 4.8 Pct 10/15.06.2020	Portugal	June, 2020	4.800%	150,000	150,799	177,799
OT 4.95 Pct 08/25.10.2023	Portugal	October, 2023	4.950%	50,000	52,866	59,636
Btps 4.5 Pct 08/01.08.2018 Eur	Italy	August, 2018	4.500%	50,000	50,467	57,520
					1,917,366	2,172,301
<i>Issued by other entities</i>						
Cp Comboios Pt 09/16.10.2019	Portugal	October, 2019	4.170%	75,000	73,810	80,953
Edia Sa 07/30.01.2027	Portugal	January, 2027	0.311%	40,000	38,920	31,338
Step 00/05.06.2022- 100Mios Call Semest.						
a Partir 10Cpn-Min.10Mios	Portugal	June, 2022	0.183%	100,000	98,250	87,365
Ayt Cédulas 07/21.03.2017	Spain	March, 2017	4.000%	50,000	51,156	55,235
Mbs Magellan M Series 1 Class A	Ireland	December, 2036	0.622%	87,516	87,541	85,812
Mbs Magellan M Series 1 Class B	Ireland	December, 2036	1.242%	26,300	26,315	23,019
Mbs Magellan M Series 1 Class C	Ireland	December, 2036	2.682%	17,800	17,823	11,729
					393,815	375,451
					2,311,181	2,547,752

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The analysis of Bonds and other fixed income securities portfolio, net of impairment, included in Financial assets held to maturity, by maturity, as at 30 June 2015 is as follows:

	Jun 2015				
	Up to 3 months Euros '000	3 months to 1 year Euros '000	1 year to 5 years Euros '000	Over 5 years Euros '000	Total Euros '000
Fixed income:					
Bonds issued by public entities					
Foreign issuers	-	-	50,529	-	50,529
Bonds issued by other entities					
Portuguese issuers	-	-	75,550	137,292	212,842
Foreign issuers	-	-	50,238	123,133	173,371
	-	-	176,317	260,425	436,742

The analysis of Bonds and other fixed income securities portfolio, net of impairment, included in Financial assets held to maturity, by maturity, as at 31 December 2014 is as follows:

	Dec 2014				
	Up to 3 months Euros '000	3 months to 1 year Euros '000	1 year to 5 years Euros '000	Over 5 years Euros '000	Total Euros '000
Fixed income:					
Bonds issued by public entities					
Portuguese issuers	83,115	-	1,438,010	345,773	1,866,898
Foreign issuers	-	-	50,468	-	50,468
Bonds issued by other entities					
Portuguese issuers	-	-	73,810	137,169	210,979
Foreign issuers	-	-	51,157	131,679	182,836
	83,115	-	1,613,445	614,621	2,311,181

The analysis of Bonds and other fixed income securities portfolio, net of impairment, included in Financial assets held to maturity, by sector of activity, is analysed as follows:

	Jun 2015 Euros '000	Dec 2014 Euros '000
Transports and communications	173,908	172,060
Services	212,305	221,755
	386,213	393,815
Government and Public securities	50,529	1,917,366
	436,742	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.

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26. Investments in associated companies

This balance is analysed as follows:

	Jun 2015	Dec 2014
	Euros '000	Euros '000
Portuguese credit institutions	30,950	30,143
Foreign credit institutions	30,150	29,862
Other Portuguese companies	237,789	256,213
Other foreign companies	6,510	7,248
	305,399	323,466

The balance Investments in associated companies is analysed as follows:

	Jun 2015	Dec 2014
	Euros '000	Euros '000
Banque BCP, S.A.S.	27,675	27,395
Banque BCP (Luxembourg), S.A.	2,475	2,467
Millenniumbcp Ageas Grupo Segurador, S.G.P.S., S.A.	217,599	236,768
SIBS, S.G.P.S., S.A.	18,787	18,090
Unicre - Instituição Financeira de Crédito, S.A.	30,950	30,143
Other	7,913	8,603
	305,399	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 57.

The main indicators of the principal associated companies are analysed as follows:

	Total Assets Euros '000	Total Liabilities Euros '000	Total Income Euros '000	Net income / (loss) for the period Euros '000
Jun 2015				
Banque BCP, S.A.S.	2,393,488	2,254,416	65,193	7,257
Banque BCP (Luxembourg), S.A.	696,694	668,665	8,360	234
Millenniumbcp Ageas Grupo Segurador, S.G.P.S., S.A.	10,952,698	10,162,423	531,972	26,410
SIBS, S.G.P.S., S.A. (*)	144,507	57,704	82,363	6,064
Unicre - Instituição Financeira de Crédito, S.A.	340,832	240,149	n.a.	9,090
VSC - Aluguer de Veículos Sem Condutor, Lda.	3,059	73	150	245
Dec 2014				
Banque BCP, S.A.S.	2,207,154	2,069,491	117,517	13,841
Banque BCP (Luxembourg), S.A.	677,012	649,075	17,318	860
Millenniumbcp Ageas Grupo Segurador, S.G.P.S., S.A.	10,945,537	10,107,247	962,527	61,489
SIBS, S.G.P.S., S.A.	144,507	57,704	158,164	10,762
Unicre - Instituição Financeira de Crédito, S.A.	334,788	236,514	201,921	9,900
VSC - Aluguer de Veículos Sem Condutor, Lda.	2,959	218	988	1,197

(*) - estimated values.

n.a. - not available

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	Millenniumbcp Ageas Grupo Segurador, S.G.P.S., S.A.
Nature of the relationship with the Group	Associated
Country of the activity	Portugal
% held	49.0

According to the requirements defined in IFRS 12 and considering their relevance, we present in the following table the consolidated financial statements of Millenniumbcp Ageas Group, SGPS, SA, prepared in accordance with IFRS, modified by the consolidation adjustments:

	Jun 2015 Euros '000	Jun 2014 Euros '000
Income	531,972	433,926
Net profit for the year	26,410	41,906
Comprehensive income	(14,425)	80,102
Total comprehensive income	11,985	122,008
Attributable to Shareholders of Millenniumbcp Ageas Grupo Segurador, S.G.P.S., S.A.	11,985	122,008
Financial assets	10,515,688	10,760,285
Non-financial assets	437,010	447,519
Financial liabilities	(10,009,223)	(9,902,585)
Non-financial liabilities	(153,200)	(210,575)
Equity	790,275	1,094,644
Attributable to Shareholders of Millenniumbcp Ageas Grupo Segurador, S.G.P.S., S.A.	790,275	1,094,644
Value of ownership by BCP on equity of Ageas as at 1 January	236,768	497,301
Other comprehensive income attributable to BCP during the year	(2,354)	37,479
Dividends received	(29,400)	(31,850)
Appropriation by BCP in net income of Millenniumbcp Ageas Grupo Segurador, S.G.P.S., S.A.	12,585	24,087
Capital repayment	-	(110,250)
Disposal of Ocidental Seguros and Média	-	(56,567)
Other adjustments	-	12
Investment held as at 30 June	217,599	360,212

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27. Non-current assets held for sale

This balance is analysed as follows:

	Jun 2015	Dec 2014
	Euros '000	Euros '000
Subsidiaries acquired exclusively with the purpose of short-term sale	71,498	72,710
Investments, properties and other assets arising from recovered loans	1,881,661	1,810,881
	1,953,159	1,883,591
Impairment	(278,432)	(261,575)
	<u>1,674,727</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.

The referred balance includes buildings and other assets for which the Group has already established contracts for the sale in the amount of Euros 16,701,000 (31 December 2014: Euros 14,308,000).

As at 30 June 2015, the balance Investments, properties and other assets arising from recovered loans includes the amount of Euros 350,974,000 (31 December 2014: Euros 325,070,000) related to properties of Closed Real Estate Investment Funds, whose units were received following foreclosure operations and in accordance with IFRS, were subject to full consolidation method.

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

The changes occurred in impairment for non-current assets held for sale are analysed as follows:

	Jun 2015	Jun 2014
	Euros '000	Euros '000
Balance on 1 January	261,575	372,695
Transfers	821	45
Impairment for the period	44,227	27,439
Write-back for the period	(229)	(392)
Loans charged-off	(27,685)	(49,353)
Exchange rate differences	(277)	56
Balance on 30 June	<u>278,432</u>	<u>350,490</u>

28. Investment property

The balance Investment property includes the amount of Euros 164,736,000 (31 December 2014: Euros 174,861,000) related to real estate accounted in the "Fundo de Investimento Imobiliário Imosotto Acumulação", "Fundo de Investimento Imobiliário Gestão Imobiliária", "Fundo de Investimento Imobiliário Imorenda", "Fundo de Investimento Imobiliário Fechado Gestimo" and "Imoport - Fundo de Investimento Imobiliário Fechado", which are consolidated under the full consolidation method as referred in the accounting policy presented in note 1 b).

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

The rents received related to real estate amount to Euros 476,000 (31 December 2014: Euros 1,058,000), as at 30 June 2015, and the maintenance expenses related to rented or not rented real estate, amount to Euros 717,000 (31 December 2014: Euros 1,078,000).

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29. Property and equipment

This balance is analysed as follows:

	Jun 2015	Dec 2014
	Euros '000	Euros '000
Land and buildings	1,105,086	1,151,149
Equipment		
Furniture	89,016	89,254
Machinery	57,471	57,657
Computer equipment	298,365	299,446
Interior installations	146,316	146,542
Motor vehicles	25,945	26,125
Security equipment	81,896	82,467
Other equipment	31,539	32,301
Work in progress	17,187	16,704
Other tangible assets	5,080	549
	<u>1,857,901</u>	<u>1,902,194</u>
<i>Accumulated depreciation</i>		
Charge for the period	(26,063)	(51,298)
Accumulated charge for the previous periods	<u>(1,125,737)</u>	<u>(1,095,445)</u>
	<u>(1,151,800)</u>	<u>(1,146,743)</u>
	<u><u>706,101</u></u>	<u><u>755,451</u></u>

30. Goodwill and intangible assets

This balance is analysed as follows:

	Jun 2015	Dec 2014
	Euros '000	Euros '000
<i>Intangible assets</i>		
Software	113,907	114,817
Other intangible assets	52,263	54,906
	<u>166,170</u>	<u>169,723</u>
<i>Accumulated depreciation</i>		
Charge for the period	(7,201)	(14,245)
Accumulated charge for the previous periods	<u>(127,575)</u>	<u>(117,083)</u>
	<u>(134,776)</u>	<u>(131,328)</u>
	<u>31,394</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	18,733	18,766
	<u>192,475</u>	<u>231,101</u>
<i>Impairment</i>		
Others	<u>(16,707)</u>	<u>(16,707)</u>
	<u>175,768</u>	<u>214,394</u>
	<u><u>207,162</u></u>	<u><u>252,789</u></u>

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Following the sale of 15.41% of the share capital of the company through the accelerated placement of 186,979,631 ordinary shares at the unit value of PLN 6.65, and considering the option provided for in IFRS, the Group incorporated in the calculation of the gain/loss the amortization of the portion of the goodwill of the Bank Millennium SA (Poland), according to the proportion of the investment sold. After this sale the Group maintained the control of the Bank Millennium SA (Poland).

According to the accounting policy described in note 1 b), the recoverable amount of the Goodwill is annually assessed in the second semester of each year, regardless of the existence of impairment triggers or, in accordance with the paragraph 9 of the IAS 36, every time there are indicators that the asset might be impaired.

In accordance with IAS 36 the recoverable amount of goodwill should be the greater between its value in use (the present value of the future cash flows expected from its use) and its fair value less costs to sell. Based on this criteria, the Group made in 2014, valuations of their investments for which there is goodwill materially relevant recognised considering among other factors:

- (i) an estimate of future cash flows generated by each entity;
- (ii) an expectation of potential changes in the amounts and timing of cash flows;
- (iii) the time value of money;
- (iv) a risk premium associated with the uncertainty by holding the asset; and
- (v) other factors associated with the current situation of financial markets.

The valuations are based on reasonable and sustainable assumptions representing the best estimate of the Executive Committee on the economic conditions that affect each subsidiary, the budgets and the latest projections approved for those subsidiaries and their extrapolation to future periods.

The assumptions made for these valuations might vary with the change in economic conditions and in the market.

Bank Millennium, S.A. (Poland)

The estimated cash flows of the business were projected based on current operating results and assuming the business plan and projections approved by the Executive Committee up to 2019. After that date, a perpetuity was considered based on the average long-term expected rate of return for this activity in the Polish market. Additionally it was taken into consideration the market performance of the Bank Millennium, S.A. and the percentage of shareholding. Based on this analysis and the expectations of future development, the Group concludes for the absence of impairment.

The business plan of Bank Millennium, S.A. comprises a five-year period, from 2015 to 2019, considering, along this period, a compound annual growth rate of 6.6% for Total Assets and of 7.5% for Total Equity, while considering a ROE evolution from 11.5% in 2014 to 14.2% by the end of the period.

The exchange rate EUR/PLN considered was 4.2875 (December 2014 average: 4.235).

The Cost of Equity considered was 8.875% for the period 2015-2019 and 9.85% in perpetuity. The annual growth rate in perpetuity (g) was 0%.

Real estate and mortgage credit

Considering the changes made in management of the real estate and mortgage credit over the past few years, the Executive Committee analysed this business as a whole.

The estimated cash flows of the business were projected based on current operating results and assuming the business plan and projections approved by the Executive Committee up to 2019 for the business of Banco de Investimento Imobiliário, S.A. and a set of assumptions related to the estimated future evolution of the businesses of mortgage credit originated in real estate agents network and real estate promotion. Based on this analysis and the expectations of future development, the Group conclude for the absence of impairment.

The Real estate and mortgage business comprises the current Banco de Investimento Imobiliário operations plus the income associated with other portfolios booked in Banco Comercial Português.

The business plan and estimates for such business unit comprises a five-year period, from 2015 to 2019, considering, along this period, a compound annual growth rate of -5.5% for Total Assets and of -4.1% for the Allocated Capital and an average ROE evolution from 13.5% estimated for 2015 to 17.3% by the end of the period.

The Cost of Equity considered was 9.00% for the period 2015-2019 and 10.85% in perpetuity.

An average exit multiple of 1.50x was considered in relation to 2019 Allocated Capital, applied to the group of businesses associated with Real estate and mortgage business.

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31. Income Tax

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

	Jun 2015			Dec 2014		
	Assets	Liabilities	Net	Assets	Liabilities	Net
	Euros '000	Euros '000	Euros '000	Euros '000	Euros '000	Euros '000
Deferred taxes not depending on the future profits						
Impairment losses	911,446	-	911,446	887,902	-	887,902
Employee benefits (*)	745,091	-	745,091	685,579	-	685,579
	1,656,537	-	1,656,537	1,573,481	-	1,573,481
Deferred taxes depending on the future profits						
Intangible assets	43	-	43	43	-	43
Other tangible assets	7,192	3,849	3,343	7,353	3,906	3,447
Impairment losses	853,298	551,030	302,268	887,837	579,459	308,378
Employee benefits	3,503	-	3,503	4,200	-	4,200
Financial assets available for sale	47,996	6,190	41,806	8,839	44,288	(35,449)
Derivatives	-	5,203	(5,203)	-	1,697	(1,697)
Tax losses carried forward	428,915	-	428,915	434,767	-	434,767
Others	156,383	56,109	100,274	160,139	55,433	104,706
	1,497,330	622,381	874,949	1,503,178	684,783	818,395
Total deferred taxes	3,153,867	622,381	2,531,486	3,076,659	684,783	2,391,876
Offset between deferred tax assets and deferred tax liabilities	(609,300)	(609,300)	-	(678,097)	(678,097)	-
Net deferred taxes	2,544,567	13,081	2,531,486	2,398,562	6,686	2,391,876

(*) - The balance as at 30 June, 2015 includes deferred tax asset associated with post-employment benefits or long-term employees in excess over the limits provided for in the Income Tax Code, considering the deductibility of the charge at the moment of the payment of pensions associated, in the amount of Euros 104,413,000.

Deferred taxes are calculated based on the tax rates expected to be in force when the temporary differences are reversed, which correspond to the approved rates or substantively approved at the balance sheet date.

The deferred tax assets and liabilities are presented on a net basis whenever, in accordance with applicable law, current tax assets and current tax liabilities can be offset and when the deferred taxes are related to the same tax.

Following the Law 61/2014, about the special regime applicable to deferred tax assets ('Regime'), the Bank decided at the General Meeting of 15 October, 2014 to access this

Through the accession to this regime, the deferred tax assets related to temporary differences determined that (i) impairment losses on loans and (ii) post-employment benefits or long-term employees, assume a different nature from the other temporary differences since being guaranteed not rely on future profitability, being converted into tax credits.

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The deferred tax rate is analysed as follows:

Description	Jun 2015	Dec 2014
Income tax (a)	21.0%	21.0%
Municipal surtax rate	1.5%	1.5%
State tax rate	7.0%	7.0%
Total (b)	29.5%	29.5%

(a) - Applicable to deferred taxes related to tax losses;

(b) - Applicable to deferred taxes related to temporary differences

As at 31 December 2014, the reduction in the income tax rate led to a deferred tax expense in the amount of Euro 133,507,000.

The caption Employee benefits includes the amount of Euros 399,300,000 (31 December 2014: Euros 402,256,000) related to the recognition of deferred taxes associated with actuarial gains and losses recognised against reserves, as a result of a change in the accounting policy, as referred in notes 1, 9 and 48. The referred caption also includes the amount of Euros 39,156,000 (31 December 2014: Euros 40,506,000) related to deferred taxes associated to the charge arising from the transfer of the liabilities with retired employees / pensioners to the General Social Security Scheme, which was recognised in the income statement.

The negative impact in equity associated with the change in the above mentioned accounting policy is deductible for tax purposes, in equal parts, for a 10 years period starting on 1 January, 2012. The expense arising from the transfer of liabilities with pensioners to the General Social Security Scheme is deductible for tax purposes, in equal parts starting on 1 January, 2012, for a period corresponding to the average number of years of life expectancy of retirees / pensioners whose responsibilities were transferred (18 years for the Group).

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

Expire date	Jun 2015 Euros '000	Dec 2014 Euros '000
2015	2,371	3,471
2016	1	1
2017	137,928	139,513
2018	115,384	115,893
2019	189	179
2020 and following years	173,042	175,710
	428,915	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 the their recoverability. The assessment of the recoverability of deferred tax assets was performed for each entity included in the consolidation perimeter based on the respective business plans approved by the Board of Directors for the period 2015-2019.

The estimated financial statements of the Group prepared under the budget procedure for 2015 and that supports the future taxable income relating to each Group entity, took into account the macroeconomic and competitive environment while consolidate the Group's strategic priorities.

The Group's business plan considers particularly the sustained growth of profitability and the reimbursement of all hybrid financial instruments subscribed by the Portuguese State (CoCos), and embodies the objectives set in the third stage of the Strategic Plan related to the profitability of recovery, with the optimization of capital allocation and with the focus on international operations in Poland, Mozambique and Angola.

The expectation of future taxable income in Portugal is supported primarily on the positive developments:

- i) net interest income, reflecting the positive impact of the reimbursement of CoCos and sustained decline in the cost of deposits from customers;
- ii) the reduction in operating costs, reflecting the favourable effect of decreases in numbers of employees and branches;
- iii) loans impairment.

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

	Jun 2015 Euros '000	Dec 2014 Euros '000
Tax losses carried forward	408,772	401,771

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

	Jun 2015			
	Net (loss) / income Euros '000	Reserves and retained earnings Euros '000	Exchange differences Euros '000	Discontinued operations and other variations Euros '000
<i>Deferred taxes</i>				
Deferred taxes not depending on the future profits				
Impairment losses	23,544	-	-	-
Employee benefits	23,475	36,037	-	-
	47,019	36,037	-	-
Deferred taxes depending on the future profits				
Other tangible assets	(142)	-	37	-
Impairment losses	(7,427)	-	1,318	-
Employee benefits	(311)	-	77	(463)
Financial assets available for sale	-	76,986	269	-
Derivatives	(3,521)	-	15	-
Tax losses carried forward	(40,052)	32,484	1,716	-
Others	(5,211)	-	777	-
	(56,664)	109,470	4,209	(463)
	(9,645)	145,507	4,209	(463)
<i>Current taxes</i>	(44,803)	93	-	2
	(54,448)	145,600	4,209	(461)

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)

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

	Jun 2015 Euros '000	Jun 2014 Euros '000
Net loss before income taxes	349,282	2,024
Current tax rate	29.50%	31.50%
Expected tax	(103,039)	(638)
Accruals for the purpose of calculating the taxable income (i)	(39,058)	(24,362)
Deductions for the purpose of calculating the taxable income (ii)	14,348	42,369
Fiscal incentives not recognised in profit/loss accounts (iii)	5,516	611
Effect of the difference of rate tax and of deferred tax not recognised previously (iv)	68,001	(14,809)
Correction of previous periods	961	(2,291)
(Autonomous tax) / tax credits	(1,177)	(1,426)
	<u>(54,448)</u>	<u>(546)</u>
Effective rate	15.6%	27.0%

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.

32. Other assets

This balance is analysed as follows:

	Jun 2015 Euros '000	Dec 2014 Euros '000
Debtors	151,152	164,870
Supplementary capital contributions	145,202	113,546
Amounts due for collection	23,130	26,043
Recoverable tax	24,080	21,302
Recoverable government subsidies on interest on mortgage loans	8,073	7,367
Associated companies	928	228
Interest and other amounts receivable	65,205	48,538
Prepayments and deferred costs	54,418	44,246
Amounts receivable on trading activity	35,847	33,897
Amounts due from customers	219,055	244,544
Reinsurance technical provision	3,290	2,151
Sundry assets	252,063	217,156
	<u>982,443</u>	<u>923,888</u>
Impairment for other assets	(173,674)	(138,959)
	<u>808,769</u>	<u>784,929</u>

As referred in note 55, the balance Supplementary capital contributions includes the amount of Euros 142,324,000 (31 December 2014: Euros 109,918,000) and the balance Sundry assets includes the amount of Euros 2,939,000 (31 December 2014: Euros 2,939,000), related to the junior securities arising from the sale of loans and advances to costumers to specialized recovery funds which are fully provided.

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The changes occurred in impairment for other assets are analysed as follows:

	Jun 2015 Euros '000	Jun 2014 Euros '000
Balance on 1 January	138,959	166,667
Transfers resulting from changes in the Group's structure	339	-
Other transfers	27,397	1,042
Impairment for the period	10,308	3,249
Write back for the period	(64)	-
Amounts charged-off	(3,197)	(2,229)
Exchange rate differences	(68)	(484)
Balance on 30 June	<u>173,674</u>	<u>168,245</u>

33. Deposits from credit institutions

This balance is analysed as follows:

	Jun 2015 Euros '000	Dec 2014 Euros '000
Central Banks	7,409,907	6,817,673
Credit institutions in Portugal	331,474	219,515
Credit institutions abroad	4,671,538	3,928,967
	<u>12,412,919</u>	<u>10,966,155</u>

Following the signed agreements of derivative financial transactions with institutional counterparties and according to the signed agreements, the Group has, as at 30 June 2015, the amount of Euros 92,290,000 (31 December 2014: 109,768,000) regarding deposits from other credit institutions received as collateral of the mentioned transactions.

34. Deposits from customers

This balance is analysed as follows:

	Jun 2015 Euros '000	Dec 2014 Euros '000
Deposits from customers:		
Repayable on demand	19,707,338	16,792,677
Term deposits	25,633,243	29,511,327
Saving accounts	1,850,549	1,287,817
Structured deposits	2,867,905	1,918,419
Treasury bills and other assets sold under repurchase agreement	171,196	13,986
Others	370,867	292,510
	<u>50,601,098</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.

The caption Deposits from customers - Deposits at fair value through profit and loss is measured in accordance with internal valuation techniques considering mainly observable market inputs. In accordance with the hierarchy of the valuation sources, as referred in IFRS 13, these instruments are classified in level 2. These financial liabilities are revalued against income statement, as referred in the accounting policy presented in note 1 d). As at 30 June 2015, a loss in the amount of Euros 2,662,000 was recognised (31 December 2014: loss of Euros 4,642,000) related to the fair value changes resulting from variations in the credit risk of the Group, as referred in note 6.

The nominal amount of the caption Deposits from customers - Deposits at fair value through profit and loss amounts to, as at 30 June 2015, Euros 2,872,693,000 (31 December 2014: Euros 1,924,445,000).

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35. Debt securities issued

This balance is analysed as follows:

	Jun 2015	Dec 2014
	Euros '000	Euros '000
Debt securities at amortized cost		
Bonds	1,944,054	1,914,640
Covered bonds	1,340,836	1,344,538
MTNs	790,917	1,318,416
Securitizations	460,361	483,427
	4,536,168	5,061,021
Accruals	26,301	56,102
	4,562,469	5,117,123
Debt securities at fair value through profit and loss		
Bonds	44,296	36,560
MTNs	161,810	159,960
	206,106	196,520
Accruals	463	3,398
	206,569	199,918
Certificates	493,866	392,528
	5,262,904	5,709,569

The securities in caption Debt securities at fair value through profit and loss are measured in accordance with internal valuation techniques considering mainly observable market inputs. In accordance with the hierarchy of the valuation sources, as referred in IFRS 13, these instruments are classified in level 2. These financial liabilities are revalued against income statement, as referred in the accounting policy presented in note 1 d). As at 30 June 2015, a loss in the amount of Euros 6,797,000 was recognised (31 December 2014: gain of Euros 632,000) related to the fair value changes resulting from variations in the credit risk of the Group, as referred in note 6.

36. Financial liabilities held for trading

The balance is analysed as follows:

	Jun 2015	Dec 2014
	Euros '000	Euros '000
Swaps	734,340	846,837
Options	81,236	100,979
Embedded derivatives	300	369
Forwards	8,353	4,784
	824,229	952,969
Level 1	79,993	98,880
Level 2	725,798	845,587
Level 3	18,438	8,502

As referred in IFRS 13, financial instruments are measured according to the levels of valuation described in note 47.

The balance Financial liabilities held for trading includes, as at 30 June 2015, the embedded derivatives valuation separated from the host contracts in accordance with the accounting policy presented in note 1 d), in the amount of Euros 300,000 (31 December 2014: Euros 369,000). This note should be analysed together with note 24.

37. Provisions

This balance is analysed as follows:

	Jun 2015	Dec 2014
	Euros '000	Euros '000
Provision for guarantees and other commitments	83,837	250,158
Technical provision for the insurance activity		
For direct insurance and reinsurance accepted		
Unearned premium / reserve	15,981	13,787
Life insurance	53,578	55,990
Bonuses and rebates	3,200	2,161
Other technical provisions	10,973	10,794
Other provisions for liabilities and charges	135,248	127,403
	302,817	460,293

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

	Jun 2015	Jun 2014
	Euros '000	Euros '000
Balance on 1 January	250,158	211,765
Other transfers	(158,870)	-
Charge for the period	4,893	24,587
Write-back for the period	(12,465)	(9,014)
Exchange rate differences	121	(202)
Balance on 30 June	<u>83,837</u>	<u>227,136</u>

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

	Jun 2015	Jun 2014
	Euros '000	Euros '000
Balance on 1 January	127,403	80,017
Transfers resulting from changes in the Group's structure	-	5,282
Other transfers	(1,542)	-
Charge for the period	18,569	30,155
Write-back for the period	(386)	(1,199)
Amounts charged-off	(8,742)	(2,252)
Exchange rate differences	(54)	(7)
Balance on 30 June	<u>135,248</u>	<u>111,996</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:

	Jun 2015	Dec 2014
	Euros '000	Euros '000
Bonds		
Non Perpetual Bonds	855,922	1,224,603
Perpetual Bonds	28,643	28,510
CoCos	<u>761,855</u>	<u>762,767</u>
	1,646,420	2,015,880
Accruals	<u>14,097</u>	<u>9,792</u>
	<u>1,660,517</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 June 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	52,589
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	9,732
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	8,134
Bcp Subord Sep 2019 - Emtn 826	October, 2011	September, 2019	Fixed rate of 9.310%	50,000	51,223
Bcp Subord Nov 2019 - Emtn 830	November, 2011	November, 2019	Fixed rate of 8.519%	40,000	39,882
Bcp Subord Dec 2019 - Emtn 833	December, 2011	December, 2019	Fixed rate of 7.150%	26,600	25,623
Mill Bcp Subord Jan 2020 - Emtn 834	January, 2012	January, 2020	Fixed rate of 7.010%	14,000	12,974
Mbcp Subord Feb 2020 - Vm Sr. 173	April, 2012	February, 2020	Fixed rate of 9.000%	23,000	22,057
Bcp Subord Apr 2020 - Vm Sr 187	April, 2012	April, 2020	Fixed rate of 9.150%	51,000	49,065
Bcp Subord 2 Serie Apr 2020 - Vm 194	April, 2012	April, 2020	Fixed rate of 9.000%	25,000	23,933
Bcp Subordinadas Jul 20-Emtn 844	July, 2012	July, 2020	Fixed rate of 9.000%	26,250	24,325
<i>Bank Millennium:</i>					
MB Finance AB	December, 2007	December, 2017	Euribor 6M + 2%	150,118	150,118
<i>BCP Finance Bank:</i>					
BCP Fin Bank Ltd EMTN - 295	December, 2006	December, 2016	See reference (iv)	71,209	71,200
BCP Fin Bank Ltd EMTN - 828	October, 2011	October, 2021	Fixed rate of 13.000%	96,450	72,244
<i>Magellan No. 3:</i>					
Magellan No. 3 Series 3 Class F	June, 2005	May, 2058	-	44	44
					<u>855,922</u>
<i>Perpetual Bonds</i>					
<i>Obrigações Caixa Perpétuas</i>					
Subord 2002/19jun2012	June, 2002	-	See reference (v)	92	64
TOPS BPSM 1997	December, 1997	-	Euribor 6M + 0.900%	22,916	23,204
BCP Leasing 2001	December, 2001	-	Euribor 3M + 2.250%	5,375	5,375
					<u>28,643</u>
<i>CoCos</i>					
Bcp Coco Bonds 12/29.06.2017	June, 2012	June, 2017	See reference (vi)	750,000	761,855
					<u>14,097</u>
					<u><u>1,660,517</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:

	Jun 2015 Euros '000	Dec 2014 Euros '000
Creditors:		
Suppliers	26,492	35,842
From factoring operations	7,698	6,132
Associated companies	4	798
Other creditors	226,388	236,944
Public sector	51,906	56,712
Interests and other amounts payable	105,943	98,533
Deferred income	10,351	9,804
Holiday pay and subsidies	57,853	61,900
Other administrative costs payable	1,277	3,347
Amounts payable on trading activity	160,845	14,859
Other liabilities	567,336	526,721
	<u>1,216,093</u>	<u>1,051,592</u>

The balance Creditors - Other creditors also includes, Euros 47,617,000 (31 December 2014: Euros 48,201,000) related to the seniority premium, as described in note 48.

Additionally, this balance includes the amount of Euros 12,097,000 (31 December 2014: Euros 35,164,000) regarding the restructuring provision, related to the resizing program agreed with the European Commission and the amount of Euros 22,777,000 (31 December 2014: Euros 24,212,000) relative to the actual value of benefits attributed associated with housing loans to employees, retirees and former employees.

The balance Creditors - Other creditors also includes the amount of Euros 3,153,000 (31 December 2014: Euros 3,153,000), related to the obligations with retirement benefits already recognised in Staff costs, to be paid to former members of the Executive Board of Directors. As referred in note 48, the above mentioned obligations are not covered by the Pension Fund and therefore, correspond to amounts payable by the Group.

The caption Other liabilities includes as at 30 June 2015, the amount of Euros 65,562,000 (31 December, 2014: Euros 38,020,000) regarding liabilities associated with post-employment benefits, as described in note 48.

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 the majority of the preference shares were exchanged for new debt instruments. As at 30 June 2015, the balance preference shares amounts to Euros 171,175,000.

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.

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These issues were exchanged within the scope of the public change offering of perpetual subordinated securities for ordinary shares, performed in 2011. As at 30 June 2015, the balance amounts to Euros 9,853,000.

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

As at 30 June 2015, shareholders holding individually or together with their affiliates, 2% or more of the share capital of the Bank, is as follows:

Shareholder	number of shares	% share capital	% voting rights
Sonangol - Sociedade Nacional de Combustíveis de Angola, EP	10,534,115,358	17.84%	17.84%
Sabadell Group	2,994,863,413	5.07%	5.07%
EDP Group	1,465,741,918	2.48%	2.48%
BlackRock (*)	1,308,152,656	2.22%	2.22%
Interoceânico Group	1,203,994,374	2.04%	2.04%
Total Qualified Shareholdings	17,506,867,719	29.65%	29.65%

(*) According to the latest available information (BlackRock on 24 July, 2014).

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:

	Jun 2015	Dec 2014
	Euros '000	Euros '000
Fair value reserves		
Financial assets available for sale		
Potential gains and losses recognised		
in fair value reserves	(103,042)	177,879
Loans represented by securities (*)	(18)	(20)
Financial assets held to maturity (*)	(1,082)	(1,207)
Of associated companies and others	987	2,056
Cash-flow hedge	(36,703)	(28,529)
	<u>(139,858)</u>	<u>150,179</u>
Tax		
Financial assets available for sale		
Potential gains and losses recognised		
in fair value reserves	30,825	(48,764)
Loans represented by securities	5	6
Financial assets held to maturity	319	356
Cash-flow hedge	7,828	5,121
	<u>38,977</u>	<u>(43,281)</u>
Fair value reserve net of taxes	(100,881)	106,898
Others	(2,372,530)	(2,383,487)
	<u>(2,473,411)</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	2,636,133	2,788,179
Other reserves arising on consolidation	(173,203)	(169,875)
	<u>2,686,200</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.

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The changes occurred, during the first semester of 2015, in Fair value reserves for loans represented by securities, financial assets available for sale, financial assets held to maturity, investments in associated companies and others, are analysed as follows:

	2015					
	Balance on 1 January Euros '000	Transfers Euros '000	Fair value adjustment Euros '000	Impairment in profit and loss Euros '000	Sales Euros '000	Balance on 30 June Euros '000
Millenniumbcp Ageas	(3,902)	-	(2,353)	-	-	(6,255)
Portuguese public debt securities	67,628	282,216	(160,126)	-	(388,148)	(198,430)
Other investments	114,982	-	(21,282)	26,976	(19,146)	101,530
	178,708	282,216	(183,761)	26,976	(407,294)	(103,155)

The changes occurred during the first semester of 2014, in Fair value reserves for loans represented by securities, financial assets available for sale, financial assets held to maturity, investments in associated companies and others, are analysed as follows:

	2014				
	Balance on 1 January Euros '000	Fair value adjustment Euros '000	Impairment in profit and loss Euros '000	Sales Euros '000	Balance on 30 June Euros '000
Millenniumbcp Ageas	(44,463)	43,652	-	(6,174)	(6,985)
Portuguese public debt securities	89,412	205,095	-	(114,021)	180,486
Other investments	34,650	44,435	39,129	(6,497)	111,717
	79,599	293,182	39,129	(126,692)	285,218

43. Treasury stock

This balance is analysed as follows:

	Banco Comercial Português, S.A. shares	Other treasury stock	Total
Jun 2015			
Net book value (Euros '000)	1,894	118,196	120,090
Number of securities	24,280,365	(*)	
Average book value (Euros)	0.08		
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		

Treasury stock refers to own securities held by the companies included in the consolidation perimeter. These securities are held within the limits established by the bank's by-laws and by "Código das Sociedades Comerciais".

(*) As at 30 June 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 June 2015, this balance includes 24,280,365 shares (31 December 2014: 24,280,365 shares) owned by clients. Considering the fact that for these clients there is evidence of impairment, under the IAS 39, the shares of the Bank owned by these clients were, in accordance with this standard, considered as treasury stock, and, in accordance with the accounting policies, written off from equity.

Within the Public Exchange Offer, the variation in the first semester of 2015 in Treasury stock - Other treasury stock includes the exchange of preferred shares of BCP Finance Company and perpetual securities for Bank's shares in the amount of Euros 110,577,000.

Regarding treasury stock owned by associated companies listed in note 57, as at 30 June 2015, the Millenniumbcp Ageas Group owned 652,087,518 BCP shares (31 December 2014: 652,087,518 shares) in the amount of Euros 50,798,000 (31 December 2014: Euros 42,842,000).

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.

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44. Non-controlling interests

This balance is analysed as follows:

	Jun 2015	Dec 2014
	Euros '000	Euros '000
Actuarial losses (net of taxes)	(526)	(526)
Exchange differences arising on consolidation	(62,784)	(40,300)
Fair value reserves	(24,932)	(9,268)
Deferred taxes	4,574	1,582
	(83,668)	(48,512)
Other reserves and retained earnings	1,109,361	822,883
	<u>1,025,693</u>	<u>774,371</u>

The balance Non-controlling interests is analysed as follows:

	Balance Sheet		Income Statement	
	Jun 2015	Dec 2014	Jun 2015	Jun 2014
	Euros '000	Euros '000	Euros '000	Euros '000
Bank Millennium, S.A.	717,146	465,303	33,565	26,415
BIM - Banco Internacional de Moçambique, SA	147,351	151,942	16,571	14,373
Banco Millennium Angola, S.A.	161,547	157,140	19,053	11,518
Other subsidiaries	(351)	(14)	(337)	290
	<u>1,025,693</u>	<u>774,371</u>	<u>68,852</u>	<u>52,596</u>

			% held	
			Non-controlling interests	
Name	Head office	Segment	Jun 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 31,089,000 recognized against reserves.

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The following table presents a summary of financial information for the above institutions, prepared in accordance with IFRS. The information is presented before inter-company eliminations:

	Bank Millennium, S.A.		BIM - Banco Internacional de Moçambique, S.A.		Banco Millennium Angola, S.A.	
	Jun 2015	Jun 2014	Jun 2015	Jun 2014	Jun 2015	Jun 2014
	Euros '000	Euros '000	Euros '000	Euros '000	Euros '000	Euros '000
Income	392,561	417,940	182,021	142,832	129,863	87,673
Net profit for the period	79,310	76,404	47,905	41,689	38,183	23,082
Net profit for the period attributable to the shareholders	45,745	49,989	31,334	27,316	19,130	11,564
Net profit for the period attributable to non-controlling interests	33,565	26,415	16,571	14,373	19,053	11,518
Other comprehensive income attributable to the shareholders	(12,042)	2,951	7	66	(96)	(578)
Other comprehensive income attributable to non-controlling interests	(5,172)	1,554	3	33	(96)	(575)
Total comprehensive income	62,096	80,909	47,915	41,788	37,991	21,929
Financial assets	16,196,100	1,436,916	2,332,416	1,904,065	1,894,394	1,526,763
Non-financial assets	237,968	12,812,247	181,467	167,953	223,623	191,814
Financial liabilities	(14,729,147)	(12,664,204)	(1,937,732)	(1,571,192)	(1,737,962)	(1,395,343)
Non-financial liabilities	(267,755)	(277,473)	(143,658)	(125,845)	(56,313)	(51,295)
Equity	1,437,166	1,307,486	432,493	374,981	323,742	271,939
Equity attributed to the shareholders	720,020	842,183	285,142	223,039	162,195	114,799
Equity attributed to the non-controlling interests	717,146	465,303	147,351	151,942	161,547	157,140
Cash flows arising from:						
operating activities	180,937	(112,698)	11,037	4,254	14,393	31,597
investing activities	103,534	229,637	(5,597)	(19,412)	(281,595)	(415,541)
financing activities	26,885	169,760	(12,294)	(24,919)	347,434	353,583
Net increase / (decrease) in cash and equivalents	311,356	286,699	(6,854)	(40,077)	80,232	(30,361)
Dividends paid during the period:						
attributed to the shareholders	-	41,679	18,897	17,120	-	-
attributed to the non-controlling interests	-	21,941	10,157	9,115	-	-
	-	63,620	29,054	26,235	-	-

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45. Guarantees and other commitments

This balance is analysed as follows:

	Jun 2015	Dec 2014
	Euros '000	Euros '000
Guarantees granted	5,335,417	5,482,897
Guarantees received	30,469,329	31,254,692
Commitments to third parties	10,366,690	7,453,290
Commitments from third parties	11,560,346	10,769,188
Securities and other items held for safekeeping on behalf of customers	124,425,665	119,368,385
Securities and other items held under custody by the Securities Depository Authority	130,414,242	123,425,276
Other off balance sheet accounts	138,835,149	135,896,783

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

	Jun 2015	Dec 2014
	Euros '000	Euros '000
<i>Guarantees granted</i>		
Guarantees	3,965,905	4,145,369
Stand-by letter of credit	94,415	93,034
Open documentary credits	457,141	464,433
Bails and indemnities	817,956	780,061
	<u>5,335,417</u>	<u>5,482,897</u>
<i>Commitments to third parties</i>		
Irrevocable commitments		
Term deposits contracts	3,618,352	16,292
Irrevocable credit lines	1,870,204	2,462,932
Other irrevocable commitments	268,933	291,835
Revocable commitments		
Revocable credit lines	3,828,588	3,706,528
Bank overdraft facilities	548,152	751,355
Other revocable commitments	232,461	224,348
	<u>10,366,690</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).

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 31,089 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. This process is at an early stage.

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. Fair value

Fair value is based on market prices, whenever these are available. If market prices are not available, as occurs regarding many products sold to clients, fair value is estimated through internal models based on cash-flow discounting techniques. Cash-flows for the different instruments sold are calculated according to its financial characteristics and the discount rates used include both the interest rate curve and the current conditions of the pricing policy in the Group.

Thus, the fair value obtained is influenced by the parameters used in the evaluation model that have some degree of judgement and reflects exclusively the value attributed to different financial instruments. However it does not consider prospective factors, as the future business evolution. Therefore the values presented cannot be understood as an estimate of the economic value of the Group.

The main methods and assumptions used in estimating the fair value for the financial assets and financial liabilities of the Group are presented as follows:

Cash and deposits at Central Banks, Loans and advances to credit institutions repayable on demand

Considering the short term of these financial instruments, the amount in the balance sheet is a reasonable estimate of its fair value.

Loans and advances to credit institutions, Deposits from credit institutions and Assets with repurchase agreements

The fair value of these financial instruments is calculated discounting the expected principal and interest future cash flows for these instruments, considering that the payments of the instalments occur in the contractually defined dates.

For Deposits from Central Banks it was considered that the book value is a reasonable estimate of its fair value, given the nature of operations and the associated short-term. The rate of return of funding with the European Central Bank is 0.05% as at 30 June 2015 (31 December 2014: 0.05%).

Regarding loans and advances to credit institutions and deposits from credit institutions, the discount rate used reflects the current conditions applied by the Group on identical instruments for each of the different residual maturities. The discount rate includes the market rates for the residual maturity date (rates from the monetary market or from the interest rate swap market, at the end of the period). As at 30 June 2015, the average discount rate was 0.43% for loans and advances and -0.51% for deposits. As at 31 December 2014 the rates were 1.10% and -0.36%, respectively.

Financial assets held for trading (except derivatives), Financial liabilities held for trading (except derivatives) and Financial assets available for sale

These financial instruments are accounted for at fair value. Fair value is based on market prices, whenever these are available. If market prices are not available, fair value is estimated through numerical models based on cash-flow discounting techniques, using the interest rate curve adjusted for factors associated, predominantly credit risk and liquidity risk, determined in accordance with the market conditions and time frame.

Market interest rates are determined based on information released by the suppliers of financial content - Reuters and Bloomberg - more specifically as a result of prices of interest rate swaps. The values for the very short-term rates are obtained from similar sources but regarding interbank money market. The interest rate curve obtained is calibrated with the values of interest rate short-term futures. Interest rates for specific periods of the cash flows are determined by appropriate interpolation methods. The same interest rate curves are used in the projection of the non-deterministic cash flows such as indexes.

When optionality is involved, the standard templates (Black-Scholes, Black, Ho and others) are used considering the volatility areas applicable. Whenever there are no references in the market of sufficient quality or that the available models do not fully apply to meet the characteristics of the financial instrument, specific quotations supplied by an external entity are applied, typically a counterparty of the business.

Financial assets held to maturity

These financial instruments are accounted at amortised cost net of impairment. Fair value is based on market prices, whenever these are available. If market prices are not available, fair value is estimated through numerical models based on cash-flow discounting techniques, using the interest rate curve adjusted for factors associated, predominantly credit risk and liquidity risk, determined in accordance with the market conditions and time frame.

Hedging and trading derivatives

All derivatives are recorded at fair value.

In case of derivative contracts that are quoted in organised markets their market prices are used. As for derivatives traded "Over-the-counter", it is applied methods based on numerical cash-flow discounting techniques and models for assessment of options considering variables of the market, particularly the interest rates on the instruments in question, and where necessary, their volatilities.

Interest rates are determined based on information disseminated by the suppliers of financial content - Reuters and Bloomberg - more specifically those resulting from prices of interest rate swaps. The values for the very short-term rates are obtained from a similar source but regarding interbank money market. The interest rate curve obtained is calibrated with the values of interest rate short-term futures. Interest rates for specific periods of the cash flows are determined by appropriate interpolation methods. The interest rate curves are used in the projection of the non-deterministic cash flows such as indexes.

Loans and advances to customers with defined maturity date

The fair value of these instruments is calculated by discounting the expected principal and interest future cash flows for these instruments, considering that the payments of the instalments occur in the contractually defined dates. The discount rate used reflects the current conditions applied by the Group in similar instruments for each of the homogeneous classes of this type of instrument and with similar residual maturity. The discount rate includes the market rates for the residual maturity date (rates from the monetary market or from the interest rate swap market, at the end of the period) and the spread used at the date of the report, which was calculated from the average production of the three most recent months. The average discount rate was 4.58% as at 30 June 2015 and 4.44% as at 31 December 2014. The calculations also include the credit risk spread.

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Loans and advances to customers and deposits repayable on demand without defined maturity date

Considering the short maturity of these financial instruments, the conditions of the portfolio are similar to conditions used at the date of the report. Therefore the amount in the balance sheet is a reasonable estimate of its fair value.

Deposits from customers

The fair value of these financial instruments is calculated by discounting the expected principal and interest future cash flows for the referred instruments, considering that payments occur in the contractually defined dates. The discount rate used reflects the current conditions applied by the Group in similar instruments with a similar maturity. The discount rate used reflects the actual rates of the Group to this type of funds and with similar residual maturity date. The discount rate includes the market rates of the residual maturity date (rates of monetary market or the interest rate swap market, at the end of the period) and the spread of the Group at the date of the report, which was calculated from the average production of the three most recent months. As at 30 June 2015, the average discount rate was 1.61% and as at 31 December 2014 was 1.65%.

Debt securities issued and Subordinated debt

For these financial instruments the fair value was calculated for components for which fair value is not yet reflected in the balance sheet. Fixed rate instruments for which the Group adopts "hedge-accounting", the fair value related to the interest rate risk is already recognised.

For the fair value calculation, other components of risk were considered, in addition to the interest rate risk already recorded. The fair value is based on market prices, whenever these are available. If market prices are not available, fair value is estimated through numerical models based on cash-flow discounting techniques, using the interest rate curve adjusted by associated factors, predominantly credit risk and trading margin, the latter only in the case of issues placed on non-institutional customers of the Group.

As original reference, the Group applies the curves resulting from the market interest rate swaps for each specific currency. The credit risk (credit spread) is represented by an excess from the curve of interest rate swaps established specifically for each term and class of instruments based on the market prices on equivalent instruments.

For own debts placed among non institutional costumers of the Group, one more differential was added (commercial spread), which represents the margin between the financing cost in the institutional market and the cost obtained by distributing the respective instrument in the owned commercial network.

The average reference yield curve obtained from market prices in Euros and used in the calculation of the fair value of own securities was 5.38% (31 December, 2014: 6.97%) for subordinated debt placed on the institutional market. Regarding the subordinated issues placed on the retail market it was determined a discount rate of 4.30% (31 December, 2014: 7.18%). The average discount rate calculated for senior issues (including the Government guaranteed and asset-backed) was 2.82% (31 December 2014: 2.06%) and 2.87% (31 December, 2014: 2.97%) for senior and collateralised securities placed on the retail market.

For debt securities, the fair value calculation focused on all the components of these instruments, as a result the difference determined as at 30 June 2015 is a positive amount of Euros 36,632,000 (31 December 2014: a positive amount of Euros 63,163,000), and includes a receivable amount of Euros 300,000 (31 December 2014: a receivable amount of Euros 366,000) which reflects the fair value of embedded derivatives and are recorded in financial assets and liabilities held for trading.

As at 30 June 2015, the following table presents the interest rates used in the definition of the interest rate curves of main currencies, namely EUR, USD, GBP and PLN used to determine the fair value of the assets and liabilities of the Group:

	Currencies			
	EUR	USD	GBP	PLN
1 day	-0.16%	0.22%	0.48%	1.52%
7 days	-0.14%	0.27%	0.50%	1.52%
1 month	-0.11%	0.36%	0.60%	1.56%
2 months	-0.08%	0.41%	0.66%	1.59%
3 months	-0.06%	0.45%	0.71%	1.62%
6 months	0.02%	0.59%	0.84%	1.69%
9 months	0.09%	0.76%	0.99%	1.71%
1 year	0.07%	0.50%	1.11%	1.78%
2 years	0.12%	0.87%	1.10%	1.99%
3 years	0.21%	1.22%	1.35%	2.18%
5 years	0.49%	1.73%	1.69%	2.53%
7 years	0.78%	2.09%	1.92%	2.79%
10 years	1.14%	2.41%	2.13%	2.99%
15 years	1.49%	2.67%	2.30%	3.15%
20 years	1.63%	2.79%	2.35%	3.19%
30 years	1.68%	2.88%	2.33%	3.19%

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The following table shows the fair value of financial assets and liabilities of the Group, as at 30 June 2015:

	Jun 2015				
	Fair value through profit or loss Euros '000	Fair value through reserves Euros '000	Amortised cost Euros '000	Book value Euros '000	Fair value Euros '000
Cash and deposits at Central Banks	-	-	2,426,845	2,426,845	2,426,845
Loans and advances to credit institutions					
Repayable on demand	-	-	1,140,761	1,140,761	1,140,761
Other loans and advances	-	-	831,021	831,021	831,356
Loans and advances to customers	-	-	53,408,642	53,408,642	50,853,056
Financial assets held for trading	2,216,887	-	-	2,216,887	2,216,887
Financial assets available for sale	-	11,703,642	-	11,703,642	11,703,642
Assets with repurchase agreement	-	-	31,273	31,273	31,276
Hedging derivatives	80,927	-	-	80,927	80,927
Held to maturity financial assets	-	-	436,742	436,742	431,205
	<u>2,297,814</u>	<u>11,703,642</u>	<u>58,275,284</u>	<u>72,276,740</u>	<u>69,715,955</u>
Deposits from credit institutions	-	-	12,412,919	12,412,919	12,505,272
Amounts owed to customers	2,867,905	-	47,733,193	50,601,098	51,218,920
Debt securities	700,435	-	4,562,469	5,262,904	5,299,536
Financial liabilities held for trading	824,229	-	-	824,229	824,229
Hedging derivatives	779,339	-	-	779,339	779,339
Subordinated debt	-	-	1,660,517	1,660,517	1,656,864
	<u>5,171,908</u>	<u>-</u>	<u>66,369,098</u>	<u>71,541,006</u>	<u>72,284,160</u>

The following table shows the fair value of financial assets and liabilities of the Group, as at 31 December 2014:

	Dec 2014				
	Fair value through profit or loss Euros '000	Fair value through reserves Euros '000	Amortised cost Euros '000	Book value Euros '000	Fair value Euros '000
Cash and deposits at Central Banks	-	-	1,707,447	1,707,447	1,707,447
Loans and advances to credit institutions					
Repayable on demand	-	-	795,774	795,774	795,774
Other loans and advances	-	-	1,456,026	1,456,026	1,456,227
Loans and advances to customers	-	-	53,685,648	53,685,648	51,028,286
Financial assets held for trading	1,674,240	-	-	1,674,240	1,674,240
Financial assets available for sale	-	8,263,225	-	8,263,225	8,263,225
Assets with repurchase agreement	-	-	36,423	36,423	36,436
Hedging derivatives	75,325	-	-	75,325	75,325
Held to maturity financial assets	-	-	2,311,181	2,311,181	2,547,752
	<u>1,749,565</u>	<u>8,263,225</u>	<u>59,992,499</u>	<u>70,005,289</u>	<u>67,584,712</u>
Deposits from credit institutions	-	-	10,966,155	10,966,155	11,018,598
Amounts owed to customers	1,918,419	-	47,898,317	49,816,736	50,578,631
Debt securities	592,446	-	5,117,123	5,709,569	5,772,732
Financial liabilities held for trading	952,969	-	-	952,969	952,969
Hedging derivatives	352,543	-	-	352,543	352,543
Subordinated debt	-	-	2,025,672	2,025,672	2,319,453
	<u>3,816,377</u>	<u>-</u>	<u>66,007,267</u>	<u>69,823,644</u>	<u>70,994,926</u>

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The following table shows, by valuation levels, the fair value of financial assets and liabilities of the Group, as at 30 June 2015:

	Jun 2015				
	Level 1	Level 2	Level 3	Financial	Total
	Euros '000	Euros '000	Euros '000	instruments at cost	Euros '000
				Euros '000	
Cash and deposits at Central Banks	2,426,845	-	-	-	2,426,845
Loans and advances to credit institutions					
Repayable on demand	1,140,761	-	-	-	1,140,761
Other loans and advances	-	-	831,356	-	831,356
Loans and advances to customers	-	-	50,853,056	-	50,853,056
Financial assets held for trading	1,328,965	722,600	151,574	13,748	2,216,887
Financial assets available for sale	7,819,527	2,336,850	1,474,870	72,395	11,703,642
Assets with repurchase agreement	-	-	-	31,276	31,276
Hedging derivatives	-	80,927	-	-	80,927
Held to maturity financial assets	56,696	374,509	-	-	431,205
	12,772,794	3,514,886	53,310,856	117,419	69,715,955
Deposits from credit institutions	-	-	12,505,272	-	12,505,272
Amounts owed to customers	-	-	51,218,920	-	51,218,920
Debt securities	493,866	4,805,670	-	-	5,299,536
Financial liabilities held for trading	79,993	725,798	18,438	-	824,229
Hedging derivatives	-	779,339	-	-	779,339
Subordinated debt	-	1,656,864	-	-	1,656,864
	573,859	7,967,671	63,742,630	-	72,284,160

The following table shows, by valuation levels, the fair value of financial assets and liabilities of the Group, as at 31 December 2014:

	Dec 2014				
	Level 1	Level 2	Level 3	Financial	Total
	Euros '000	Euros '000	Euros '000	instruments at cost	Euros '000
				Euros '000	Euros '000
Cash and deposits at Central Banks	1,707,447	-	-	-	1,707,447
Loans and advances to credit institutions					
Repayable on demand	795,774	-	-	-	795,774
Other loans and advances	-	-	1,456,227	-	1,456,227
Loans and advances to customers	-	-	51,028,286	-	51,028,286
Financial assets held for trading	668,595	991,304	9	14,332	1,674,240
Financial assets available for sale	5,009,841	1,782,205	1,375,926	95,253	8,263,225
Assets with repurchase agreement	-	-	-	36,436	36,436
Hedging derivatives	-	75,325	-	-	75,325
Held to maturity financial assets	2,172,301	375,451	-	-	2,547,752
	10,353,958	3,224,285	53,860,448	146,021	67,584,712
Deposits from credit institutions	-	-	11,018,598	-	11,018,598
Amounts owed to customers	-	-	50,578,631	-	50,578,631
Debt securities	392,528	5,380,204	-	-	5,772,732
Financial liabilities held for trading	98,880	845,587	8,502	-	952,969
Hedging derivatives	-	352,543	-	-	352,543
Subordinated debt	-	2,319,453	-	-	2,319,453
	491,408	8,897,787	61,605,731	-	70,994,926

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The Group uses the following hierarchy for fair value with 3 levels in the valuation of financial instruments (assets or liabilities), which reflects the level of judgment, the observability of the data used and the importance of the parameters used in determining the fair value measurement of the instrument, as referred in IFRS 13:

- Level 1: Fair value is determined based on unadjusted quoted prices, captured in transactions in active markets involving identical instruments to the ones being valued. If there is more than one active market for the same financial instrument, the relevant price is what prevails in the main market of the instrument, or most advantageous market for which there is access.
- Level 2: Fair value is determined based on valuation techniques supported by observable inputs in active markets, being direct data (prices, rates, spreads, etc.) or indirect data (derivatives), and valuation assumptions similar to what an unrelated party would use in estimating the fair value of that financial instrument.
- Level 3: Fair value is determined based on unobservable inputs in active markets, using techniques and assumptions that market participants would use to evaluate the same instruments, including assumptions about the inherent risks, the valuation technique used and inputs used and review processes to test the accuracy of the values obtained.

The Group considers an active market in which transactions of the financial instrument occur with sufficient frequency and volume to provide prices information on an ongoing basis and for this purpose should verify the following conditions:

- Existence of frequent daily prices trading in the last year;
- The above quotations are exchanged regularly;
- There executable quotes from more than one entity.

A parameter used in a valuation technique is considered observable in the market, if the following conditions are met:

- If its value is determined in an active market;
- Or, if there is an OTC market and it is reasonable to assume that the conditions of an active market are met, with the exception of the condition of trading volumes;
- Or, the parameter value can be obtained by the inverse calculation of prices of financial instruments or derivatives where the remaining parameters required for initial assessment are observable in a liquid market or an OTC market that comply with the preceding paragraphs.

48. Post-employment benefits and other long term benefits

The Group assumed the liability to pay to their employees pensions on retirement or disability and other obligations, in accordance with the accounting policy described in note 1 w).

The number of participants in the Pension Fund of Banco Comercial Português covered by this pension plan and other benefits is analysed as follows:

	Jun 2015	Dec 2014
<i>Number of participants</i>		
Pensioners	16,381	16,337
Former Attendees Acquired Rights	3,325	3,216
Employees	7,851	8,054
	<u>27,557</u>	<u>27,607</u>

In accordance with the accounting policy described in note 1 w), the Group's pension obligation and the respective funding for the Group based on the projected unit credit method are analysed as follows:

	Jun 2015	Dec 2014
	Euros '000	Euros '000
<i>Projected benefit obligations</i>		
Pensioners	1,857,616	1,835,678
Former attendees acquired rights	203,826	187,812
Employees	1,074,298	1,109,165
	<u>3,135,740</u>	<u>3,132,655</u>
Pension fund value	<u>(3,070,178)</u>	<u>(3,094,635)</u>
Net (assets) / liabilities in balance sheet	<u>65,562</u>	<u>38,020</u>
Accumulated actuarial losses recognised in Other comprehensive income	2,848,954	2,811,018

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The change in the projected benefit obligations is analysed as follows:

	Jun 2015			Dec 2014
	Pension benefit obligations Euros '000	Extra-Fund Euros '000	Total Euros '000	Total Euros '000
Balance as at 1 January	2,789,347	343,308	3,132,655	2,533,235
Service cost	(1,126)	102	(1,024)	(4,435)
Interest cost / (income)	34,446	4,155	38,601	97,520
Actuarial (gains) and losses				
Not related to changes in actuarial assumptions	288	3,204	3,492	221
Arising from changes in actuarial assumptions	-	-	-	573,880
Payments	(32,528)	(10,951)	(43,479)	(79,297)
Early retirement programmes	1,008	(101)	907	1,009
Contributions of employees	4,420	-	4,420	9,778
Transfer from other plans	169	(1)	168	744
Balance at the end of the period	2,796,024	339,716	3,135,740	3,132,655

As at 30 June 2015 the value of the benefits paid by the Pension Fund, excluding other benefits included on Extra-fund, amounts to Euros 32,528,000 (31 December 2014: Euros 57,243,000).

The liabilities with health benefits are fully covered by the Pension Fund and correspond, as at 30 June 2015, to the amount of Euros 330,210,000 (31 December 2014: Euros 298,354,000).

Regarding the coverage of some benefit obligations related to pensions, the Bank contracted with Ocidental Vida the acquisition of perpetual annuities for which the total liability as at 30 June 2015 amounts to Euros 75,932,000 (31 December 2014: Euros 78,406,000), in order to pay:

i) pensions of former Group's Board Members in accordance with the Bank's Board Members Retirement Regulation.

ii) pensions and complementary pension to pensioners in accordance with the Pension Fund of the BCP Group employees established in 28 December 1987, as also to pensioners, in accordance with other Pension Funds, that were incorporated after on the BCP Group Pension Fund and which were planned that the retirement benefits should be paid through the acquisition of insurance policies, in accordance with the Decree - Law no. 12/2006.

Ocidental Vida is 100% owned by Ageas Group and Ageas Group is 49% owned by the BCP Group.

The change in the value of plan's assets is analysed as follows:

	Jun 2015 Euros '000	Dec 2014 Euros '000
Balance as at 1 January	3,094,635	2,547,275
Expected return on plan assets	35,735	94,417
Actuarial gains and (losses)	(34,373)	96,860
Contributions to the Fund	183	400,000
Payments	(32,528)	(57,243)
Amount transferred to the Fund resulting from acquired rights		
unassigned related to the Complementary Plan	1,938	2,804
Employees' contributions	4,420	9,778
Transfers from other plans	168	744
Balance at the end of the period	3,070,178	3,094,635

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The elements of the Pension Fund's assets are analysed as follows:

	Jun 2015	Dec 2014
	Euros '000	Euros '000
Shares	723,543	746,123
Bonds and other fixed income securities	1,220,326	907,943
Participations units in investment funds	202,371	190,193
Participation units in real estate funds	239,666	274,598
Properties	302,207	302,190
Loans and advances to credit institutions and others	382,065	673,588
	3,070,178	3,094,635

The balance Properties includes buildings owned by the Fund and used by the Group's companies which as at 30 June 2015, amounts to Euros 301,525,000 (31 December 2014: Euros 301,507,000).

The securities issued by Group's companies accounted in the portfolio of the Fund are analysed as follows:

	Jun 2015	Dec 2014
	Euros '000	Euros '000
Variable income securities	129,995	129,992
Loans and advances to credit institutions and others	347,620	650,038
	477,615	780,030

The evolution of net (assets) / liabilities in the balance sheet is analysed as follows:

	Jun 2015	Dec 2014
	Euros '000	Euros '000
Balance as at 1 January	38,020	(14,040)
Recognised in the income statement:		
Service cost	(1,024)	(4,435)
Interest cost / (income)	2,866	3,103
Cost with early retirement programs	907	1,009
Amount transferred to the Fund resulting from acquired rights unassigned related to the Complementary Plan	(1,938)	(2,804)
Recognised in the statement of comprehensive income:		
Actuarial (gains) and losses		
Not related to changes in actuarial assumptions		
Return of the fund	34,373	(96,860)
Difference between expected and effective obligations	3,492	221
Arising from changes in actuarial assumptions	-	573,880
Contributions to the fund	(183)	(400,000)
Payments	(10,951)	(22,054)
Balance at the end of the period	65,562	38,020

As at 30 June 2015, from the balances Cost with early retirement programs and Amount transferred to the fund resulting from acquired rights unassigned related to the Complementary Plan, Euros 827,000 (31 December 2014: Euros 1,557,000) were recognised against the restructuring provision as referred in note 39.

As at 30 June 2015, the Group's companies made contributions in cash to the Pension Fund, in the amount of Euros 183,000 (31 December 2014: Euros 400,000,000).

In accordance with IAS 19, as at 30 June 2015, the Group accounted post-employment benefits as a cost in the amount of Euros 1,638,000, which is analysed as follows:

	Jun 2015	
	Continuing operations	Discontinued operations
	Euros '000	Euros '000
Service cost	(1,005)	(19)
Net interest cost / (income) in the liability coverage balance	2,864	2
Others	(61)	(143)
(Income) / Cost of the period	1,798	(160)
	1,638	

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In accordance with IAS 19, as at 30 June 2014, the Group accounted post-employment benefits as an income in the amount of Euros 1,640,000, which is analysed as follows:

	Jun 2014		
	Continuing operations	Discontinued operations	Total
	Euros '000	Euros '000	Euros '000
Service cost	(3,025)	(32)	(3,057)
Net interest cost / (income) in the liability coverage balance	1,642	-	1,642
Other	(147)	(78)	(225)
(Income) / Cost of the period	(1,530)	(110)	(1,640)

As the Board Members Retirement Regulation establish that the pensions are increased annually, and as it is not common in the insurance market the acquisition of perpetual annuities including the increase in pensions, the Bank determined, the liability to be recognised on the financial statements taking into consideration current actuarial assumptions.

In accordance with the remuneration policy of the Board Members, the Group has the responsibility of supporting the cost with the retirement pensions of former Group's Executive Board Members, as well as the Complementary Plan for these members in accordance with the applicable rules funded through the Pension Fund, Extra-fund and perpetual annuities.

To cover the update of contracted responsibilities through perpetual annuities policies, based on the actuarial calculations, the Group recognised a provision of Euros 3,153,000 (31 December 2014: Euros 3,153,000).

The changes occurred in responsibilities with retirement pensions payable to former members of the Executive Board of Directors, included in the balance Other liabilities, are analysed as follows:

	Jun 2015	Dec 2014
	Euros '000	Euros '000
Balance as at 1 January	3,153	4,176
Write-back	-	(1,023)
Balance at the end of the period	3,153	3,153

Considering the market indicators, particularly the inflation rate estimates and the long term interest rate for Euro Zone, as well as the demographic characteristics of its employees, the Group considered the following actuarial assumptions for calculating the liabilities with pension obligations:

	Jun 2015	Dec 2014
Increase in future compensation levels	0.75% until 2017	0.75% until 2017
	1.0% after 2017	1% after 2017
Rate of pensions increase	0% until 2017	0% until 2017
	0.50% after 2017	0.5% after 2017
Projected rate of return of fund assets	2.50%	2.50%
Discount rate	2.50%	2.50%
Mortality tables		
Men	TV 73/77 - 2 years	TV 73/77 - 2 years
Women	TV 88/90 - 3 years	TV 88/90 - 3 years
Disability rate	0.00%	0.00%
Turnover rate	0.00%	0.00%
Costs with health benefits increase rate	6.50%	6.50%

The mortality tables consider an age inferior to the effective age of the beneficiaries, two years for men and three years for women, which results in a higher average life expectancy.

The assumptions used on the calculation of the employees' benefits are in accordance with the requirements of IAS 19. No disability decreases are considered in the calculation of the liabilities.

The determination of the discount rate, took into account (i) the evolution in the major indexes in relation to high quality corporate bonds and (ii) duration of benefit plan liabilities.

The Group face to (i) the positive deviations observed in the last financial year and (ii) the current trend of wages evolution and the economic situation at this time, led to a growth rate of wages progressive of 0.75% by 2017 and 1.0% from 2017 and a growth rate of pensions from 0% by 2017 and 0.50% from 2017.

In accordance with the requirements of IAS 19, it is mandatory for annual periods beginning on 1 January 2013, the rate of return on plan assets considered in the calculation of the present value of the liabilities, corresponds to the discount rate.

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However, presented below is the estimated expected return for 2015:

Asset class	2015	
	Portfolio %	Estimated return
Shares	23.57%	6.47%
Bonds and other fixed income securities	39.75%	3.56%
Participations units in investment funds	6.59%	1.33%
Participation units in real estate funds	7.81%	0.33%
Properties	9.84%	6.58%
Loans and advances to credit institutions and others	12.44%	1.30%
Total income expected		3.86%

Net actuarial losses amounts to Euros 37,865,000 (31 December 2014: Net actuarial losses amounts to Euros 477,241,000) and are related to the difference between the actuarial assumptions used for the estimation of the pension liabilities and the actual liabilities and are analysed as follows:

Actuarial (gains) / losses				
	Jun 2015		Dec 2014	
	Values effectively verified in %	Euros '000	Values effectively verified in %	Euros '000
Deviation between expected and actual liabilities:				
Increase in future compensation levels	0.00%	-	0.74%	(2,470)
Disability	0.00%	-	0.12%	2,935
Mortality deviations	0.00%	-	0.24%	6,167
Others	0.00%	3,492	-0.25%	(6,412)
Changes on the assumptions:				
Discount rate	0.00%	-	2.50%	769,465
Increase in future compensation levels	-	-	-	(123,174)
Pensions increase rate	-	-	-	(151,399)
Mortality tables	-	-	-	78,988
Return on Plan assets	0.46%	34,373	8.14%	(96,860)
		37,865		477,241

In accordance with IAS 19, the sensitivity analysis to changes in assumptions, is as follows

Impact resulting from changes in financial assumptions				
	Jun 2015		Dec 2014	
	-0.25%	0.25%	-0.25%	0.25%
	Euros '000	Euros '000	Euros '000	Euros '000
Discount rate	136,294	(129,448)	136,160	(129,321)
Pensions increase rate	(105,453)	112,029	(105,349)	111,919
Increase in future compensation levels	(49,339)	51,982	(49,290)	51,931
Impact resulting from changes in demographic assumptions				
	Jun 2015		Dec 2014	
	- 1 year	+ 1 year	- 1 year	+ 1 year
	Euros '000	Euros '000	Euros '000	Euros '000
Mortality Table	92,027	(92,612)	91,936	(92,521)

Health benefit costs have a significant impact on pension costs. Considering this impact the Group performed a sensitivity analysis assuming one percent positive variation in health benefit costs (from 6.5% to 7.5%) and a negative variation (from 6.5% to 5.5%) in health benefit costs, which impact is analysed as follows:

	Jun 2015		Dec 2014	
	Positive variation of 1% (6.5% to 7.5%)	Negative variation of 1% (6.5% to 5.5%)	Positive variation of 1% (6.5% to 7.5%)	Negative variation of 1% (6.5% to 5.5%)
	Euros '000	Euros '000	Euros '000	Euros '000
Pension cost impact	566	(566)	587	(587)
Liability impact	50,802	(50,802)	50,897	(50,897)

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The liabilities related to the seniority premium are not covered by the Group's Pension Fund because they are not considered post-employment liabilities. As at 30 June 2015, the liabilities associated with the seniority premium amount to Euros 47,617,000 (31 December, 2014: Euros 48,201,000) and are covered by provisions in the same amount.

For the first semester of 2015 and 2014, the cost of the seniority premium is analysed as follows:

	Jun 2015			Jun 2014		
	Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total
	Euros '000	Euros '000	Euros '000	Euros '000	Euros '000	Euros '000
Service cost	1,213	5	1,218	1,282	6	1,288
Interest costs	575	3	578	1,047	6	1,053
Actuarial gains and losses	(488)	(121)	(609)	448	4	452
Cost of the period	1,300	(113)	1,187	2,777	16	2,793

49. Related parties

The group of companies considered as related parties of the Group as defined by IAS 24 are detailed in Notes 26 - Associates and 57 - Subsidiaries as the Pension Fund, members of the Board of Directors and key management members. The first line Directors are considered key management members. Beyond the members of the Board of Directors and key management members, are also considered related parties people who are close to them (family relationships) and entities controlled by them or whose management have significant influence

The Group grants loans in the ordinary course of its business within the Group's companies and to other related parties. Under the Collective Agreement of Labour for Employees of the Portuguese Banking Sector which includes substantially all employees of banks operating in Portugal, the Group grants loans to employees at interest rates determined under the above mentioned agreement for each type of loan upon request by the employees.

As at 30 June 2015, loans to members of the Executive Committee and their direct family members amounts to Euros 214,000 (31 December 2014: Euros 131,000), which represented 0.01% of shareholders' equity (31 December 2014: 0.00%). These loans were granted in accordance with the applicable laws and regulations.

As at 30 June 2015, loans, interbank money market transactions, guarantees and irrevocable credit lines that the Group made to non-executive directors, to individuals related to them and to entities controlled by them, amounts to Euros 85,383,000 (31 December 2014: Euros 71,545,000).

As at 30 June 2015, for key elements of management, the loans and irrevocable credit lines granted amounts to Euros 9,441,000 (31 December 2014: Euros 8,630,000).

Remunerations to the Board of Directors and key management members

Considering that the remuneration of the members of the Executive Committee intends to compensate the functions that are performed directly in the Bank and all other functions on subsidiaries or other companies for which they have been designated by indication or representing the Bank, in the last case, the net amount of the remunerations annually received by each member is deducted to the fixed annual remuneration attributed by the Bank.

The remunerations paid to the members of the Executive Committee during the first semester of 2015, amounts to Euros 1,074,000 (30 June 2014: Euros 1,040,000), of which Euros 40,000 (30 June 2014: Euros 64,000) were paid by subsidiaries or companies whose governing bodies represent interests in the Group. During the first semester of 2015 and 2014, no variable remuneration was attributed to the members of the Executive Committee.

During the first semester of 2015, for members of the Executive Committee, the costs with Social Security amounts to Euros 245,000 (30 June 2014: Euros 231,000) and the contributions to the Pension Fund amounts to Euros 20,000 (30 June 2014: Euros 12,000).

The remunerations paid to key management members during the first semester of 2015, amount to Euros 3,432,000 (30 June 2014: Euros 3,886,000), being also supported costs with contributions with Social Security in the amount of Euros 844,000 (30 June 2014: Euros 986,000), Pension Fund in the amount of Euros 71,000 (30 June 2014: Euros 21,000) and seniority premium in the amount of Euros 38,000 (30 June 2014: Euros 86,000).

For non-executive members of the Board of Directors were paid during the first semester of 2015, fixed remunerations of Euros 282,000 (30 June 2014: Euros 291,000) and the costs incurred with contributions to the Social Security amounted to Euros 67,000 (30 June 2014: Euros 85,000).

Transactions with the Pension Fund

During the first semester of 2015, the Group sold bonds to the pension fund in the amount of Euro 4,867,000. During 2014, the Group purchased to the Pension Fund, Portuguese public debt securities in the amount of Euros 420,000,000.

Under the scope of Fund's properties which the tenant is the Group, the amount of rents incurred during the first semester of 2015 amounts to Euros 9,516,000 (30 June 2014: Euros 10,066,000).

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The shareholder and bondholder position of members of the Executive Board, Top management and persons closely related to the previous categories, is as follows:

Shareholders / Bondholders	Security	Number of securities at		Changes during 2015			Unit Price Euros
				Acquisitions	Disposals	Date	
		30/06/2015	31/12/2014				
Members of Executive Board							
António Vítor Martins Monteiro	BCP Shares	18,119	18,119				
Carlos José da Silva	BCP Shares	1,165,812	1,165,812				
	Obrig BCP Ret Sem Cresc III/12EUR 3/2013	300	300				
Nuno Manuel da Silva Amado	BCP Shares	3,824,650	3,824,650				
Álvaro Roque de Pinho de Bissaia Barreto	BCP Shares	0	0				
André Magalhães Luiz Gomes	BCP Shares	53,451	53,451				
António Henriques Pinho Cardão	BCP Shares	772,843	772,843				
António Luís Guerra Nunes Mexia	BCP Shares	11,330	11,330				
Bernardo de Sá Braamcamp Sobral Sottomayor	BCP Shares	0	0				
Cidália Maria Mota Soares	BCP Shares	10,247	10,247				
César Paxi Manuel João Pedro	BCP Shares	0	0				
Jaime de Macedo Santos Bastos	BCP Shares	4,037	4,037				
João Bernardo Bastos Mendes Resende	BCP Shares	0	0				
João Manuel Matos Loureiro	BCP Shares	13,180	13,180				
José Guilherme Xavier de Basto	BCP Shares	13,615	13,615				
	Obrig BCP Mill Rend Sem Mar 10/13	5	5				
José Jacinto Iglésias Soares	BCP Shares	1,056,004	1,056,004				
José Miguel Bensliman Schorcht da Silva Pessanha	BCP Shares	20,879	20,879				
José Rodrigues de Jesus	BCP Shares	0	0				
Maria da Conceição Mota Soares de Oliveira Callé Lucas	BCP Shares	275,002	275,002				
Miguel de Campos Pereira de Bragança	BCP Shares	1,715,485	1,715,485				
Miguel Maya Dias Pinheiro	BCP Shares	1,694,099	1,694,099				
Rui Manuel da Silva Teixeira	BCP Shares	170,389	170,389				
Top management							
Ana Isabel dos Santos de Pina Cabral	BCP Shares	182,953	182,953				
Dulce Maria Pereira Cardoso Mota Jorge Jacinto	BCP Shares	143,335	143,335				
Fernando Manuel Majer de Faria	BCP Shares	1,757,406	1,757,406				
Filipe Maria de Sousa Ferreira Abecasis	BCP Shares	0	0				
Luis Miguel Manso Correia dos Santos	BCP Shares	100,000	100,000				
Mário António Pinho Gaspar Neves	BCP Shares	88,999	88,999				
	Certificado BCPI S6P 500	193	193				
	Certificado BCPI Eurostox 50	187	187				
Pedro Manuel Rendas Duarte Turras	BCP Shares	69,410	69,410				
Rui Pedro da Conceição Coimbra Fernandes	BCP Shares	0	0				
Rui Manuel Pereira Pedro	BCP Shares	700,000	700,000				
Persons closely related to the previous categories							
Isabel Maria V Leite P Martins Monteiro	BCP Shares	14,605	14,605				
Maria da Graça dos Santos Fernandes de Pinho Cardão	BCP Shares	28,833	28,833				
Maria Helena Espassandim Catão	BCP Shares	1,750	1,750				
José Manuel de Vasconcelos Mendes Ferreira	BCP Shares	12,586	12,586				

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As at 30 June 2015 and 31 December 2014, the Group's credits over associated companies represented or not by securities, included in the captions Loans and advances to customers and Other receivables, are analysed as follows:

	Jun 2015			Dec 2014		
	Loans and advances to CI and customers	Other receivables	Total	Loans and advances to CI and to customers	Other receivables	Total
	Euros '000	Euros '000	Euros '000	Euros '000	Euros '000	Euros '000
ACT-C-Indústria de Cortiças, S.A.	-	-	-	772	-	772
Imábida - Imobiliária da Arrábida, S.A.	-	24,004	24,004	-	38,227	38,227
Irgossai - Urbanização e construção, S.A	-	92,368	92,368	-	91,988	91,988
QPR Investimentos, S.A.	-	21,872	21,872	-	31,825	31,825
Luanda Waterfront Corporation	17,263	-	17,263	15,702	27	15,729
Millenniumbcp Ageas Grupo						
Segurador, S.G.P.S., S.A. (Group)	-	13,523	13,523	-	12,971	12,971
Nanium, S.A.	18,739	13,620	32,359	18,743	13,621	32,364
Unicre - Instituição Financeira de Crédito, S.A.	1,930	-	1,930	403	-	403
	<u>37,932</u>	<u>165,387</u>	<u>203,319</u>	<u>35,620</u>	<u>188,659</u>	<u>224,279</u>

As at 30 June 2015 and 31 December 2014 the Group's liabilities with associated companies, represented or not by securities, included in the captions Deposits from customers and Debt securities issued, are analysed as follows:

	Jun 2015			Dec 2014		
	Deposits from CI and customers	Debt securities issued	Total	Deposits from CI and customers	Debt securities issued	Total
	Euros '000	Euros '000	Euros '000	Euros '000	Euros '000	Euros '000
ACT-C-Indústria de Cortiças, S.A.	-	-	-	1	-	1
Banque BCP, S.A.S.	106,049	-	106,049	104,031	-	104,031
Banque BCP (Luxembourg), S.A.	193	-	193	229	-	229
Flitptrell III	-	-	-	3	-	3
Imábida - Imobiliária da Arrábida, S.A.	190	-	190	17	-	17
Irgossai - Urbanização e construção, S.A	520	-	520	24,734	-	24,734
QPR Investimentos, S.A.	3,255	-	3,255	3,255	-	3,255
Millenniumbcp Ageas Grupo						
Segurador, S.G.P.S., S.A. (Group)	723,883	2,346,784	3,070,667	625,109	2,302,392	2,927,501
Nanium, S.A.	1,749	-	1,749	1,714	-	1,714
Sicit - Sociedade de Investimentos e Consultoria em Infra-Estruturas de Transportes, S.A	1,534	-	1,534	1,025	-	1,025
SIBS, S.G.P.S, S.A.	1,094	-	1,094	346	-	346
Unicre - Instituição Financeira de Crédito, S.A.	243	-	243	367	-	367
VSC - Aluguer de Veículos Sem Condutor, Lda.	2,816	-	2,816	1,319	-	1,319
	<u>841,526</u>	<u>2,346,784</u>	<u>3,188,310</u>	<u>762,150</u>	<u>2,302,392</u>	<u>3,064,542</u>

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As at 30 June 2015, the income recognised by the Group on inter-company transactions with associated companies, included in the captions Interest income, Commissions and Other operating income, are analysed as follows:

	Jun 2015			
	Interest income	Commissions income	Other operating income	Total
	Euros '000	Euros '000	Euros '000	Euros '000
Banque BCP, S.A.S.	-	1	-	1
Banque BCP (Luxembourg), S.A.	-	1	-	1
Irgossai - Urbanização e construção, S.A.	11,141	-	-	11,141
Luanda Waterfront Corporation	284	-	-	284
Millenniumbcp Ageas Grupo Segurador, S.G.P.S., S.A. (Group)	-	26,384	3,986	30,370
Nanium, S.A.	49	64	-	113
SIBS, S.G.P.S, S.A.	-	2	-	2
Unicre - Instituição Financeira de Crédito, S.A.	118	572	-	690
VSC - Aluguer de Veículos Sem Condutor, Lda.	-	2	2	4
	11,592	27,026	3,988	42,606

As at 30 June 2014, the income recognised by the Group on inter-company transactions with associated companies, included in the captions Interest income, Commissions and Other operating income, are analysed as follows:

	Jun 2014			
	Interest income	Commissions income	Other operating income	Total
	Euros '000	Euros '000	Euros '000	Euros '000
Millenniumbcp Ageas Grupo Segurador, S.G.P.S., S.A. (Group)	-	36,621	6,257	42,878
SIBS, S.G.P.S, S.A.	1	40,057	-	40,058
Unicre - Instituição Financeira de Crédito, S.A.	705	534	-	1,239
VSC - Aluguer de Veículos Sem Condutor, Lda.	115	3	61	179
	821	77,215	6,318	84,354

As at 30 June 2015, the costs incurred by the Group on inter-company transactions with associated companies, included in the captions Interest expense, Commissions and Administrative costs, are analysed as follows:

	Jun 2015				
	Interest expense	Commissions expense	Staff costs	Administrative costs	Total
	Euros '000	Euros '000	Euros '000	Euros '000	Euros '000
Banque BCP, S.A.S.	4,835	-	-	-	4,835
Millenniumbcp Ageas Grupo Segurador, S.G.P.S., S.A. (Group)	28,184	-	1,450	4,481	34,115
Sicit - Sociedade de Investimentos e Consultoria em Infra-Estruturas de Transportes, S.A	6	-	-	-	6
Unicre - Instituição Financeira de Crédito, S.A.	-	1	-	-	1
	33,025	1	1,450	4,481	38,957

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As at 30 June 2014, the costs incurred by the Group on inter-company transactions with associated companies, included in the captions Interest expense, Commissions and Administrative costs, are analysed as follows:

	Jun 2014				
	Interest expense Euros '000	Commissions costs Euros '000	Staff costs Euros '000	Administrative costs Euros '000	Total Euros '000
Millenniumbcp Ageas Grupo					
Segurador, S.G.P.S., S.A. (Group)	53,113	-	1,545	6,408	61,066
SIBS, S.G.P.S, S.A.	22	24,905	-	4,531	29,458
Unicre - Instituição Financeira de Crédito, S.A.	-	1	-	-	1
	53,135	24,906	1,545	10,939	90,525

As at 30 June 2015 and 31 December 2014, the off balance sheet accounts of the Group on inter-company transactions with subsidiaries, included in the caption Guarantees granted, are analysed as follows:

	Jun 2015	Dec 2014
	Euros '000	Euros '000
Nanium, S.A.	-	5,342
Sicit - Sociedade de Investimentos e Consultoria em Infra-Estruturas de Transportes, S.A	-	22
	-	5,364

As at 30 June 2015 and 31 December 2014, the Group's debits and credits over Pension Fund, are analysed as follows:

	Jun 2015	Dec 2014
	Euros '000	Euros '000
Banks	362,586	686,767
Securities	130,104	131,020
	492,690	817,787

As at 30 June 2015 and 2014, the Group's costs and incomes over Pension Fund, are analysed as follows:

	Income		Costs	
	Jun 2015	Jun 2014	Jun 2015	Jun 2014
	Euros '000	Euros '000	Euros '000	Euros '000
Commissions	366	323	-	-
Interests	-	-	1,492	2,031
Rents	-	-	9,516	10,067
	366	323	11,008	12,098

As at 30 June 2015 and 2014, the remunerations resulting from the services of insurance intermediation or reinsurance are analysed as follows:

	Jun 2015	Jun 2014
	Euros '000	Euros '000
<i>Life insurance</i>		
Saving products	16,450	16,321
Mortgage and consumer loans	9,916	9,617
Others	18	16
	<u>26,384</u>	<u>25,954</u>
<i>Non - Life insurance</i>		
Accidents and health	6,970	6,675
Motor insurance	1,372	1,226
Multi-Risk Housing	2,465	2,262
Others	525	504
	<u>11,332</u>	<u>10,667</u>
	<u>37,716</u>	<u>36,621</u>

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The remuneration for insurance intermediation services were received through bank transfers and resulted from insurance intermediation with the subsidiaries of Millenniumbcp Ageas Group (Occidental Vida and Occidental Seguros). The participation held in Occidental - Companhia Portuguesa de Seguros, SA was sold in June 2014. This entity remains a related party, continuing to present the balances with this counterparty.

The Group does not collect insurance premiums on behalf of Insurance Companies, or performs any movement of funds related to insurance contracts. Thus, there is no other asset, liability, income or expense to be reported on the activity of insurance mediation exercised by the Group, other than those already disclosed.

The receivable balances from insurance intermediation activity, by nature and entity, are analysed as follows:

	Jun 2015	Dec 2014
	Euros '000	Euros '000
By nature		
Funds receivable for payment of life insurance commissions	12,956	12,628
Funds receivable for payment of non-life insurance commissions	5,356	5,316
	<u>18,312</u>	<u>17,944</u>
By entity		
Occidental - Companhia Portuguesa de Seguros de Vida, SA	12,956	12,628
Occidental - Companhia Portuguesa de Seguros, SA	5,356	5,316
	<u>18,312</u>	<u>17,944</u>

The commissions received by the Bank result from the insurance mediation contracts and investment contracts, under the terms established in the contracts. The mediation commissions are calculated given the nature of the contracts subject to mediation, as follows:

- insurance contracts – use of fixed rates on gross premiums issued;
- investment contracts – use of fixed rates on the responsibilities assumed by the insurance company under the commercialization of these products.

50. 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.

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

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

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

PNNC includes the business with clients for which credit has been granted for securities-backed lending, loans collateralised with other assets (for those which the debt ratio over asset value is not less than 90%), subsidised mortgage loans, construction subcontractors focused almost exclusively on the Portuguese market, football clubs and Real Estate development.

The separate disclosure for those types of loans resulted, exclusively, from the need to identify and monitoring the segments described in the previous paragraph, in the scope of the authorisation process abovementioned. Thus, the PNNC portfolio has not been aggregated based on risk classes or any other performance criteria.

It should be noted that, in 30 June 2015, 71% of this portfolio benefited from asset backed loans, including 66% with real estate collateral and 5% with other assets guarantee.

All other businesses are allocated to the segment Others and include the centralized management of financial investments, corporate activities and operations not integrated in the remaining business segments and other values not allocated to segments.

Business segments activity

The figures reported for each business segment result from aggregating the subsidiaries and business units integrated in each segment, including the impact from capital allocation and the balancing process of each entity, both at the balance sheet and income statement levels, based on average figures. Balance sheet headings for each subsidiary and business unit are re-calculated, given the replacement of their original own funds by the outcome of the capital allocation process, according to regulatory solvency criteria.

Considering that the capital allocation process complies with regulatory solvency criteria currently in place, the weighted risk, as well as the capital allocated to segments, are based on Basel III methodology, in accordance with the CRD IV/CRR, with reference to June 2014 and June 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 June 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" and, at consolidated balance sheet level, the assets and liabilities of Millennium bcp Gestão de Activos were considered with the same criteria as that of the consolidated financial statements as at 30 June 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 June 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 June 2014.

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As at 30 June 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	272,983	475,158	748,141	85,114	140,827	225,941	26,458	111,882	57,961	1,170,383
Interest expense	(143,360)	(190,801)	(334,161)	(29,871)	(31,669)	(61,540)	(21,008)	(84,058)	(41,619)	(542,386)
Net interest income	129,623	284,357	413,980	55,243	109,158	164,401	5,450	27,824	16,342	627,997
Commissions and other income	161,919	162,312	324,231	31,502	61,288	92,790	31,617	7,870	5,455	461,963
Commissions and other costs	(7,270)	(45,630)	(52,900)	(1,658)	(1,865)	(3,523)	(3,148)	(18)	(75,816)	(135,405)
Net commissions and other income	154,649	116,682	271,331	29,844	59,423	89,267	28,469	7,852	(70,361)	326,558
Net gains arising from trading activity	43,017	79,797	122,814	-	-	-	2,481	-	382,963	508,258
Staff costs and administrative costs	250,313	206,416	456,729	29,379	18,962	48,341	20,473	10,688	(14,286)	521,945
Depreciations	925	17,712	18,637	171	47	218	111	12	14,286	33,264
Operating costs	251,238	224,128	475,366	29,550	19,009	48,559	20,584	10,700	-	555,209
Other financial assets impairment (**)	(53,459)	(55,358)	(108,817)	(109,344)	113,373	4,029	(1,396)	(433,631)	37,859	(501,956)
Other assets impairment	(47)	(3,505)	(3,552)	75	-	75	(28)	(4,557)	(56,791)	(64,853)
Share of profit of associates under the equity method	-	(335)	(335)	-	-	-	-	-	20,951	20,616
Gains / (losses) arising from the sale of subsidiaries and other assets	-	1,041	1,041	-	-	-	-	-	(13,170)	(12,129)
Net (loss) / income before income tax	22,545	198,551	221,096	(53,732)	262,945	209,213	14,392	(413,212)	317,793	349,282
Income tax	(4,941)	(39,074)	(44,015)	16,073	(77,569)	(61,496)	(3,326)	121,898	(67,509)	(54,448)
(Loss) / income after income tax from continuing operations	17,604	159,477	177,081	(37,659)	185,376	147,717	11,066	(291,314)	250,284	294,834
(Loss) / income arising from discontinued operations	-	-	-	-	-	-	-	-	14,762	14,762
Net (loss) / income after income tax	17,604	159,477	177,081	(37,659)	185,376	147,717	11,066	(291,314)	265,046	309,596
Non-controlling interests	-	(70,714)	(70,714)	-	-	-	-	-	1,862	(68,852)
Net (loss) / income after income tax	17,604	88,763	106,367	(37,659)	185,376	147,717	11,066	(291,314)	266,908	240,744
Balance sheet										
Cash and Loans and advances to credit institutions	7,279,266	2,181,550	9,460,816	32,798	1,251,313	1,284,111	2,550,614	4,813	(8,901,727)	4,398,627
Loans and advances to customers	17,406,875	13,463,259	30,870,134	4,641,512	6,842,887	11,484,399	511,855	10,205,306	336,948	53,408,642
Financial assets (***)	12,727	4,746,829	4,759,556	-	-	-	10,538	611,712	9,056,392	14,438,198
Other assets	161,779	674,331	836,110	12,196	38,556	50,752	18,919	340,219	5,238,930	6,484,930
Total Assets	24,860,647	21,065,969	45,926,616	4,686,506	8,132,756	12,819,262	3,091,926	11,162,050	5,730,543	78,730,397
Deposits from other credit institutions	-	2,525,370	2,525,370	2,655,934	1,274,597	3,930,531	393,371	10,682,136	(5,118,489)	12,412,919
Deposits from customers	23,401,937	15,492,041	38,893,978	1,792,829	6,135,911	7,928,740	2,486,114	305,685	986,581	50,601,098
Debt securities issued	878,553	456,508	1,335,061	3,023	5,843	8,866	87,269	948	3,830,760	5,262,904
Other financial liabilities	-	844,094	844,094	-	-	-	11,347	-	2,408,644	3,264,085
Other liabilities	20,399	467,727	488,126	12,514	26,655	39,169	7,048	4,171	1,000,007	1,538,521
Total Liabilities	24,300,889	19,785,740	44,086,629	4,464,300	7,443,006	11,907,306	2,985,149	10,992,940	3,107,503	73,079,527
Equity and non-controlling interests	559,758	1,280,229	1,839,987	222,206	689,750	911,956	106,777	169,110	2,623,040	5,650,870
Total Liabilities, Equity and non-controlling interests	24,860,647	21,065,969	45,926,616	4,686,506	8,132,756	12,819,262	3,091,926	11,162,050	5,730,543	78,730,397

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

(**) The amount of the impairment in the Corporate and Investment Banking segment evidenced in the first semester of 2015 (a profit of Euros 113.4 millions) includes the effect of impairments reallocation between business segments in the amount of Euros 175 millions, without determining, however, no impact on consolidated accounts

(***) 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 June 2015, the goodwill disclosed in the financial statements is reflected in Mozambique Euros 3 millions and Euros 173 millions in Other Portugal.

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

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

	Commercial Banking			Companies Banking			Asset Management and Private Banking	Portfolio non core business	Other	Consolidated
	Retail in Portugal	Foreign Business	Total	Companies in Portugal	Corporate and Investment Banking in Portugal	Total				
Income statement										
Interest income	299,421	461,778	761,199	104,253	187,541	291,794	32,619	155,127	108,934	1,349,673
Interest expense	(194,679)	(191,747)	(386,426)	(41,174)	(80,408)	(121,582)	(29,094)	(130,122)	(186,490)	(853,714)
Net interest income	104,742	270,031	374,773	63,079	107,133	170,212	3,525	25,005	(77,556)	495,959
Commissions and other income	166,713	149,209	315,922	31,286	58,027	89,313	29,735	11,458	19,121	465,549
Commissions and other costs	(7,277)	(39,125)	(46,402)	(1,867)	(806)	(2,673)	(2,877)	(300)	(107,239)	(159,491)
Net commissions and other income	159,436	110,084	269,520	29,419	57,221	86,640	26,858	11,158	(88,118)	306,058
Net gains arising from trading activity	7	42,537	42,544	-	-	-	942	-	131,675	175,161
Staff costs and administrative costs	277,609	199,361	476,970	32,574	18,890	51,464	19,190	12,573	(15,311)	544,886
Depreciations	935	15,231	16,166	146	46	192	132	15	15,311	31,816
Operating costs	278,544	214,592	493,136	32,720	18,936	51,656	19,322	12,588	-	576,702
Other financial assets impairment	(45,541)	(42,244)	(87,785)	(65,127)	(31,054)	(96,181)	1,399	(157,677)	(70,515)	(410,759)
Other assets impairment	(41)	528	487	72	-	72	-	-	(75,384)	(74,825)
Share of profit of associates under the equity method	-	-	-	-	-	-	-	-	22,994	22,994
Gains / (losses) arising from the sale of subsidiaries and other assets	-	1,659	1,659	-	-	-	-	-	62,479	64,138
Net (loss) / income before income tax	(59,941)	168,003	108,062	(5,277)	114,364	109,087	13,402	(134,102)	(94,425)	2,024
Income tax	18,745	(35,433)	(16,688)	1,794	(36,024)	(34,230)	(2,692)	42,242	10,822	(546)
(Loss) / income after income tax from continuing operations	(41,196)	132,570	91,374	(3,483)	78,340	74,857	10,710	(91,860)	(83,603)	1,478
(Loss) / income arising from discontinued operations	-	(34,872)	(34,872)	-	-	-	-	-	1,267	(33,605)
Net (loss) / income after income tax	(41,196)	97,698	56,502	(3,483)	78,340	74,857	10,710	(91,860)	(82,336)	(32,127)
Non-controlling interests	-	(48,058)	(48,058)	-	-	-	-	-	(4,538)	(52,596)
Net (loss) / income after income tax	(41,196)	49,640	8,444	(3,483)	78,340	74,857	10,710	(91,860)	(86,874)	(84,723)
Balance sheet										
Cash and Loans and advances to credit institutions	5,699,981	1,948,030	7,648,011	34,244	2,805,573	2,839,817	2,459,013	4,972	(9,290,739)	3,661,074
Loans and advances to customers	17,881,630	12,761,852	30,643,482	4,802,039	7,493,314	12,295,353	498,279	12,081,808	28,418	55,547,340
Financial assets (*)	202,609	3,205,517	3,408,126	-	-	-	15,866	-	11,337,004	14,760,996
Other assets	173,634	674,576	848,210	13,745	57,677	71,422	20,787	2,191	5,528,418	6,471,028
Total Assets	23,957,854	18,589,975	42,547,829	4,850,028	10,356,564	15,206,592	2,993,945	12,088,971	7,603,101	80,440,438
Deposits from other credit institutions	9,555	2,063,745	2,073,300	2,462,025	1,501,629	3,963,654	253,192	11,089,538	(4,299,404)	13,080,280
Deposits from customers	21,506,990	14,284,295	35,791,285	1,746,339	7,867,388	9,613,727	2,343,867	298,833	759,129	48,806,841
Debt securities issued	1,741,424	414,225	2,155,649	4,704	54	4,758	180,693	4,257	5,969,587	8,314,944
Other financial liabilities	-	382,716	382,716	-	-	-	13,135	-	4,698,037	5,093,888
Other liabilities	15,316	457,040	472,356	12,365	28,632	40,997	9,123	4,989	1,246,409	1,773,874
Total Liabilities	23,273,285	17,602,021	40,875,306	4,225,433	9,397,703	13,623,136	2,800,010	11,397,617	8,373,758	77,069,827
Equity and non-controlling interests	684,569	987,954	1,672,523	624,595	958,861	1,583,456	193,935	691,354	(770,657)	3,370,611
Total Liabilities, Equity and non-controlling interests	23,957,854	18,589,975	42,547,829	4,850,028	10,356,564	15,206,592	2,993,945	12,088,971	7,603,101	80,440,438

(*) 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 June 2014, the goodwill disclosed in the financial statements is reflected in Mozambique Euros 3 millions and Euros 212 millions in Other Portugal, as described in note 30.

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

As at 30 June 2015, 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	272,983	85,114	140,827	15,893	111,882	57,961	684,660	278,223	79,866	117,070	10,564	1,170,383
Interest expense	(143,360)	(29,871)	(31,669)	(13,978)	(84,058)	(41,619)	(344,555)	(122,844)	(24,258)	(43,700)	(7,029)	(542,386)
Net interest income	129,623	55,243	109,158	1,915	27,824	16,342	340,105	155,379	55,608	73,370	3,535	627,997
Commissions and other income	161,919	31,502	61,288	15,996	7,870	5,455	284,030	93,379	22,421	46,512	15,621	461,963
Commissions and other costs	(7,270)	(1,658)	(1,865)	(114)	(18)	(75,816)	(86,741)	(25,494)	(5,277)	(14,859)	(3,034)	(135,405)
Net commissions and other income	154,649	29,844	59,423	15,882	7,852	(70,361)	197,289	67,885	17,144	31,653	12,587	326,558
Net gains arising from trading activity	43,017	-	-	-	-	382,963	425,980	28,769	29,267	21,761	2,481	508,258
Staff costs and administrative costs	250,313	29,379	18,962	8,098	10,688	(14,286)	303,154	117,387	39,545	49,484	12,375	521,945
Depreciations	925	171	47	3	12	14,286	15,444	5,912	5,608	6,192	108	33,264
Operating costs	251,238	29,550	19,009	8,101	10,700	-	318,598	123,299	45,153	55,676	12,483	555,209
Other financial assets impairment (**)	(53,459)	(109,344)	113,373	(1,409)	(433,631)	37,859	(446,611)	(32,213)	(11,312)	(11,833)	13	(501,956)
Other assets impairment	(47)	75	-	-	(4,557)	(56,791)	(61,320)	(2,306)	(242)	(957)	(28)	(64,853)
Share of profit of associates under the equity method	-	-	-	-	-	20,951	20,951	(335)	-	-	-	20,616
Gains / (losses) arising from the sale of subsidiaries and other assets	-	-	-	-	-	(13,170)	(13,170)	585	282	174	-	(12,129)
Net (loss) / income before income tax	22,545	(53,732)	262,945	8,287	(413,212)	317,793	144,626	94,465	45,594	58,492	6,105	349,282
Income tax	(4,941)	16,073	(77,569)	(2,448)	121,898	(67,509)	(14,496)	(19,961)	(8,061)	(11,052)	(878)	(54,448)
(Loss) / income after income tax from continuing operations	17,604	(37,659)	185,376	5,839	(291,314)	250,284	130,130	74,504	37,533	47,440	5,227	294,834
(Loss) / income arising from discontinued operations	-	-	-	-	-	14,762	14,762	-	-	-	-	14,762
Net (loss) / income after income tax	17,604	(37,659)	185,376	5,839	(291,314)	265,046	144,892	74,504	37,533	47,440	5,227	309,596
Non-controlling interests	-	-	-	-	-	1,862	1,862	(37,178)	(17,739)	(15,797)	-	(68,852)
Net (loss) / income after income tax	17,604	(37,659)	185,376	5,839	(291,314)	266,908	146,754	37,326	19,794	31,643	5,227	240,744
Balance sheet												
Cash and Loans and advances to credit institutions	7,279,266	32,798	1,251,313	1,430,942	4,813	(8,901,727)	1,097,405	1,354,076	441,101	386,373	1,119,672	4,398,627
Loans and advances to customers	17,406,875	4,641,512	6,842,887	250,489	10,205,306	336,948	39,684,017	11,213,818	896,269	1,353,170	261,368	53,408,642
Financial assets (***)	12,727	-	-	-	611,712	9,056,392	9,680,831	3,596,932	557,025	592,872	10,538	14,438,198
Other assets	161,779	12,196	38,556	10,059	340,219	5,238,930	5,801,739	269,241	223,624	181,466	8,860	6,484,930
Total Assets	24,860,647	4,686,506	8,132,756	1,691,490	11,162,050	5,730,543	56,263,992	16,434,067	2,118,019	2,513,881	1,400,438	78,730,397
Deposits from other credit institutions	-	2,655,934	1,274,597	337	10,682,136	(5,118,489)	9,494,515	2,042,364	309,429	173,578	393,033	12,412,919
Deposits from customers	23,401,937	1,792,829	6,135,911	1,588,374	305,685	986,581	34,211,317	12,121,515	1,500,813	1,869,713	897,740	50,601,098
Debt securities issued	878,553	3,023	5,843	87,269	948	3,830,760	4,806,396	432,831	-	23,677	-	5,262,904
Other financial liabilities	-	-	-	-	-	2,408,644	2,408,644	844,024	69	-	11,348	3,264,085
Other liabilities	20,399	12,514	26,655	554	4,171	1,000,007	1,064,300	267,756	56,313	143,657	6,495	1,538,521
Total Liabilities	24,300,889	4,464,300	7,443,006	1,676,534	10,992,940	3,107,503	51,985,172	15,708,490	1,866,624	2,210,625	1,308,616	73,079,527
Equity and non-controlling interests	559,758	222,206	689,750	14,956	169,110	2,623,040	4,278,820	725,577	251,395	303,256	91,822	5,650,870
Total Liabilities, Equity and non-controlling interests	24,860,647	4,686,506	8,132,756	1,691,490	11,162,050	5,730,543	56,263,992	16,434,067	2,118,019	2,513,881	1,400,438	78,730,397

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

(**) The amount of the impairment in the Corporate and Investment Banking segment evidenced in the first semester of 2015 (a profit of Euros 113.4 millions) includes the effect of impairments reallocation between business segments in the amount of Euros 175 millions, without determining, however, no impact on consolidated accounts

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

Note: As at 30 June 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.

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

As at 30 June 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	299,421	104,253	187,541	19,205	155,127	108,934	874,481	307,786	57,266	96,726	13,414	1,349,673
Interest expense	(194,679)	(41,174)	(80,408)	(20,182)	(130,122)	(186,490)	(653,055)	(140,945)	(18,303)	(32,500)	(8,911)	(853,714)
Net interest income	104,742	63,079	107,133	(977)	25,005	(77,556)	221,426	166,841	38,963	64,226	4,503	495,959
Commissions and other income	166,713	31,286	58,027	14,573	11,458	19,122	301,179	89,125	20,616	39,468	15,162	465,550
Commissions and other costs	(7,277)	(1,867)	(806)	(102)	(300)	(107,240)	(117,592)	(23,409)	(3,619)	(12,098)	(2,774)	(159,492)
Net commissions and other income	159,436	29,419	57,221	14,471	11,158	(88,118)	183,587	65,716	16,997	27,370	12,388	306,058
Net gains arising from trading activity	7	-	-	-	-	131,675	131,682	22,862	10,541	9,134	942	175,161
Staff costs and administrative costs	277,609	32,574	18,890	8,355	12,573	(15,311)	334,690	125,120	32,718	41,523	10,835	544,886
Depreciations	935	146	46	2	15	15,311	16,455	6,382	3,881	4,968	130	31,816
Operating costs	278,544	32,720	18,936	8,357	12,588	-	351,145	131,502	36,599	46,491	10,965	576,702
Other financial assets impairment	(45,541)	(65,127)	(31,054)	232	(157,677)	(70,515)	(369,682)	(34,209)	(3,046)	(4,989)	1,167	(410,759)
Other assets impairment	(41)	72	-	-	-	(75,384)	(75,353)	839	(323)	12	-	(74,825)
Share of profit of associates under the equity method	-	-	-	-	-	22,994	22,994	-	-	-	-	22,994
Gains / (losses) arising from the sale of subsidiaries and other assets	-	-	-	-	-	62,479	62,479	1,360	172	127	-	64,138
Net (loss) / income before income tax	(59,941)	(5,277)	114,364	5,369	(134,102)	(94,425)	(174,012)	91,907	26,705	49,389	8,035	2,024
Income tax	18,745	1,794	(36,024)	(1,690)	42,242	10,822	35,889	(21,745)	(4,666)	(9,022)	(1,002)	(546)
(Loss) / income after income tax												
from continuing operations	(41,196)	(3,483)	78,340	3,679	(91,860)	(61,127)	(115,647)	70,162	22,039	40,367	7,033	23,954
(Loss) / income arising from discontinued operations	-	-	-	-	-	1,267	1,267	-	-	-	(34,872)	(33,605)
Net (loss) / income after income tax	(41,196)	(3,483)	78,340	3,679	(91,860)	(59,860)	(114,380)	70,162	22,039	40,367	(27,839)	(9,651)
Non-controlling interests	-	-	-	-	-	(4,538)	(4,538)	(24,199)	(10,417)	(13,442)	-	(52,596)
Net (loss) / income after income tax	(41,196)	(3,483)	78,340	3,679	(91,860)	(64,398)	(118,918)	45,963	11,622	26,925	(27,839)	(62,247)
Balance sheet												
Cash and Loans and advances to credit institutions	5,699,981	34,244	2,805,573	1,394,275	4,972	(9,290,739)	648,306	1,169,306	362,917	334,560	1,145,985	3,661,074
Loans and advances to customers	17,881,630	4,802,039	7,493,314	249,101	12,081,808	28,418	42,536,310	10,406,645	748,759	1,223,924	631,702	55,547,340
Financial assets (*)	202,609	-	-	50	-	11,337,004	11,539,663	2,384,216	415,086	345,580	76,451	14,760,996
Other assets	173,634	13,745	57,677	10,761	2,191	5,528,418	5,786,426	288,996	191,814	167,954	35,838	6,471,028
Total Assets	23,957,854	4,850,028	10,356,564	1,654,187	12,088,971	7,603,101	60,510,705	14,249,163	1,718,576	2,072,018	1,889,976	80,440,438
Deposits from other credit institutions	9,555	2,462,025	1,501,629	388	11,089,538	(4,299,404)	10,763,731	1,430,141	270,154	202,551	413,703	13,080,280
Deposits from customers	21,506,990	1,746,339	7,867,388	1,451,940	298,833	759,129	33,630,619	11,144,028	1,264,717	1,532,112	1,235,365	48,806,841
Debt securities issued	1,741,424	4,704	54	180,693	4,257	5,969,587	7,900,719	390,428	-	23,797	-	8,314,944
Other financial liabilities	-	-	-	-	-	4,698,037	4,698,037	379,332	-	-	16,519	5,093,888
Other liabilities	15,316	12,365	28,632	861	4,989	1,246,409	1,308,572	277,473	51,296	125,847	10,686	1,773,874
Total Liabilities	23,273,285	4,225,433	9,397,703	1,633,882	11,397,617	8,373,758	58,301,678	13,621,402	1,586,167	1,884,307	1,676,273	77,069,827
Equity and non-controlling interests	684,569	624,595	958,861	20,305	691,354	(770,657)	2,209,027	627,761	132,409	187,711	213,703	3,370,611
Total Liabilities, Equity and non-controlling interests	23,957,854	4,850,028	10,356,564	1,654,187	12,088,971	7,603,101	60,510,705	14,249,163	1,718,576	2,072,018	1,889,976	80,440,438

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

Note: As at 30 June 2014, the goodwill disclosed in the financial statements is reflected in Mozambique Euros 3 millions and Euros 212 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:

	Jun 2015 Euros '000	Jun 2014 Euros '000
Net contribution:		
Retail Banking in Portugal	17,604	(41,196)
Companies	(37,659)	(3,483)
Corporate and Investment Banking	185,376	78,340
Asset Management and Private Banking	5,839	3,679
Portfolio non core business	(291,314)	(91,860)
Foreign Business (continuing operations)	164,704	139,601
Non-controlling interests (1)	(68,852)	(52,596)
	(24,302)	32,485
Income / (Loss) from discontinued operations	14,762	(33,605)
	(9,540)	(1,120)
Amounts not allocated to segments:		
Interests of hybrid instruments	(32,303)	(130,554)
Net interest income of the bond portfolio	43,964	58,887
Interests written off	(31,900)	(27,619)
Cost of debt issue with State Guarantee	-	(16,437)
Own Credit Risk	(14,078)	(5,525)
Impact of exchange rate hedging of investments	(11,246)	(685)
Equity accounted earnings	20,951	22,994
Impact of the adoption of IFRIC 21 as referred in notes 8 and 31	-	(22,476)
Impairment and other provisions (2)	(18,930)	(145,899)
Gain on sale of the non life insurance business	-	69,396
Gains on sale of public debt	385,478	133,354
Others (3)	(91,652)	(19,039)
Total not allocated to segments	250,284	(83,603)
Consolidated net income / (loss)	240,744	(84,723)

(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.

51. Risk Management

The Group is subject to several risks during the course of its business. The risks from different companies of the Group are managed centrally, in coordination with the local departments and considering the specific risks of each business.

The Group's risk-management policy is designed to permanently ensure an adequate relationship between its own funds and the business it develops, as well as the corresponding risk/return profile by business line.

Under this scope, the monitoring and control of the main types of financial risks to which the Group's business is subject to – credit, market, liquidity and operational – is particularly relevant.

Main Types of Risk

Credit – Credit risk is associated with the degree of uncertainty of the expected returns as a result of the inability either of the borrower (and the guarantor, if any) or of the issuer of a security or of the counterparty to an agreement to fulfil their obligations.

Market – Market risk reflects the potential loss inherent in a given portfolio as a result of changes in rates (interest and exchange) and/or in the prices of the various financial instruments that make up the portfolio, considering both the correlations that exist between these instruments and the respective volatilities.

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

Operational – Operational risk consists in the potential losses resulting from failures or inadequacies in internal procedures, persons or systems, and also in the potential losses resulting from external events.

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Internal Organisation

Banco Comercial Português Board of Directors is responsible for the definition of the risk policy, including the approval at the very highest level of the principles and rules to be followed in risk management, as well as the guidelines dictating the allocation of capital to the business lines.

The Board of Directors, through the Audit Committee, ensures the existence of adequate risk control and of risk-management systems at Group level and for each entity. The Board of Directors also approves the risk-tolerance level acceptable to the Group, proposed by its Executive Committee.

The Risk Committee is responsible for monitoring the overall levels of risk incurred, ensuring that these are compatible with the goals and strategies approved for the business.

The Chief Risk Officer is responsible for the control of risks in all Group entities, for the identification of all risks to which the Group activity is exposed and for the proposal of measures to improve risks control. The Chief Risk Officer also ensures that risks are monitored on an overall basis and that there is alignment of concepts, practices and goals in risk management.

The activity of every entity included within the Banco Comercial Português consolidation perimeter is governed by the principles and decisions established centrally by the Risk Committee and the main subsidiaries are provided with Risk Office structures which are established in accordance with the risks inherent to their particular business. A Risk Control Commission has been set up at each relevant subsidiary, responsible for the control of risks at local level, in which the Chief Risk Officer takes part.

The Group Head of Compliance is responsible for implementing systems for monitoring the compliance with legal obligations and responsibilities to which the Bank is subject, as well, the prevention, monitoring and reporting of risks in organizational processes, which include, among others, the prevention of money laundering, combating financing of terrorism, prevention of conflicts of interest, issues related to abuse of market and compliance with the disclosure requirements to customers.

Risk Management and Control model

For the purposes of profitability analysis and risk quantification and control, each entity is divided into the following management areas:

- Trading and Sales: involves those positions for which the goal is to obtain short-term gains through sale or revaluation. These positions are actively managed, are tradable without restriction and may be valued frequently and precisely, including the securities and the derivatives of the sales activities;
- Financing: Financing operations of the group in the market, including both money market operations and institutional ones (and possible risk coverage), but no structural financing transactions (e.g. subordinated debt);
- Investment: includes those positions in securities to be held to maturity, during a longer period of time or those that are not tradable on liquid markets, or any others that are held with other purposes than short-term gains; it also includes any other risk hedging operations associated to those positions;
- Commercial: includes all operations (assets and liabilities) held at the normal course of business of the Group with its customers;
- ALM: it represents the Assets and Liabilities management function, including operations decided by CALCO in the Group's global risk management function and centralizes the transfer of risk between the remaining areas;
- Structural: deals with balance sheet elements or operations that, due to their nature, are not directly related to any of the other areas, including structural financing operations of the Group, capital and balance sheet fixed items;

The definition of these management areas allows for an effective separation of the trading and banking portfolios management, as well as a for a proper allocation of each operation to the most appropriate management area, according to its context.

Risk assessment

Credit Risk

Credit granting is based on a prior classification of the customers' risk and on a thorough assessment of the level of protection provided by the underlying collateral. In order to do so, a single risk-notation system has been introduced, the Rating Master Scale. It is based on the expected probability of default, allowing greater discrimination in the assessment of the customers and better establishment of the hierarchies of the associated risk. The Rating Master Scale also identifies those customers that show a worsening credit capacity and, in particular, those classified as being in default. All rating and scoring models used by the Group have been duly calibrated for the Rating Master Scale. The protection-level concept has been introduced as a crucial element of evaluation of the effectiveness of the collateral in credit-risk mitigation, leading to a more active collateralization of loans and to a better adequacy of pricing regarding the risk incurred.

The gross Group's exposure to credit risk (original exposure), as at 30 June 2015 and 31 December 2014 is presented in the following table:

	Jun 2015	Dec 2014
Risk items	Euros '000	Euros '000
Central Governments or Central Banks	11,506,047	8,707,559
Regional Governments or Local Authorities	680,894	719,651
Administrative and non-profit Organisations	776,525	412,878
Multilateral Development Banks	80,466	80,971
Other Credit Institutions	3,441,109	3,633,376
Retail and Corporate customers	65,242,457	66,470,324
Other items	13,283,986	11,820,200
	<u>95,011,484</u>	<u>91,844,959</u>

Note: gross exposures of impairment and amortization, in accordance with the prudential consolidation perimeter. Includes securitization positions.

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The following table includes the European countries that have been under particular attention in this period, such as Portugal, Greece, Ireland, Spain, Italy and Hungary. The amount represents the gross exposure (nominal value), as at 30 June 2015 of the credit granted to entities whose country is one of those identified.

Counterparty type	Maturity	Jun 2015					Euros '000
		Country					
		Spain	Greece	Hungary	Ireland	Italy	Portugal
Financial Institutions	2015	24,318	13	491	30	2,101	109,052
	2016	-	-	-	-	-	13,770
	2017	103	-	-	-	-	63,748
	>2017	47,500	-	-	-	6,000	481,981
		71,921	13	491	30	8,101	668,551
Companies	2015	30,175	111	-	5,160	-	5,289,195
	2016	10,180	-	-	-	-	525,681
	2017	60,898	-	-	-	-	371,280
	>2017	175,069	35,255	-	127,346	-	6,107,843
		276,322	35,366	-	132,506	-	12,293,999
Retail	2015	6,461	(254)	(215)	(119)	(1,762)	1,895,565
	2016	65,368	(96)	3	170	(665)	452,141
	2017	2,998	20	-	28	64	452,910
	>2017	36,680	250	118	53,139	6,050	20,377,884
		111,507	(80)	(94)	53,218	3,687	23,178,500
State and other public entities	2015	-	-	-	-	-	1,467,840
	2016	29	-	-	-	-	126,038
	2017	34,500	-	-	-	-	328,887
	>2017	468	-	-	695	51,233	3,893,719
		34,997	-	-	695	51,233	5,816,484
Total country		494,747	35,299	397	186,449	63,021	41,957,534

The balance Financial Institutions includes applications in other credit institutions. The amounts do not include interest and are not deducted from the values of impairment.

The balance Companies includes the amounts of credit granted to the companies segment and does not consider the amounts of interest, impairment or risk mitigation through collaterals.

The balance Retail includes the amounts of credit granted to the retail segment and does not consider the amounts of interest, impairment or risk mitigation through collaterals.

The balance State and other public entities includes the amounts related to sovereign debt, credit to governmental institutions, public companies, governments and municipalities, and does not consider the amounts of interest, impairment or risk mitigation through collaterals.

The Bank of Portugal applied for a group of templates to evaluate the risk associated to the loans portfolio and the calculation of the corresponding losses. The following assumptions are considered for the following categories:

a) Collaterals and Guarantees

On the risk evaluation of an operation or of a group of operations, the mitigation elements of credit risk credit associated to those operations are considered in accordance with the rules and internal procedures that fulfil the requirements defined by the regulations in force, also reflecting the experience of the loans recovery areas and the Legal Department opinions with respect to the entailment of the various mitigation instruments.

The collaterals and the relevant guarantees can be aggregated in the following categories:

- financial collaterals, real estate collaterals or other collaterals;
- receivables;
- first demand guarantees, issued by banks or other entities with Risk Grade 7 or better on the Rating Master Scale;
- personal guarantees, when the persons are classified with Risk Grade 7 or better;
- credit derivatives.

The financial collaterals accepted are those that are traded in a recognized stock exchange, i.e., on an organized secondary market, liquid and transparent, with public bid-ask prices, located in countries of the European Union, United States, Japan, Canada, Hong Kong or Switzerland.

In this context, it is important to refer that the Bank's shares are not accepted as financial collaterals of new credit operations and are only accepted for the reinforcement of guarantees of existing credit operations, or in restructuring process associated to credit recoveries.

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Regarding guarantees and credit derivatives, the substitution principle is applied by replacing the Risk Grade of the client by the Risk Grade of the guarantor, if the Risk of Grade Degree of the guarantor is better than the client's, when:

- State, Financial Institutions or Mutual Guarantee Societies guarantees exist;
- personal guarantees (or, in the case of Leasing, an adhering contracting party);
- the mitigation is effective through credit derivatives.

An internal level of protection is attributed to all credit operations at the moment of the credit granting decision, considering the credit amount as well as the value and type of the collaterals involved. The protection level corresponds to the loss reduction in case of default that is linked to the various collateral types, considering their market value and the amount of the associated exposure.

In the case of financial collaterals, adjustments are made to the protection value by the use of a set of haircuts, in order to reflect the price volatility of the financial instruments.

In the case of real estate mortgages, the initial appraisal of the real estate value is done during the credit analysis and decision process.

Either the initial evaluations or the subsequent reviews carried out are ensured by expert valuers and the ratification process is centralized in the Appraisals Unit, which is independent of the clients' areas.

There is always a written report, in a standardized digital format, based on a group of predefined methods that are aligned with the sector practices – income, replacement cost and/or market comparing - mentioning the obtained value, for both the market value and for purposes of the mortgage guarantee, depending on the type of the real estate. The evaluations have a declaration/certification of an expert valuer since 2008, as requested by Notice n.5/2007 of Bank of Portugal and are ratified by the Appraisals Unit.

Regarding residential real estate, after the initial evaluation and in accordance with Notices n. 5/2006 and n.5/2007 of Bank of Portugal, the Bank monitors the respective values through market indexes or a review is carried out by an expert valuer, depending on the credit operation amount and in accordance with the established rules.

For all non-residential real estate, the Bank also monitors its values through market indexes and to the regular valuation reviews in accordance with the Notice n.5/2007 of Bank of Portugal, in the case of offices, warehouses and industrial premises.

For all real estate (residential or non-residential) for which the monitoring result in significant devaluation of the real estate value (more than 10%), a valuation review is subsequently carried out, by an expert valuer.

For other real estate (land, commercial real estate country side buildings for example) there are no market indexes available for the monitoring of appraisal values, after the initial evaluations. Therefore, for these cases and in accordance with the minimum periodicity established for the monitoring or reviewing of this kind of real estate, valuation reviews are carried out by expert valuers.

The indexes currently used are supplied to the Bank by an external specialized entity that, for more than a decade, has been collecting and processing the data upon which the indexes are built.

In the case of financial collaterals, their market value is daily and automatically updated, through the IT connection between the collaterals management system and the relevant financial markets data.

b) Risk grades

Credit granting is based on the previous risk assessment of clients and also on a rigorous assessment of the protection level provided by the underlying collaterals. For this purpose, a single risk grading system is used - the Rating Master Scale - based on Probability of Default (PD), allowing for a greater discriminating power in clients assessment and for a better hierarchy of the associated risk. The Rating Master Scale also allows to identify clients that show signs of degradation in their credit capacity and, in particular, those that are classified in a default situation, in accordance with the IRB approach. All rating systems and models used by the Group were calibrated for the Rating Master Scale.

Aiming at an adequate assessment of credit risk, the Group defined a set of macro segments and segments which are treated through different rating systems and models that relate the internal risk grades and the clients' PD, ensuring a risk assessment that considers the clients' specific features in terms of their respectively risk profiles.

The assessment made by these rating systems and models result in the risk grades of the Master Scale, that has fifteen grades, where the last three correspond to relevant downgrades of the clients' credit quality of the clients and are referred to by "procedural risk grades": 13, 14 and 15, that correspond, in this order, to situations of increased severity in terms default and/or impairment, as risk grade 15 is a Default situation.

The non-procedural risk grades are attributed by the rating systems through automatic decision models or by the Rating Division – a unit which is independent from the credit analysis and decision areas and bodies- and are reviewed/updated periodically or whenever this is justified by events.

The models within the various rating systems are regularly subject to validation, made by the Audit and Models Validation Unit, which is integrated in the Internal Audit Division, hence, independent from the units that are responsible for the development and maintenance of the rating models.

The conclusions of the validations by the Audit and Models Validation Unit, as well the respective recommendations and proposal for changes and/or improvements, are analyzed and ratified by a specific Validation Committee, composed in accordance to the type of model analyzed. The proposals for models' changes originated by the Validation Committee are submitted to the approval of the Risk Committee.

c) Impairment and Write-offs

In order to align with the international best practices in this area, the credit impairment calculation within BCP Group integrates the general principles defined by IAS 39, the guidelines issued by the Bank of Portugal through "Carta-Circular 2/2014 / DSP", and the criteria and methodologies of the Asset Quality Review carried out in 2014 under the responsibility of the European Central Bank.

In order to maximize synergies, this process is based, as far as possible, on the concepts and the data used in capital requirements calculation according to the Internal Ratings Based Approach (IRB).

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There are three components to be considered in impairment calculation, according to the risk and complexity of the customers, the size of its exposure and whether there is objective evidence of impairment:

- Individual analysis for customers with high exposure and risk;
- Collective analysis for customers in default or considered at high risk, not included in individual analysis;
- Collective analysis of customers not in default, non-high risk or without enough evidence of impairment to justify, as a result of individual analysis, their treatment as customers in default (IBNR - Incurred But Not Reported component).

Customers in one of the following conditions are submitted to individual analysis:

Customers in default

- i) Customers in insolvency or under legal proceedings provided that the total exposure of the group's customers in these situations exceed Euros 1 million;
- ii) Customers rated "15" integrated in groups with exposure above Euros 5 million;

Customers not in default but with impairment signs

- iii) Customers rated "14" integrated in groups with exposure above Euros 5 million;
- iv) Customers having restructured credits and rated "13" integrated in groups with exposure above Euros 5 million;

Groups or Customers without impairment signs

- v) Other customers integrating groups under the above conditions;
- vi) Groups or Customers with exposure above Euros 10 million, provided that in a group entity some pre-defined impairment soft signs exist;
- vii) Groups or Customers not included in the preceding paragraphs, with exposure above Euros 25 million.

Other customers, that do not meet the criteria above, will also be subject to individual analysis if under the following conditions:

- i) Have impairment as a result of the latest individual analysis;
- ii) According to recent information, show a significant deterioration in risk levels; or
- iii) are Special Vehicle Investment (SPV);

Individual analysis includes the following procedures:

- For customers without impairment signs, analysis of a set of financial difficulties indicators, in order to conclude if the customer has objective impairment signs;
- For customers with impairment signs and for those in which objective evidence of impairment is identified in the above mentioned preliminary analysis, loss estimation.

Customers included in the individual analysis are submitted to a process that takes place periodically, in order to get estimations of recovery expectations – amount and time. For each customer, those estimates must be supported mainly in the prospects of receiving monetary, financial or physical assets and in the forecasted period for those receipts.

This process is carried out by recovery areas or by the Credit Division, supported by all the relevant elements for the calculation of impairment, including the following ones:

- economic and financial data, based on the most recent financial statements of the customer;
- qualitative data, characterizing the customer's situation, particularly with regard to the economic viability of the business;
- estimated cash flows;
- customers behaviour in their relationship with banks.

In addition, information on collaterals and guarantees plays an important role, mainly for real estate companies and whenever the viability of the customer's business is weak.

The Bank takes a conservative approach concerning collaterals, working with haircuts that incorporate the risk of assets devaluation, the sale and maintenance costs and the required time for sale.

For each client, the impairment is calculated as the difference between the exposure and the sum of the expected cash-flows of all the businesses, discounted at the effective interest rate of each operation.

Credits to customers that are not individually analyzed are grouped according to their risk characteristics, and impairment is based on homogenous populations, assuming a one-year emergence period (or loss identification period).

Collective impairment is calculated according to the following formula:

$$\text{Impairment} = \text{EAD} * \text{PD} * \text{LGD}.$$

where EAD represents the exposure at default, adjusted from financial collaterals, PD represents the probability of one client without impairment signs to be defaulted on the recognized loss period, and LGD represents the loss given default.

For the calculation of PD, the homogeneous populations result from the following factors:

- Customer segment for rating purposes (according to the corresponding rating model);
- Risk bucket, depending on customer current status (different probabilities of default correspond to the several buckets).

For the calculation of LGD, the homogeneous populations result from the following factors:

- Customer segment;
- Defaulted period; and
- LTV (Loan to Value) for exposures collateralized by real estate.

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LGD estimation is mainly based on the following components:

- a priori definition of the possible recovery scenarios;
- historical information about the Bank's recovery processes, mainly regarding incurred losses and the probabilities associated to each of the recovery scenarios;
- direct and indirect costs associated to the recovery processes;
- discounted cash-flows to the date of default;
- collaterals associated to each loan.

The criteria and the concepts underlying the definition of the above mentioned homogeneous populations are in line with the ones used for capital requirements (IRB) purposes.

Impairment losses are charged against results and, subsequently, if a reduction of the estimated impairment loss occurs, the charge is reversed in a subsequent period. In accordance with "Carta-Circular 15/2009" from the Bank of Portugal, write-offs take place whenever the recovery expectancy is about zero; hence, when impairment reaches 100%, credits shall be considered as uncollectible.

It is noteworthy that all of the described procedures and methodologies are subject to internal regulations approved by the Board of Directors, concerning impairment, credit granting and monitoring and non-performing credit treatment.

The following tables detail the exposures and impairment by segment, as at 30 June 2015. The data presented includes the irrevocable credit lines and does not consider effective interest rates.

Segment	Exposure					
	Total Exposure Euros '000	Performing loans			Non-performing loans	
		Total Euros '000	Of which of the default situation Euros '000	Of which restructured Euros '000	Total Euros '000	Of which restructured Euros '000
Construction and CRE	8,693,743	6,132,872	297,405	711,824	2,560,871	744,529
Companies-Other Activities	23,023,303	20,583,701	550,921	1,895,718	2,439,602	1,065,536
Mortgage loans	25,159,197	23,586,273	420,300	667,480	1,572,924	363,904
Individuals - Others	4,875,478	4,031,689	38,933	275,720	843,789	279,169
Other loans	1,938,166	1,880,785	36	47,680	57,381	7,906
Total	63,689,887	56,215,320	1,307,595	3,598,422	7,474,567	2,461,044

Segment	Impairment		
	Total Impairment Euros '000	Performing loans Euros '000	Non-performing loans Euros '000
Construction and CRE	1,195,758	208,344	987,414
Companies-Other Activities	1,699,310	725,950	973,360
Mortgage loans	315,469	42,824	272,645
Individuals - Others	492,131	64,156	427,975
Other loans	44,401	27,757	16,644
Total	3,747,069	1,069,031	2,678,038

The following tables detail the exposures and impairment by segments, as at 31 December 2014. The data presented includes the credit lines irrevocable and excludes the amounts related to the effective interest rate effect.

Segment	Exposure					
	Total Exposure Euros '000	Performing loans			Non-performing loans	
		Total Euros '000	Of which of the default situation Euros '000	Of which restructured Euros '000	Total Euros '000	Of which restructured Euros '000
Construction and CRE	9,067,462	6,502,030	270,329	773,312	2,565,432	769,084
Companies-Other Activities	23,060,536	20,704,679	514,053	2,206,294	2,355,857	952,531
Mortgage loans	24,886,268	23,433,740	434,975	700,736	1,452,528	320,466
Individuals - Others	4,905,111	3,998,115	65,934	288,107	906,996	299,413
Other loans	2,083,284	2,057,024	6,572	32,670	26,260	5,626
Total	64,002,661	56,695,588	1,291,863	4,001,119	7,307,073	2,347,120

Segment	Impairment		
	Total Impairment Euros '000	Performing loans Euros '000	Non-performing loans Euros '000
Construction and CRE	1,136,465	244,543	891,922
Companies-Other Activities	1,760,981	858,033	902,948
Mortgage loans	306,987	64,279	242,708
Individuals - Others	487,516	62,613	424,903
Other loans	40,914	32,388	8,526
Total	3,732,863	1,261,856	2,471,007

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The following tables include the detail of the exposure non-performing loans and impairment respectively by segment, as at 30 June 2015:

Segment	Exposure					
	Total Exposure Euros '000	Performing loans			Non-performing loans	
		Days past due <30			Days past due	
		Without evidence	With evidence	Total	<=90	>90
		Euros '000	Euros '000	Euros '000	Euros '000	Euros '000
Construction and CRE	8,693,743	4,179,954	1,870,299	6,050,253	233,146	2,327,969
Companies-Other Activities	23,023,303	14,924,415	4,883,708	19,808,123	265,646	2,173,956
Mortgage loans	25,159,197	23,133,138	215,495	23,348,633	77,928	1,495,130
Individuals - Others	4,875,478	3,680,483	291,302	3,971,785	45,908	791,087
Other loans	1,938,166	1,798,984	75,492	1,874,476	10,689	67,346
Total	63,689,887	47,716,974	7,336,296	55,053,270	633,317	6,855,488

Segment	Impairment					
	Total Impairment Euros '000	Performing loans			Non-performing loans	
		Days past due			Days past due	
		<30	between 30-90	Total	<=90	>90
		Euros '000	Euros '000	Euros '000	Euros '000	Euros '000
Construction and CRE	1,195,758	201,708	6,636	45,478	941,936	
Companies-Other Activities	1,699,310	706,596	19,354	84,757	888,603	
Mortgage loans	315,469	33,967	8,857	12,119	260,526	
Individuals - Others	492,131	53,378	10,778	8,987	418,988	
Other loans	44,401	25,336	2,421	-	16,644	
Total	3,747,069	1,020,985	48,046	151,341	2,526,697	

The following tables include the detail of the exposure non-performing loans and impairment respectively by segment, as at 31 December 2014:

Segment	Exposure					
	Total Exposure Euros '000	Performing loans			Non-performing loans	
		Days past due <30			Days past due	
		Without evidence	With evidence	Total	<=90	>90
		Euros '000	Euros '000	Euros '000	Euros '000	Euros '000
Construction and CRE	9,067,462	4,620,396	1,773,566	6,393,962	315,247	2,250,185
Companies-Other Activities	23,060,536	16,145,064	4,453,398	20,598,462	358,221	1,997,636
Mortgage loans	24,886,268	22,236,954	977,899	23,214,853	67,751	1,384,777
Individuals - Others	4,905,111	3,505,717	434,255	3,939,972	73,285	833,711
Other loans	2,083,284	2,036,792	13,559	2,050,351	-	26,260
Total	64,002,661	48,544,923	7,652,677	56,197,600	814,504	6,492,569

Segment	Impairment					
	Total Impairment Euros '000	Performing loans			Non-performing loans	
		Days past due			Days past due	
		<30	between 30-90	Total	<=90	>90
		Euros '000	Euros '000	Euros '000	Euros '000	Euros '000
Construction and CRE	1,136,465	225,909	18,634	52,863	839,059	
Companies-Other Activities	1,760,981	845,749	12,284	132,686	770,262	
Mortgage loans	306,987	51,719	12,560	11,538	231,170	
Individuals - Others	487,516	51,610	11,003	34,203	390,700	
Other loans	40,914	30,850	1,538	-	8,526	
Total	3,732,863	1,205,837	56,019	231,290	2,239,717	

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As at 30 June 2015, the following table includes the loans portfolio by segment and by year of production:

Year of Production	Construction and Commercial Real Estate (CRE)	Companies Other Activities	Mortgage loans	Individuals Others	Other loans	Total
2004 and previous						
Number of operations	12,919	25,270	132,543	430,278	405	601,415
Value (Euros '000)	881,440	2,858,895	4,397,564	429,764	45,337	8,613,000
Impairment constituted (Euros '000)	139,153	192,829	60,468	37,623	1,284	431,357
2005						
Number of operations	2,261	4,339	48,316	61,915	38	116,869
Value (Euros '000)	362,509	540,249	2,356,001	104,204	4,182	3,367,145
Impairment constituted (Euros '000)	64,304	111,762	37,765	14,228	71	228,130
2006						
Number of operations	2,754	5,266	69,023	78,628	74	155,745
Value (Euros '000)	396,638	1,019,150	3,757,080	165,023	9,612	5,347,503
Impairment constituted (Euros '000)	80,373	57,021	49,686	32,200	2,133	221,413
2007						
Number of operations	3,702	7,255	81,691	104,486	73	197,207
Value (Euros '000)	797,369	1,553,562	4,854,882	193,038	10,947	7,409,798
Impairment constituted (Euros '000)	145,348	142,893	72,190	28,689	252	389,372
2008						
Number of operations	4,689	8,628	58,730	124,748	111	196,906
Value (Euros '000)	999,863	1,724,565	3,759,266	212,695	29,691	6,726,080
Impairment constituted (Euros '000)	133,250	222,148	47,869	40,358	773	444,398
2009						
Number of operations	4,771	7,819	24,460	121,270	138	158,458
Value (Euros '000)	772,394	1,318,481	1,353,741	212,905	55,541	3,713,062
Impairment constituted (Euros '000)	177,376	98,331	13,768	45,749	3,665	338,889
2010						
Number of operations	4,872	10,563	26,353	167,463	219	209,470
Value (Euros '000)	746,532	1,632,224	1,446,964	264,142	86,449	4,176,311
Impairment constituted (Euros '000)	101,364	313,751	10,824	47,640	4,509	478,088
2011						
Number of operations	5,007	16,843	17,105	184,605	189	223,749
Value (Euros '000)	500,306	1,253,417	869,500	271,216	52,950	2,947,389
Impairment constituted (Euros '000)	96,237	111,920	4,719	47,646	4,113	264,635
2012						
Number of operations	5,161	18,704	14,153	179,699	621	218,338
Value (Euros '000)	608,962	2,212,340	664,480	345,778	116,431	3,947,991
Impairment constituted (Euros '000)	59,054	123,186	4,816	63,330	5,456	255,842
2013						
Number of operations	6,123	23,284	14,797	255,172	639	300,015
Value (Euros '000)	913,480	2,841,386	757,688	709,091	350,447	5,572,092
Impairment constituted (Euros '000)	89,565	113,797	5,841	64,208	5,631	279,042
2014						
Number of operations	6,427	29,705	10,601	312,927	799	360,459
Value (Euros '000)	917,847	3,510,023	616,918	1,034,589	583,287	6,662,664
Impairment constituted (Euros '000)	84,714	156,895	4,596	51,833	8,466	306,504
2015						
Number of operations	7,075	34,775	4,848	197,545	1,224	245,467
Value (Euros '000)	796,403	2,559,011	325,113	933,033	593,292	5,206,852
Impairment constituted (Euros '000)	25,020	54,777	2,927	18,627	8,048	109,399
Total						
Number of operations	65,761	192,451	502,620	2,218,736	4,530	2,984,098
Value (Euros '000)	8,693,743	23,023,303	25,159,197	4,875,478	1,938,166	63,689,887
Impairment constituted (Euros '000)	1,195,758	1,699,310	315,469	492,131	44,401	3,747,069

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As at 31 December 2014, the following table includes the loans portfolio by segment and by year of production:

Year of Production	Construction and Commercial Real Estate (CRE)	Companies Other Activities	Mortgage loans	Individuals Others	Other loans	Total
2004 and previous						
Number of operations	13,351	27,330	135,600	433,250	314	609,845
Value (Euros '000)	1,052,151	3,109,491	4,566,711	493,907	39,350	9,261,610
Impairment constituted (Euros '000)	140,103	185,753	87,216	35,964	1,146	450,182
2005						
Number of operations	2,421	4,486	49,215	64,249	22	120,393
Value (Euros '000)	368,257	621,404	2,363,673	111,854	9,596	3,474,784
Impairment constituted (Euros '000)	70,864	110,465	39,235	14,991	405	235,960
2006						
Number of operations	2,927	5,240	69,899	81,125	54	159,245
Value (Euros '000)	442,016	910,649	3,696,647	179,423	9,822	5,238,557
Impairment constituted (Euros '000)	72,219	56,118	46,971	33,746	2,276	211,330
2007						
Number of operations	3,939	7,212	82,692	108,235	58	202,136
Value (Euros '000)	871,068	1,330,928	4,782,412	238,057	17,182	7,239,647
Impairment constituted (Euros '000)	137,678	98,612	57,547	30,519	285	324,641
2008						
Number of operations	5,283	8,906	59,444	133,029	108	206,770
Value (Euros '000)	1,058,904	1,398,217	3,630,506	232,736	40,086	6,360,449
Impairment constituted (Euros '000)	136,950	210,152	34,780	35,513	1,239	418,634
2009						
Number of operations	5,312	8,330	24,945	132,832	153	171,572
Value (Euros '000)	806,190	984,307	1,394,792	239,969	60,994	3,486,252
Impairment constituted (Euros '000)	165,878	93,701	10,804	42,455	1,807	314,645
2010						
Number of operations	5,462	12,190	26,860	191,455	207	236,174
Value (Euros '000)	821,866	1,721,793	1,487,215	309,592	126,713	4,467,179
Impairment constituted (Euros '000)	89,415	335,829	8,951	42,423	5,656	482,274
2011						
Number of operations	5,518	19,219	17,389	197,039	215	239,380
Value (Euros '000)	524,788	1,280,228	888,826	312,360	64,076	3,070,278
Impairment constituted (Euros '000)	100,597	135,145	4,524	47,803	2,723	290,792
2012						
Number of operations	5,618	20,496	14,373	196,289	664	237,440
Value (Euros '000)	631,582	2,339,074	678,124	435,381	152,293	4,236,454
Impairment constituted (Euros '000)	55,505	142,127	4,616	74,656	4,664	281,568
2013						
Number of operations	6,547	24,753	15,103	281,230	614	328,247
Value (Euros '000)	982,394	2,881,657	779,643	878,096	483,732	6,005,522
Impairment constituted (Euros '000)	90,598	111,440	6,359	61,379	6,363	276,139
2014						
Number of operations	11,265	55,763	10,526	414,538	2,606	494,698
Value (Euros '000)	1,508,246	6,482,788	617,719	1,473,736	1,079,440	11,161,929
Impairment constituted (Euros '000)	76,658	281,639	5,984	68,067	14,350	446,698
Total						
Number of operations	67,643	193,925	506,046	2,233,271	5,015	3,005,900
Value (Euros '000)	9,067,462	23,060,536	24,886,268	4,905,111	2,083,284	64,002,661
Impairment constituted (Euros '000)	1,136,465	1,760,981	306,987	487,516	40,914	3,732,863

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As at 30 June 2015, the following tables include the details of the loans portfolio and individual and the collective impairment by segment, sector and geography:

Segment	Exposure			Impairment		
	Individual	Collective	Total	Individual	Collective	Total
	Euros '000	Euros '000	Euros '000	Euros '000	Euros '000	Euros '000
Construction and CRE	3,682,348	5,011,395	8,693,743	980,652	215,106	1,195,758
Companies-Other Activities	6,262,999	16,760,304	23,023,303	1,332,719	366,591	1,699,310
Mortgage loans	61,800	25,097,397	25,159,197	20,426	295,043	315,469
Individuals - Others	288,497	4,586,981	4,875,478	79,705	412,426	492,131
Other loans	313,294	1,624,872	1,938,166	23,564	20,837	44,401
Total	10,608,938	53,080,949	63,689,887	2,437,066	1,310,003	3,747,069

Sector	Exposure			Impairment		
	Individual	Collective	Total	Individual	Collective	Total
	Euros '000	Euros '000	Euros '000	Euros '000	Euros '000	Euros '000
Loans to Individuals	316,704	28,044,898	28,361,602	80,357	654,190	734,547
Manufacturing	518,665	3,989,441	4,508,106	133,727	102,537	236,264
Construction	1,432,696	2,918,123	4,350,819	411,655	132,147	543,802
Commerce	575,186	4,382,991	4,958,177	173,768	187,600	361,368
Real Estate Promotion	930,246	704,891	1,635,137	237,236	15,045	252,281
Other Services	5,843,994	9,288,130	15,132,124	1,308,163	174,638	1,482,801
Other Activities	991,447	3,752,475	4,743,922	92,160	43,846	136,006
Total	10,608,938	53,080,949	63,689,887	2,437,066	1,310,003	3,747,069

Geography	Exposure			Impairment		
	Individual	Collective	Total	Individual	Collective	Total
	Euros '000	Euros '000	Euros '000	Euros '000	Euros '000	Euros '000
Portugal	9,738,457	37,327,598	47,066,055	2,224,995	1,027,014	3,252,009
Angola	291,896	886,118	1,178,014	39,685	13,050	52,735
Mozambique	123,005	1,911,273	2,034,278	26,876	58,597	85,473
Poland	243,909	12,955,960	13,199,869	144,942	211,342	356,284
Switzerland	211,671	-	211,671	568	-	568
Total	10,608,938	53,080,949	63,689,887	2,437,066	1,310,003	3,747,069

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As at 31 December 2014, the following tables include the details of the loans portfolio and individual and the collective impairment by segment, sector and geography:

Segment	Exposure			Impairment		
	Individual	Collective	Total	Individual	Collective	Total
	Euros '000	Euros '000	Euros '000	Euros '000	Euros '000	Euros '000
Construction and CRE	5,397,102	3,670,360	9,067,462	934,613	201,852	1,136,465
Companies-Other Activities	11,155,776	11,904,760	23,060,536	1,409,779	351,202	1,760,981
Mortgage loans	47,665	24,838,603	24,886,268	14,999	291,988	306,987
Individuals - Others	299,428	4,605,683	4,905,111	74,297	413,219	487,516
Other loans	662,863	1,420,421	2,083,284	22,270	18,644	40,914
Total	17,562,834	46,439,827	64,002,661	2,455,958	1,276,905	3,732,863

Sector	Exposure			Impairment		
	Individual	Collective	Total	Individual	Collective	Total
	Euros '000	Euros '000	Euros '000	Euros '000	Euros '000	Euros '000
Loans to Individuals	312,414	27,695,814	28,008,228	70,969	654,272	725,241
Manufacturing	1,066,805	3,438,113	4,504,918	117,861	110,698	228,559
Construction	2,321,104	2,163,368	4,484,472	424,000	119,429	543,429
Commerce	931,264	4,070,004	5,001,268	177,542	167,555	345,097
Real Estate Promotion	1,309,547	447,861	1,757,408	193,090	17,813	210,903
Other Services	9,564,757	5,527,530	15,092,287	1,327,507	162,807	1,490,314
Other Activities	2,056,943	3,097,137	5,154,080	144,989	44,331	189,320
Total	17,562,834	46,439,827	64,002,661	2,455,958	1,276,905	3,732,863

Geography	Exposure			Impairment		
	Individual	Collective	Total	Individual	Collective	Total
	Euros '000	Euros '000	Euros '000	Euros '000	Euros '000	Euros '000
Portugal	16,640,805	31,131,046	47,771,851	2,262,551	1,001,675	3,264,226
Angola	188,655	1,039,686	1,228,341	29,798	19,779	49,577
Mozambique	299,715	1,967,080	2,266,795	27,807	63,898	91,705
Poland	220,751	12,263,197	12,483,948	134,970	190,194	325,164
Switzerland	212,908	-	212,908	832	-	832
Other geographies	-	38,818	38,818	-	1,359	1,359
Total	17,562,834	46,439,827	64,002,661	2,455,958	1,276,905	3,732,863

The following chart includes the entrances and the exits of the restructured loans portfolio:

	Jun 2015	Dec 2014
	Euros '000	Euros '000
Balance on 1 January	6,294,286	5,827,753
Restructured loans in the period	312,108	2,232,866
Accrued interests of the restructured portfolio	18,664	31,120
Settlement restructured		
credits (partial or total)	(373,507)	(1,002,373)
Reclassified loans from restructured		
to normal	(175,297)	(407,569)
Others	(147,406)	(387,511)
Balance at the end of the period	5,928,848	6,294,286

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As at 30 June 2015, the following table includes the fair value of the collaterals associated to the loans portfolio by segments Construction and CRE, Companies-Other Activities and Mortgage loans:

Fair Value	Construction and Commercial Real Estate		Companies-Other Activities		Mortgage loans	
	Real Estate	Other	Real Estate	Other	Real Estate	Other
		Collateral		Collateral		Collateral
< 0.5 M€						
Number	12,603	6,418	11,977	44,419	423,457	472
Value (Euros '000)	43,263,857	37,315,027	252,897,110	276,297,508	11,632,822,881	485,294
>= 0.5 M€ and < 1 M€						
Number	749	82	1,376	273	2,252	5
Value (Euros '000)	47,867,205	19,387,773	242,801,662	91,678,790	133,485,917	3,439
>= 1 M€ and < 5 M€						
Number	602	60	1,067	238	275	2
Value (Euros '000)	211,159,895	43,050,951	538,955,533	279,924,042	32,017,399	3,011
>= 5 M€ and < 10 M€						
Number	64	12	116	24	2	-
Value (Euros '000)	58,035,816	9,291,574	199,786,081	87,782,008	12,200	-
>= 10 M€ and < 20 M€						
Number	53	6	64	12	1	-
Value (Euros '000)	67,006,551	2,740,132	55,312,991	23,162,287	15,683,481	-
>= 20 M€ and < 50 M€						
Number	24	4	29	12	-	-
Value (Euros '000)	273,750,316	179,463	30,638,260	118,559,055	-	-
>= 50 M€						
Number	9	8	11	5	-	-
Value (Euros '000)	204,357,965	1,136,543,544	965,008	526,171	-	-
Total						
Number	14,104	6,590	14,640	44,983	425,987	479
Value (Euros '000)	905,441,605	1,248,508,464	1,321,356,645	877,929,861	11,814,021,878	491,744

As at 31 December 2014, the following table includes the fair value of the collaterals associated to the loans portfolio by segments Construction and CRE, Companies-Other Activities and Mortgage loans:

Fair Value	Construction and Commercial Real Estate		Companies-Other Activities		Mortgage loans	
	Real Estate	Other	Real Estate	Other	Real Estate	Other
		Collateral		Collateral		Collateral
< 0.5 M€						
Number	13,300	6,003	11,627	41,081	426,776	460
Value (Euros '000)	45,020,476	37,071,965	234,152,352	261,368,720	11,037,298,461	403,857
>= 0.5 M€ and < 1 M€						
Number	808	74	1,397	268	2,281	6
Value (Euros '000)	44,272,570	20,517,695	221,361,882	88,835,969	113,507,353	4,027
>= 1 M€ and < 5 M€						
Number	634	52	1,172	254	286	1
Value (Euros '000)	205,340,305	39,279,670	568,016,426	269,144,111	27,703,308	1,298
>= 5 M€ and < 10 M€						
Number	77	11	133	24	3	-
Value (Euros '000)	41,008,153	9,179,229	191,343,673	67,171,798	18,700	-
>= 10 M€ and < 20 M€						
Number	54	1	64	8	2	-
Value (Euros '000)	46,459,925	36,626	25,376,847	11,017,529	24,710	-
>= 20 M€ and < 50 M€						
Number	30	-	39	12	-	-
Value (Euros '000)	396,410,549	-	51,787,857	147,298,404	-	-
>= 50 M€						
Number	12	6	11	6	-	-
Value (Euros '000)	412,924,769	1,118,150,529	909,187	548,148	-	-
Total						
Number	14,915	6,147	14,443	41,653	429,348	467
Value (Euros '000)	1,191,436,747	1,224,235,714	1,292,948,224	845,384,679	11,178,552,532	409,182

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As at 30 June 2015, the following table includes the LTV ratio by segments Construction and CRE, Companies-Other Activities and Mortgage loans:

Segment/Ratio	Number of properties	Performing loans Euros '000	Non-performing loans Euros '000	Impairment Euros '000
Construction and Commercial Real Estate				
Without associated collateral	n.a.	2,408,041	625,369	388,381
<60%	5,996	441,231	66,955	26,319
>=60% and <80%	1,421	237,854	65,217	13,224
>=80% and <100%	917	184,098	76,347	10,926
>=100%	56,188	2,059,460	1,719,916	743,485
Companies-Other Activities				
Without associated collateral	n.a.	13,257,370	1,033,107	850,490
<60%	29,100	1,534,165	101,002	61,419
>=60% and <80%	10,654	768,447	84,626	16,837
>=80% and <100%	6,904	765,592	54,227	33,484
>=100%	22,938	2,817,898	1,092,661	700,913
Companies-Other Activities				
Without associated collateral	n.a.	65,407	11,251	7,239
<60%	236,949	7,946,245	153,722	18,116
>=60% and <80%	124,224	7,086,576	208,710	16,327
>=80% and <100%	92,456	5,279,865	402,686	37,779
>=100%	63,370	3,188,214	794,837	234,644

As at 31 December 2014, the following table includes the LTV ratio by segments Construction and CRE, Companies-Other Activities and Mortgage loans:

Segment/Ratio	Number of properties	Performing loans Euros '000	Non-performing loans Euros '000	Impairment Euros '000
Construction and Commercial Real Estate				
Without associated collateral	n.a.	2,617,030	589,789	364,543
<60%	5,950	597,065	162,056	43,925
>=60% and <80%	1,527	207,212	99,262	14,194
>=80% and <100%	966	185,280	93,176	28,746
>=100%	55,807	2,183,327	1,611,343	673,023
Companies-Other Activities				
Without associated collateral	n.a.	14,209,246	1,025,120	1,055,697
<60%	27,927	1,752,899	220,116	93,131
>=60% and <80%	9,524	786,823	96,830	35,574
>=80% and <100%	7,028	743,804	108,272	46,459
>=100%	18,769	2,851,980	974,082	538,427
Companies-Other Activities				
Without associated collateral	n.a.	52,721	12,329	6,253
<60%	236,863	7,912,542	140,989	34,047
>=60% and <80%	124,697	7,100,569	200,243	38,668
>=80% and <100%	96,011	5,428,135	421,809	79,488
>=100%	63,014	2,920,999	674,269	147,038

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As at 30 June 2015, the following tables include the fair value and the accounting net value of the properties arising from recovered loans, by asset and by antiquity:

Asset	Number of properties	Fair value of the asset Euros '000	Book value Euros '000
Land			
Urban	1,667	460,040	409,283
Rural	229	34,937	28,676
Buildings in development			
Commercials	2	48,586	48,586
Mortgage loans	1	4,939	4,939
Others	1	99	99
Constructed buildings			
Commercials	1,660	260,874	234,919
Mortgage loans	4,921	584,775	509,351
Others	438	207,980	174,531
Others	148	2,982	2,982
Total	9,067	1,605,212	1,413,366

Asset	Past due since the lieu / execution				
	<1 year Euros '000	>=1 year and <2,5 years Euros '000	>=2,5 years and <5 years Euros '000	>=5 years Euros '000	Total Euros '000
Land					
Urban	62,170	57,876	74,173	215,064	409,283
Rural	11,289	3,002	4,173	10,212	28,676
Buildings in development					
Commercials	-	-	-	48,586	48,586
Mortgage loans	-	-	4,939	-	4,939
Others	-	-	-	99	99
Constructed buildings					
Commercials	81,249	58,601	56,447	38,622	234,919
Mortgage loans	178,822	150,967	75,955	103,607	509,351
Others	25,897	49,229	62,185	37,220	174,531
Others	2,727	-	255	-	2,982
Total	362,154	319,675	278,127	453,410	1,413,366

As at 31 December 2014, the following tables include the fair value and the accounting net value of the properties arising from recovered loans, by asset and by antiquity:

Asset	Number of properties	Fair value of the asset Euros '000	Book value Euros '000
Land			
Urban	1,231	408,171	374,309
Rural	237	26,724	20,730
Buildings in development			
Commercials	3	53,604	53,604
Mortgage loans	2	16,813	16,813
Others	2	106	106
Constructed buildings			
Commercials	1,606	251,165	221,087
Mortgage loans	4,671	571,491	495,639
Others	435	218,167	185,753
Others	12	6,048	6,048
Total	8,199	1,552,289	1,374,089

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Asset	Past due since the lieu / execution				Total Euros '000
	<1 year Euros '000	>=1 year and <2.5 years Euros '000	>=2.5 years and <5 years Euros '000	>=5 years Euros '000	
Land					
Urban	49,872	51,937	56,325	216,175	374,309
Rural	2,936	3,640	3,324	10,830	20,730
Buildings in development					
Commercials	-	-	-	53,604	53,604
Mortgage loans	-	-	5,367	11,446	16,813
Others	-	-	-	106	106
Constructed buildings					
Commercials	78,103	70,127	36,997	35,860	221,087
Mortgage loans	181,585	148,331	63,233	102,490	495,639
Others	47,252	61,439	44,744	32,318	185,753
Others	5	-	247	5,796	6,048
Total	359,753	335,474	210,237	468,625	1,374,089

As at 30 June 2015, the following table includes the distribution of the loans portfolio by degrees of risk:

Degrees of risk	Segments					Total
	Construction and CRE	Companies Other Activities	Mortgage loans	Individuals Others	Other loans	
Higher quality						
1	-	-	-	-	4	4
2	1,369	9,336	4,277,188	148,093	7	4,435,994
3	2,017	80,616	2,486,649	136,274	6	2,705,562
4	38,050	975,175	4,877,863	238,378	476,230	6,605,696
5	162,906	1,858,482	3,057,105	616,025	9,154	5,703,672
6	389,220	2,063,182	1,983,389	505,264	34	4,941,089
Average quality						
7	284,902	1,656,493	1,505,858	460,754	7	3,908,013
8	288,991	1,872,708	985,418	398,081	632	3,545,830
9	687,310	2,252,553	831,020	276,619	-	4,047,502
Lower quality						
10	332,547	1,069,566	731,394	201,324	127	2,334,958
11	352,500	991,023	453,946	141,478	-	1,938,946
12	1,065,012	2,945,620	729,053	181,055	34	4,920,775
Procedural						
13	146,702	65,781	204,203	46,552	-	463,238
14	164,350	811,351	221,893	73,255	-	1,270,849
15	3,559,900	3,541,856	1,979,707	928,972	-	10,010,435
Not classified (without degree of risk)	324,017	2,128,585	803,747	176,513	496	3,433,359
Total	7,799,792	22,322,327	25,128,434	4,528,636	486,732	60,265,922

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As at 31 December 2014, the following table includes the distribution of the loans portfolio by degrees of risk:

Degrees of risk	Segments					Total
	Construction and CRE	Companies Other Activities	Mortgage loans	Individuals Others	Other loans	
Higher quality						
2	1,442	7,722	3,865,505	140,608	15	4,015,292
3	2,547	37,390	2,275,775	137,724	5	2,453,441
4	36,006	958,386	5,182,012	236,463	556,664	6,969,531
5	156,322	1,990,401	3,042,335	591,410	4,518	5,784,986
6	376,377	1,935,846	1,988,053	457,859	1	4,758,136
Average quality						
7	293,683	1,696,188	1,554,685	458,638	256	4,003,450
8	300,415	1,632,554	1,015,070	360,528	6	3,308,573
9	691,119	2,212,136	847,678	268,226	-	4,019,159
Lower quality						
10	360,201	1,170,729	771,414	197,560	1,356	2,501,260
11	435,568	1,027,769	453,191	131,306	4	2,047,838
12	1,452,287	3,092,402	741,308	167,285	32	5,453,314
Procedural						
13	54,930	472,697	184,187	54,912	-	766,726
14	387,916	595,321	204,022	78,485	-	1,265,744
15	3,243,900	3,741,347	1,846,172	967,458	-	9,798,877
Not classified (without degree of risk)	329,875	1,654,672	867,613	256,887	426	3,109,473
Total	8,122,588	22,225,560	24,839,020	4,505,349	563,283	60,255,800

Market risk

For the monitoring and control of market risk existing in the different portfolios, the Group uses an integrated risk measure that includes the main types of market risks identified by the Group: generic risk, specific risk, non linear risk and commodities risk.

The measure used in the evaluation of generic market risk is the VaR (Value at Risk). The VaR is calculated on the basis of the analysis approximation defined in the methodology developed by RiskMetrics. It is calculated considering a 10-working day time horizon and a unilateral statistical confidence interval of 99%. The estimation of the volatility associated to each risk factor in the model assumes an historical approach (equally weighted), with a one year observation period

A specific risk evaluation model is also applied to securities (bonds, shares, certificates, etc) and associated derivatives, for which the performance is directly related to its value. With the necessary adjustments, this model follows regulatory standard methodology.

Complementary measures are also used for other types of risk: a risk measure that incorporates the non-linear risk of options not covered in the VaR model, with a confidence interval of 99%, and a standard measure for commodities risks.

These measures are included in the market risk indicator of market risk with the conservative assumption of perfect correlation between the various types of risk.

Capital at risk values are determined both on an individual basis - for each portfolio of the areas having responsibilities in risk taking and management – and in consolidated terms, taking into account the effects of diversification between the various portfolios.

To ensure that the VaR model adopted is adequate to evaluate the risks involved in the positions held, a back testing process has been established. This is carried out on a daily basis and it confronts the VaR indicators with the actual results.

The following table shows the main indicators for these measures, for the trading portfolio:

	Euros '000				
	Jun 2015	Average	Maximum	Minimum	Dec 2014
Generic Risk (VaR)	4,886	8,239	13,380	3,744	6,380
Interest Rate Risk	3,905	5,862	6,188	3,193	5,327
FX Risk	2,904	4,975	10,598	1,452	3,717
Equity Risk	258	323	300	348	392
Diversification effects	2,181	2,920	3,705	1,249	3,055
Specific Risk	322	354	708	275	290
Non Linear Risk	252	107	640	15	52
Commodities Risk	14	17	212	11	15
Global Risk	5,474	8,717	13,864	4,243	6,737

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The assessment of the interest rate risk originated by the banking portfolio's operations is performed by a risk sensitivity analysis process carried out every month for all operations included in the Group's consolidated balance sheet.

This analysis considers the financial characteristics of the contracts available in information systems. Based on this data, a projection for expected cash flows is made, according to the repricing dates and any prepayment assumptions considered.

Aggregation of the expected cash flows for each time interval and for each of the currencies under analysis, allows to calculate the interest rate gap per repricing period.

The interest rate sensitivity of the balance sheet, by currency, is calculated as the difference between the present value of the interest rate mismatch discounted at market interest rates and the discounted value of the same cash flows simulating parallel shifts of the market interest rates.

The following tables show the expected impact on the banking book economic value of parallel shifts of the yield curve by +/- 100 and +/- 200 basis points, for each of the main currencies in which the Group holds material positions, considering non-negative interest rates for the -100/-200 basis points scenarios:

Jun 2015				Euros '000
Currency	- 200 bp	- 100 bp	+ 100 bp	+ 200 bp
CHF	3,415	3,415	3,751	7,458
EUR	22,614	2,341	58,377	113,400
PLN	19,098	9,369	(8,702)	(16,801)
USD	(7,876)	(7,839)	8,831	18,364
TOTAL	37,251	7,286	62,257	122,421

Dec 2014				Euros '000
Currency	- 200 bp	- 100 bp	+ 100 bp	+ 200 bp
CHF	(57)	(59)	3,713	7,381
EUR	3,858	(4,102)	86,784	174,664
PLN	40,455	19,696	(18,295)	(35,309)
USD	(8,157)	(6,325)	7,393	14,537
TOTAL	36,099	9,210	79,595	161,273

The Group limits the foreign currency exposure of investments made in subsidiaries abroad through the financing of net investments in money market operations and deposits from customer in the same currencies that makes the referred investments. The information of net investments, considered by the Group in hedging strategies on subsidiaries and on hedging instruments used, is as follows:

Company	Currency	Net Investment	Hedging instruments	Net Investment	Hedging instruments
		Currency '000	Currency '000	Euros '000	Euros '000
Banque Privée BCP (Suisse) S.A.	CHF	93,762	93,762	90,043	90,043
Millennium bcp Bank & Trust	USD	340,000	340,000	303,870	303,870
BCP Finance Bank, Ltd.	USD	561,000	561,000	501,385	501,385
BCP Finance Company	USD	1	1	1	1
bcp holdings (usa), Inc.	USD	55,767	55,767	49,841	49,841
Bank Millennium, S.A.	PLN	2,285,125	2,285,125	545,233	545,233

The information on the gains and losses in exchange rates on the loans to cover the investments in foreign institutions, accounted for as exchange differences, is presented in the statement of changes in equity.

The ineffectiveness generated in the hedging operations is recognised in the statement of income, as referred in the accounting policy 1 e).

Liquidity risk

The assessment of the Group's liquidity risk is carried out on a regular basis using indicators defined by the supervisory authorities and other internal metrics for which exposure limits are also defined.

The evolution of the Group's liquidity situation for short-term time horizons (of up to 3 months) is reviewed daily on the basis of two indicators internally defined: immediate liquidity and quarterly liquidity. These indicators measure the maximum fund-taking requirements that could arise on a single day, considering the cash-flow projections for periods of 3 days and of 3 months, respectively.

Calculation of these indicators involves adding, to the liquidity position of the day under analysis, the estimated future cash flows for each day of the respective time horizon (3 days or 3 months) for the set of transactions brokered by the markets areas, including the transactions with customers of the Corporate and Private networks that, due to its dimension, have to be quoted by the Trading Room. The amount of assets in the Bank's securities portfolio considered to be highly liquid is then added to the previously calculated amount, leading to the liquidity gap accumulated for each day of the period at stake.

In parallel, the evolution of the Group's liquidity position is calculated on a regular basis, also identifying all the factors that justify the variations occurred. This analysis is submitted to the appreciation of the Capital and Assets and Liabilities Committee (CALCO), in order to enable the decision taking that leads to the maintenance of adequate financing conditions to business continuity.

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In addition, the Risk Committee is responsible for controlling the liquidity risk.

This control is reinforced with the monthly execution of stress tests, to characterize the Bank's risk profile and to ensure that the Group and each of its subsidiaries fulfil their obligations in the event of a liquidity crisis. These tests are also used to support the liquidity contingency plan and management decisions.

The refinancing of medium-long term debt during the first half of 2015 amounted to Euros 367,639,000, concerning the early redemption of senior debt and the amortization of bank loans, and determining a change in the funding structure facing December 2014.

Accordingly, as at 30 June 2015, the funding structure reflected increases of Euros 262,756,000 in repos with financial institutions, to a balance of Euros 2,143,141,000 (Portugal), and of Euros 166,376,000 in bank loans, and a reduction of Euros 516,165,000 of the net collateralized funding with the Eurosystem, which reached Euros 6,053,170,000, carrying on the trend observed in recent years.

As at 30 June 2015, compared to the balances presented at the end of 2014, there was a reduction of the funding with the ECB of Euros 516,165,000 and the growth in the collateral portfolio available for discount at the ECB in Euros 361,697,000 allowed an increase of Euros 877,766,000 of the safety buffer, which totalled Euros 8,465,926,000.

The composition of the balance funded through the ECB revealed, during the first quarter of 2015, an early redemption of a Euros 500,000,000 tranche, prior to the maturity of the remaining balance of Euros 3,500,000,000, from an original total of Euros 12,000,000,000 borrowing granted in 2012 by the ECB through its long term refinancing operations. The refinancing of these amounts was carried out through the main refinancing operations (one week end three month) regularly conducted by the ECB.

The eligible pool of assets for funding operations in the European Central Bank and other Central Banks in Europe, net of haircuts, is detailed as follows:

	Jun 2015	Dec 2014
	Euros '000	Euros '000
European Central Bank	12,349,060	12,175,997
Other Central Banks	3,309,017	2,968,013
	<u>15,658,077</u>	<u>15,144,010</u>

As at 30 June 2015, the amount discounted in the European Central Bank amounted to Euros 7,032,510,000 (31 December 2014: Euros 6,692,510,000). As at 30 June 2015 and 2014, no amounts were discounted in Other Central Banks.

The amount of eligible assets for funding operations in the European Central Banks includes securities issued by SPEs concerning securitization operations in which the assets were not derecognised at a consolidated level. Therefore, the respective securities are not recognised in the securities portfolio.

The evolution of the ECB's Monetary Policy Pool and the corresponding collaterals used is analysed as follows:

	Euros '000			
	Jun 2015	Dec 14	Jun 14	Dec 13
Collateral eligible for ECB, after haircuts:				
The pool of ECB monetary policy (*)	12,349,060	12,175,997	14,605,564	17,803,958
Outside the pool of ECB monetary policy (**)	2,170,036	1,981,402	4,006,174	2,099,850
	<u>14,519,096</u>	<u>14,157,399</u>	<u>18,611,738</u>	<u>19,903,808</u>
Net borrowing at the ECB (***)	<u>6,053,170</u>	<u>6,569,335</u>	<u>8,658,921</u>	<u>9,929,033</u>
Liquidity buffer (****)	<u>8,465,926</u>	<u>7,588,064</u>	<u>9,952,817</u>	<u>9,974,775</u>

(*) Corresponds to the amount reported in SITEME (Bank of Portugal application).

(**) Includes assets temporarily ineligible (until June 2014).

(***) Includes, in June 2015, the value of funding with the ECB net of deposits at the Bank of Portugal (Euros 951,449,000) and other liquidity of the Eurosystem (Euros 358,084,242), plus the minimum cash reserve (Euros 328,853,000) and the accrued interests (Euros 1,340,000).

(****) Collateral eligible for the ECB, after haircuts, less net borrowing at the ECB.

The main liquidity ratios of the Group, according to the definitions of the Instruction n.º 13/2009 of the Bank of Portugal, are as follows:

	Reference value	Jun 2015	Dec 14
Accumulated net cash flows up to 1 year as %			
of total accounting liabilities	Not less than (- 6 %)	2.4%	-3.9%
Liquidity gap as a % of illiquid assets	Not less than (- 20 %)	7.6%	8.9%
Transformation Ratio (Credit / Deposits) (2)		107.4%	108.4%
Coverage ratio of Wholesale funding by HLA (1)			
(up to 1 Month)		224.0%	382.5%
(up to 3 Months)		189.8%	208.1%
(up to 1 Year)		179.7%	189.3%

(1) HLA- Highly Liquid Assets.

(2) Transformation ratio computed according to Bank of Portugal rules for the Funding & Capital Plans (Financial consolidation).

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According to the Notice n.º28/2014 of the Bank of Portugal, which focuses on the guidance of the European Banking Authority on disclosure of assets encumbrance (EBA/GL/2014/3), and taking into account the recommendation made by the European Systemic Risk Board, we present the following information regarding the assets and collaterals:

Jun 2015				
	Carrying amount of encumbered assets	Fair value of encumbered assets	Carrying amount of unencumbered assets	Fair value of unencumbered assets
	Euros '000	Euros '000	Euros '000	Euros '000
Assets				
Assets of the reporting institution	16,665,256	n/a	62,385,415	n/a
Equity instruments	-	-	2,265,266	-
Debt securities	4,387,107	4,387,107	9,500,842	-
Other assets	-	n/a	7,715,770	n/a
Dec 2014				
	Carrying amount of encumbered assets	Fair value of encumbered assets	Carrying amount of unencumbered assets	Fair value of unencumbered assets
	Euros '000	Euros '000	Euros '000	Euros '000
Assets				
Assets of the reporting institution	15,585,596	n/a	60,841,956	n/a
Equity instruments	-	-	2,220,081	2,218,963
Debt securities	3,059,616	3,059,616	8,551,366	8,354,230
Other assets	-	n/a	7,470,914	n/a
Fair value of encumbered collateral received or own debt securities issued				
	Jun 2015	Dec 2014	Jun 2015	Dec 2014
	Euros '000	Euros '000	Euros '000	Euros '000
Collateral received				
Collateral received by the reporting institution	-	-	-	-
Equity instruments	-	-	-	-
Debt securities	-	-	-	-
Other collateral received	-	-	-	-
Own debt securities issued other than own covered bonds or ABSs	-	-	-	-
Carrying amount of selected financial liabilities				
	Jun 2015	Dec 2014	Jun 2015	Dec 2014
	Euros '000	Euros '000	Euros '000	Euros '000
Encumbered assets, encumbered collateral received and matching liabilities				
Matching liabilities, contingent liabilities and securities lent		12,734,894		11,451,473
Assets, collateral received and own debt securities issued other than covered bonds and ABSs encumbered		16,422,043		15,279,091

The encumbered assets are mostly related to collateralized financing, in particular the ECB's, repo transactions, issuance of covered bonds and securitization programs. The types of assets used as collateral of these financing transactions are divided into portfolios of loans to clients, supporting securitization programs and covered bonds issues, whether placed outside the Group, whether to improve the pool of collateral with the ECB, and Portuguese sovereign debt, which collateralize repo transactions in the money market. The funding raised from the IEB is collateralized by Portuguese public debt and bonds issues of the public sector entities.

The balance other assets in the amount of Euros 7,470,914,000, although unencumbered, are mostly related to the Group's activity, namely: investments in associates and subsidiaries, tangible fixed assets and investment property, intangible assets, assets associated with derivatives and deferred tax assets and current taxes.

The amounts presented in these tables correspond to the position as at 30 June 2015 and 31 December, 2014 and reflect the high level of collateralisation of the wholesale funding of the Group. The buffer of eligible assets with Central Banks, as at 30 June 2015 amounts to Euros 8,500,000,000 (value of the unencumbered assets net of haircuts). As at 31 December, 2014, the amount was Euros 10,432,902,000.

Operational Risk

The approach to operational risk management is based on a end-to-end processes structure, both for business and business support processes. Process management is the responsibility of the Process Owners, who are the first parties responsible for the risks assessment and for strengthening the performance within the scope of their processes. Process Owners are responsible for the updating of all of the relevant documentation concerning the processes, for ensuring the effective adequacy of all of the existing controls through direct supervision or by delegation on the departments responsible for the controls in question, for coordinating and taking part in the risks self-assessment exercises and for detecting improvement opportunities and implementing improvements, including mitigating measures for the most significant exposures.

Within the operational risk model implemented in the Group, there is a systematic process of capturing data on operational losses that systematically characterizes the loss events in terms of their causes and effects. From the analysis of the historical information and its relationships, processes involving greater risk are identified and mitigation measures are launched to reduce the critical exposures.

Covenants

The contractual terms of instruments of wholesale funding encompass obligations assumed by entities belonging to the Group as debtors or issuers, concerning general duties of societary conduct, maintenance of banking activity and the inexistence of special guarantees constituted for the benefit of other creditors ("negative pledge"). These terms reflect essentially the standards internationally adopted for each type of instrument.

The terms of the Group's participation in securitization operations involving its own assets are subject to mandatory changes in case the Group stops respecting certain rating criteria. The criteria established in each transaction results mainly from the existing risk analysis at the moment that the transaction was set, being these methodologies usually applied by each rating agency in a standardised way to all the securitization transactions involving the same type of loans.

Regarding the Covered Bond Programs of Banco Comercial Português and Banco de Investimento Imobiliário that are currently underway, there are no relevant covenants related to a possible downgrade of the Bank.

52. Solvency

The Group has adopted the methodologies based on internal rating models (IRB) for the calculation of capital requirements for credit and counterparty risk, covering a substantial part of both its retail portfolio in Portugal and Poland and its corporate portfolio in Portugal. The Group has adopted the advanced approach (internal model) for the generic market risk and the standard method for the operational risk.

Group Banco Comercial Português' own funds are determined according to the established regulation, in particular, according to Directive 2013/36/UE and Regulation (EU) 575/2013 approved by the European Parliament and the Council (CRD IV/CRR), and the Notice no. 6/2013 from Bank of Portugal.

Total capital includes tier 1 and tier 2. Tier 1 comprises common equity tier 1 (CET1) and additional tier 1.

Common equity tier 1 includes: (i) paid-up capital, share premium, hybrid instruments subscribed by the Portuguese State within the scope of the Bank's capitalisation process, reserves and retained earnings and non-controlling interests; ii) and deductions related to own shares, the shortfall of value adjustments and provisions to expected losses concerning risk-weighted exposure amounts cleared under the IRB approach and goodwill and other intangible assets. Reserves and retained assets are adjusted by the reversal of unrealised gains and losses on cash-flow hedge transactions and on financial liabilities valued at fair value through profits and losses, to the extent related to own credit risk. The minority interests are only eligible up to the amount of the Group's capital requirements attributable to the minorities. In addition, the deferred tax assets arising from tax losses carried forward are deducted, as well as the deferred tax assets arising from temporary differences relying on the future profitability and the interests held in financial institutions and insurers of at least 10%, in this case only in the amount that exceeds the thresholds of 10% and 15% of the common equity tier 1, when analysed on an individual and aggregated basis, respectively.

Additional tier 1 comprises preference shares and other hybrid instruments that are compliant with the issue conditions established in the Regulation and minority interests related to minimum additional capital requirements of institutions that are not totally owned by the Group.

Tier 2 includes the subordinated debt that is compliant with the Regulation and minority interests related to minimum total capital requirements of institutions that are not totally owned by the Group.

The legislation stipulates a transitional period between the own funds calculated under national law until 31 December 2013, and own funds estimated according to communitarian law, in order to not include/exclude some elements previously considered (phase-out) and include/deduct new elements (phase-in). The transitional period for the majority of the elements will last until the end of 2017, with the exception of the deferred tax assets already recorded on the balance sheet of 1 January 2014, and the subordinated debt and all the hybrid instruments not eligible to own funds, according to the new regulation, that have a longer period ending in 2023 and 2021, respectively.

The calculation of risk-weighted assets also presents some changes in relation to how it used to be performed in accordance with the regulatory framework of Basel II, with emphasis on the 250% risk weighting of the deferred tax assets from temporary differences relying on future profitability and investments higher than 10% held in financial institutions and insurance companies that are within the limits established for not deducting them to common equity tier 1 (instead of 0% and 100%, respectively), on the Credit Valuation Adjustments (CVA), on the calculation of capital requirements to cover credit risk of small and medium companies for which IRB approaches are used and, from the beginning of 2015, on the 100% risk weighting of deferred tax assets from temporary differences which do not rely on future profitability (instead of 0%).

Within the new regulatory framework, financial institutions should report common equity tier 1, tier 1 and total capital ratios of at least 7%, 8.5% and 10.5%, respectively, including a 2.5% conservation buffer, but benefiting from a transitional period that will last until the end of 2018.

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The own funds and the capital requirements determined according to the methodologies CRD IV / CRR previously referred, are the following:

	Jun 2015	Dec 2014
	Euros '000	Euros '000
Common equity tier 1 (CET1)		
Ordinary share capital	4,094,235	3,706,690
Share Premium	16,471	-
Ordinary own shares	(1,894)	(1,595)
Other capital (State aid)	750,000	750,000
Reserves and retained earnings	453,533	338,365
Minority interests eligible to CET1	816,516	686,240
Regulatory adjustments to CET1	(333,069)	(403,057)
	<u>5,795,792</u>	<u>5,076,643</u>
Tier 1		
Capital Instruments	28,687	92,896
Regulatory adjustments	(28,687)	(92,896)
	<u>5,795,792</u>	<u>5,076,643</u>
Tier 2		
Subordinated debt	639,211	876,252
Minority interests eligible to CET1	176,258	141,019
Others	(231,030)	(294,147)
	<u>584,439</u>	<u>723,124</u>
Total own funds	<u><u>6,380,231</u></u>	<u><u>5,799,767</u></u>
Risk weighted assets		
Credit risk	39,083,929	38,160,015
Market risk	1,769,793	919,957
Operational risk	3,071,865	3,071,865
CVA	201,762	224,269
	<u><u>44,127,349</u></u>	<u><u>42,376,106</u></u>
Capital ratios		
CET1	<u>13.1%</u>	<u>12.0%</u>
Tier 1	13.1%	12.0%
Tier 2	<u>1.4%</u>	<u>1.7%</u>
	<u><u>14.5%</u></u>	<u><u>13.7%</u></u>

53. Contingencies and commitments

1. The Bank received a formal notice dated 27 December 2007 informing that administrative proceedings no. 24/07/CO were brought by the Bank of Portugal against the Bank and against seven former Directors and two Managers, “based on preliminary evidence of administrative offences foreseen in the General Framework of Credit Institutions and Financial Companies (approved by Decree-Law no. 298/92, 31 December), in particular with respect to breach of accounting rules, provision of false or incomplete information to the Bank of Portugal, in particular in what respects to the amount of own funds and breach of prudential obligations”.

A press release issued by the Bank of Portugal on 28 December 2007 mentioned that such administrative proceedings were initiated “based on facts related to 17 off-shore entities, whose nature and activities were always hidden from the Bank of Portugal, in particular in previous inspections carried out”.

On 12 December 2008, the Bank was notified of an accusation under administrative proceedings no. 24/07/CO instructed by the Bank of Portugal, in which this Authority charges the Bank and the other defendants, with the practice of six administrative offences regulated by paragraph g) and three administrative offences regulated by paragraph r) of article 211 of the Legal Framework for Credit Institutions and Financial Companies.

In March 2009, the Bank did not accept the charges or accusations made and provided defence under these administrative proceedings within due term.

On 12 May 2010, the Bank was notified of the decision that, within the scope of the proceedings, was issued by the Board of Directors of the Bank of Portugal, applying to it, as primary sanction, a single fine of Euros 5,000,000.

Different fines were applied to the remaining defendants as primary sanctions, globally amounting to Euros 4,470,000. The Board of Directors of the Bank of Portugal decided to withdraw the charges relating to a former Director and a Manager.

The Bank objected to this decision on 15 July 2010 and was informed of the decision to accept the legal objections presented by all the defendants.

The court hearing began in April 2011. On 7 October 2011, a court order was issued declaring the evidence presented null and that, consequently, the entire proceeding was declared null.

The Public Prosecutor and the Bank of Portugal appealed this decision. The Bank and other defendants presented their counter-claim. On 5 July 2012, the Bank was notified of the decision of the Tribunal da Relação de Lisboa (Lisbon court of appeals) which approved the appeals presented by the Bank of Portugal and by the Public Prosecutor, and revoked the decision appealed, determining that, the court hearing should proceed.

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Pursuant to a decision made on 27 February 2014, the "Tribunal de Pequena Instância Criminal de Lisboa" (court of Lisbon for minor criminal offences) scheduled a date (31 March 2014) to resume the court hearing for debate and judgement and decided to bar all offences imputed to one former Director of the Bank, due to the statute of limitations. In what specifically concerns the Bank, the "Tribunal de Pequena Instância Criminal de Lisboa" (court of Lisbon for minor criminal offences) decided to bar two administrative offences imputed to it, (alleged forging of accounting records) due to the statute of limitations.

The court hearing for debate and judgement was resumed in the Tribunal de Pequena Instância Criminal de Lisboa (court of Lisbon for minor criminal offences) that decided to bar all offences imputed to one former Director of the Bank due to the statute of limitations. By a sentence issued on 29 August 2014, all the defendants were sentenced for the infractions they were charged with. The fine initially applied to the Bank by Bank of Portugal was reduced in Euros 1,000,000.

On 13 October 2014, the Bank appealed from the sentence and also did the remaining defendants.

By a Decision issued on 9 June 2015, the Lisbon Court of Appeal partly approved the Bank's Appeal and declared that part of the offences of alleged provision of false information to the Bank of Portugal had reached a statute of limitation, thereby acquitting the Bank of the remaining offences (that did not reach the statute). It further acquitted the Bank of two alleged offences of falsifying accounting records. The Lisbon Court of Appeal confirmed the sentence of the Bank for two other alleged offences of falsifying accounting records. Therefore, the Lisbon Court of Appeal decreased the fine imposed to the Bank, from Euros 4,000,000 to Euros 750,000. The Bank argued that the Decision was void in the part that sentences the Bank for falsifying accounting records for breaching the duty to consolidate 4 offshore companies, having been notified that the Bank of Portugal and one of the defendants had also argued that the Decision was void.

2. On July 2009, the Bank was notified of the accusation brought about by the Public Prosecutor in a criminal process against five former members of the Board of Directors of the Bank, related mainly to the above mentioned facts, and to present in this process a request for an indemnity.

Considering this notification, and although considering as reproduced the contents of the defence presented in the above mentioned administrative proceedings, the Bank decided, in order to avoid any risk of a future allegation of loss of the right to an indemnity that may occur if no recourse is presented in this process, to present legal documentation claiming: (i) the recognition of its right, in a later period namely following the final identification of the facts, to present a separate process in civil courts requesting an indemnity and (ii) additionally and cautiously, if the right to the request of a separate indemnity process in civil courts is not recognized, a civil indemnity according to the facts and terms mentioned in the accusation, if they are proven.

On 19 July 2011 the Bank was notified of the decision of the 8ª Vara Criminal de Lisboa (8th Lisbon criminal court section) that recognized that the Bank could present an eventual request for civil indemnity separately. One of the Defendants appealed this decision to the Court of Appeals, which was admitted by the first instance court but has a merely devolutive effect, being passed to the higher court only with the eventual appeal of the first instance Court's sentence.

Through a sentence issued on 2 May 2014, three of the four defendants were sentenced to suspended prison sentences (to 2 years) and to the payment of fines amounting to between Euros 300,000 and Euros 600,000 for the market manipulation crime, with the disqualification for the exercise of banking functions and publication of the sentence in a widely-read newspaper. In its decision dated of 25 February 2015, the Lisbon Court of Appeal confirmed in full the terms of the aforementioned sentence. According to the information available, the appellate court's final decision has not yet been delivered.

3. In December of 2013, the company Sociedade de Renovação Urbana Campo Pequeno, S.A., in which the Bank holds a 10% stake as a result of a conversion of credits, has filed an action for Euros 75,735,026.50 against the Bank in order to obtain (i) the acknowledgement that a loan agreement entered into by such company and the Bank on 29 May 2005 constitutes a shareholders loan instead of a pure bank loan; (ii) the reimbursement of the loaned amount to be made according to the existent shareholders agreement; (iii) the nullification of several mortgages established in favour of the defendant between 1999 and 2005 and (iv) the statement of non-existence of a debt related represented by a promissory note (held by the company) acting as security.

The Bank is convinced that, having in consideration the facts argued by the Plaintiff, the suit shall be deemed unfounded.

One of the creditors of the plaintiff requested its bankruptcy and the Bank claimed credits amounting to Euros 82,253,962.77. Thus, the proceeding mentioned above is suspended

4. In 2012, the Portuguese Competition Authority initiated an administrative proceeding relating to competition restrictive practices. During the investigations, in 6 March 2013, several searches were conducted of Bank's premises, as well as to at least 8 other credit institutions, where documentation was seized in order to verify signs of privileged commercial information in the Portuguese banking market.

The Portuguese Competition Authority has declared the administrative proceeding to stay under judicial secrecy, once it considered that the interests dealt with in the investigation, as well as the parties' rights, would not be compatible with the publicity of the process.

The Bank received on 2 June 2015, the notice of an illicit act issued by the Competition Authority relating to the administrative offence proceedings nr. 2012/9, and was charged of taking part in the exchange of information amongst Banks of the system relating to pricing already approved and mortgage and consumption loan operations already approved or granted. Concerning the charges brought forward, the Bank will present its reply to the notice and afterwards, if needed be, will present its legal objections. We must point out that a notice of an illicit act does not imply the making of a final decision concerning the proceedings. If the Competition Authority were to make a final decision, the Bank could be sentenced to pay a fine within the limits set forth by law that foresees a maximum amount equivalent to 10% of the consolidated annual business volume registered in the year prior to the making of the decision. Notwithstanding, such a decision may be contested in court."

5. On October 20, 2014, Bank Millennium Poland was notified of a class action against the Bank that aims to assess the "illicit" enrichment of the Bank taking into account certain clauses in mortgage loans agreements in CHF. Customers question a set of clauses notably on the bid-offer spread between PLN and CHF for conversion of credits. On 28 May 2015, the Regional Court of Warsaw refused the proceedings, and the applicants appealed this decision on 3 July 2015.

Resolution Fund

On 3 August 2014, the Bank of Portugal has adopted a set of measures within the scope of the resolution process of Banco Espírito Santo, SA, which included the capitalization of Euro 4.9 billion of a new entity called Novo Banco using the Resolution Fund ("FR"). Depending on the selling price of the Novo Banco, which must occur within a period of two years, the FR may suffer losses or gains over the amount placed in this entity. As a participant in the Resolution Fund, together with other banks domiciled in Portugal, if the FR suffers losses, the Bank may be asked to perform extraordinary contributions to the future FR, which will be reflected as a charge in the income statement.

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54. Sovereign debt of European Union countries subject to bailout

As at 30 June 2015, the Group's exposure to sovereign debt of European Union countries subject to bailout, is as follows:

Issuer / Portfolio	Jun 2015					
	Book value	Fair value	Fair value reserves	Average interest rate	Average maturity	Fair value measurement
	Euros '000	Euros '000	Euros '000	%	Years	levels
Greece						
Financial assets held for trading	582	582	-	0.00%	0.0	1

As at 31 December 2014, the Group's exposure to sovereign debt of European Union countries subject to bailout, is as follows:

Issuer / Portfolio	Dec 2014					
	Book value	Fair value	Fair value reserves	Average interest rate	Average maturity	Fair value measurement
	Euros '000	Euros '000	Euros '000	%	Years	levels
Greece						
Financial assets held for trading	1,024	1,024	-	0.00%	0.0	1

55. Transfers of assets

The Group performed a set of transactions of sale of financial assets (namely loans and advances to customers) for Funds specialized in the recovery of loans. These funds take the responsibility for management of the companies or assets received as collateral with the objective of ensuring a pro-active management through the implementation of plans to explore/increase the value of the companies/assets. The financial assets sold under these transactions are derecognised from the balance sheet of the Group, since the transactions result in the transfer to the Funds of a substantial portion of the risks and benefits associated with the assets as well as the control on the assets.

The specialized funds that acquired the financial assets are closed funds, in which the holders of the participation units have no possibility to request the reimbursement of its investment throughout the useful life of the Fund.

These participation units are held by several banks, which are the sellers of the loans, in percentages that vary through the useful life of the Funds, ensuring however that, separately, none of the banks holds more than 50% of the capital of the Fund.

The Funds have a specific management structure (General Partner), fully independent from the banks and that is selected on the date of establishment of the Fund.

The management structure of the Fund has as main responsibilities:

- determine the objective of the Fund;
- manage exclusively the Fund, determining the objectives and investment policy and the conduct in management and business of the Fund.

The management structure is remunerated through management commissions charged to the Funds.

These funds, in the majority of the transactions (in which the Group holds minority positions) establish companies under the Portuguese law in order to acquire the loans to the banks, which are financed through the issuance of senior and junior securities. The value of the senior securities fully subscribed by the Funds that hold the share capital of the companies match the fair value of the asset sold, determined in accordance with a negotiation based on valuations performed by both parties. These securities are remunerated at an interest rate that reflects the risk of the company that holds the assets.

The value of the junior securities is equivalent to the difference between the fair value based on the valuation of the senior securities and the sale value to the companies under the Portuguese Law.

These junior securities, when subscribed by the Group, provide the right to a contingent positive value if the recovered amount for the assets transferred is above the nominal value amount of senior securities plus it related interest.

However, considering these junior assets reflect a difference between the valuations of the assets sold based on the appraisals performed by independent entities and the negotiation between the parties, they are fully provided.

Therefore, following the transactions, the Group subscribed:

- Participation units of the Funds, for which the cash-flows that allow the recovery arise mainly from a set of assets transferred from the participant banks (where the Group has clearly a minority interest). These securities are booked in the available for sale portfolio and are accounted for at fair value based on the market value, as disclosed by the Funds and audited at year end.
- Junior securities (with higher subordination degree) issued by the companies held by the funds and which are fully provided to reflect the best estimate of impairment of the financial assets transferred.

Within this context, not withholding control but maintaining an exposure to certain risks and rewards, the Group, in accordance with IAS 39.21 performed an analysis of the exposure to the variability of risks and rewards in the assets transferred, before and after the transaction, having concluded that it does not hold substantially all the risks and rewards.

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Considering that it does not hold control and doesn't exercise significant influence on the funds or companies management, the Group performed, under the scope of IAS 39.20 c, the derecognition of the assets transferred and the recognition of the assets received as follows:

	Values associated to transfers of assets					
	Jun 2015			Dec 2014		
	Net assets transferred Euros '000	Received value Euros '000	Income / (loss) resulting from the transfer Euros '000	Net assets transferred Euros '000	Received value Euros '000	Income / (loss) resulting from the transfer Euros '000
Fundo Recuperação Turismo FCR	266,079	292,644	26,565	266,079	292,644	26,565
Fundo Reestruturação Empresarial FCR	82,566	83,212	646	82,566	83,212	646
FLIT	399,900	383,821	(16,079)	399,900	383,821	(16,079)
Vallis Construction Sector Fund	200,105	235,656	35,551	200,105	235,656	35,551
Fundo Recuperação FCR	242,972	232,173	(10,799)	242,972	232,173	(10,799)
Fundo Aquarius FCR	124,723	132,635	7,912	98,840	106,736	7,896
Discovery Real Estate Fund	152,155	138,187	(13,968)	152,155	138,187	(13,968)
	<u>1,468,500</u>	<u>1,498,328</u>	<u>29,828</u>	<u>1,442,617</u>	<u>1,472,429</u>	<u>29,812</u>

As at 30 June 2015, the amount of this account is comprised of:

	Jun 2015					
	Senior securities Euros '000	Junior securities Euros '000	Total Euros '000	Impairment for seniors Euros '000	Impairment for juniors Euros '000	Net value Euros '000
Fundo Recuperação Turismo FCR	285,272	30,481	315,753	(32,484)	(30,481)	252,788
Fundo Reestruturação Empresarial FCR	89,912	-	89,912	(1,669)	-	88,243
FLIT	296,404	40,950	337,354	(3,274)	(40,950)	293,130
Vallis Construction Sector Fund	223,757	35,441	259,198	-	(35,441)	223,757
Fundo Recuperação FCR	222,155	73,832	295,987	(51,181)	(73,832)	170,974
Fundo Aquarius FCR	132,956	-	132,956	-	-	132,956
Discovery Real Estate Fund	145,109	-	145,109	-	-	145,109
	<u>1,395,565</u>	<u>180,704</u>	<u>1,576,269</u>	<u>(88,608)</u>	<u>(180,704)</u>	<u>1,306,957</u>

As at 31 December 2014, the amount of this account is comprised of:

	Dec 2014					
	Senior securities Euros '000	Junior securities Euros '000	Total Euros '000	Impairment for seniors Euros '000	Impairment for juniors Euros '000	Net value Euros '000
Fundo Recuperação Turismo FCR	282,615	-	282,615	(30,593)	-	252,022
Fundo Reestruturação Empresarial FCR	89,327	-	89,327	(1,716)	-	87,611
FLIT	291,632	40,064	331,696	(5,846)	(40,064)	285,786
Vallis Construction Sector Fund	218,749	35,441	254,190	-	(35,441)	218,749
Fundo Recuperação FCR	219,423	72,793	292,216	(41,982)	(72,793)	177,441
Fundo Aquarius FCR	106,433	-	106,433	-	-	106,433
Discovery Real Estate Fund	143,635	-	143,635	(4,606)	-	139,029
	<u>1,351,814</u>	<u>148,298</u>	<u>1,500,112</u>	<u>(84,743)</u>	<u>(148,298)</u>	<u>1,267,071</u>

The junior securities correspond to supplementary capital contributions in the amount of Euros 145,263,000 (31 December 2014: Euros 112,857,000), as referred in note 32 and Participation units in the amount of Euros 35,441,000 (31 December 2014: 35,441,000) as referred in note 23.

Within the scope of the transfer of assets, the junior securities subscribed which carry a subordinated nature and are directly linked to the transferred assets, are fully provided for. Although the junior securities are fully provisioned, the Group still holds an indirect exposure to financial assets transferred, under the minority investment that holds in the pool of all assets transferred by financial institutions involved, through the holding of participation units of the funds (denominated in the table as senior securities).

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Additionally are booked in loans and advances to customer's portfolio, financing operations associated with the following transfers of assets:

	Jun 2015			Dec 2014		
	Received value	Impairment	Net value	Received value	Impairment	Net value
	Euros '000	Euros '000	Euros '000	Euros '000	Euros '000	Euros '000
Fundo Recuperação Turismo FCR	27,450	27,450	-	27,450	27,450	-
Fundo Recuperação FCR	14,555	14,555	-	14,555	14,555	-
Fundo Aquarius FCR	19,094	18,513	581	19,094	18,513	581
	<u>61,099</u>	<u>60,518</u>	<u>581</u>	<u>61,099</u>	<u>60,518</u>	<u>581</u>

56. Discontinued operations

Under the restructuring plan, the Group concluded in May 2015, the sale of Millennium bcp Gestão de Activos, SA As at 31 December 2014, the total assets and liabilities of this subsidiary are recognized in the consolidated balance while in the respective lines and the costs and profits for the year are now presented in a single line called profit from discontinued operations.

The main items of the balance sheet, related to this discontinued operations, are analysed as follows:

	Dec 2014
	Euros '000
Cash and deposits at credit institutions	961
Loans and advances to credit institutions	3,000
Other assets	<u>1,867</u>
Total assets	<u><u>5,828</u></u>
Other liabilities	<u>1,917</u>
Total Liabilities	<u>1,917</u>
Share capital	1,000
Reserves and retained earnings	<u>2,911</u>
Total Equity	<u>3,911</u>
Total Equity and liabilities	<u><u>5,828</u></u>

The main items of the income statement, related to this discontinued operations, are analysed as follows:

	Dec 2014
	Euros '000
Net interest income	36
Net fees and commissions income	7,064
Other operating income	<u>533</u>
Total operating income	<u>7,633</u>
Staff costs	2,273
Other administrative costs	1,730
Depreciation	<u>8</u>
Other results	<u>4,011</u>
Operating loss	3,622
Net gain from the sale of subsidiaries and other assets	20
Income tax	<u>(991)</u>
Profit for the period	<u><u>2,651</u></u>

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

As at 30 June 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	202,176,294	EUR	Investment	100.0	70.4	—
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
Bitalpart, B.V.	Rotterdam	19,370	EUR	Holding company	100.0	100.0	100.0
Millennium bcp Participações, S.G.P.S., Sociedade Unipessoal, Lda.	Funchal	25,000	EUR	Holding company	100.0	100.0	100.0
BCP Capital - Sociedade de Capital de Risco, S.A.	Oeiras	2,000,000	EUR	Venture capital	100.0	100.0	100.0
BG Leasing, S.A.	Gdansk	1,000,000	PLN	Leasing	74.0	37.1	—
BII Investimentos International, S.A.	Luxembourg	150,000	EUR	Investment fund management	100.0	100.0	—
Enerparcela - Empreendimentos Imobiliários, S.A.	Alverca	8,850,000	EUR	Real-estate management	100.0	100.0	—
Imábida - Imobiliária da Arrábida, S.A. (*)	Oeiras	1,750,000	EUR	Real-estate management	100.0	100.0	100.0
Interfundos - Gestão de Fundos de Investimento Imobiliários, S.A.	Oeiras	1,500,000	EUR	Investment fund management	100.0	100.0	100.0
Adelphi Gere, Investimentos Imobiliários, S.A.	Oeiras	2,550,000	EUR	Real-estate management	100.0	100.0	—
Sadamora - Investimentos Imobiliários, S.A.	Oeiras	1,000,000	EUR	Real-estate management	100.0	100.0	—

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Subsidiary companies	Head office	Share capital	Currency	Activity	Group		Bank
					% control	% held	% held
Millennium bcp - Prestação de Serviços, A. C. E.	Lisbon	331,000	EUR	Services	91.1	90.8	78.0
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 Eletrónico, 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 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", "Multusos 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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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 June 2015 the Banco Comercial Português Group's subsidiary and associated insurance companies included in the consolidated accounts under the full consolidation method and equity method were as follows:

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

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

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.

As at 30 June, 2015, the associated company Millenniumbcp Ageas Grupo Segurador, SGPS, SA holds 652,087,518 shares of the Group in the amount of Euros 50,798,000.

Declaration of Compliance

Executive Committee

DECLARATION OF COMPLIANCE

It is hereby declared that, to the best of the knowledge of the undersigned, the individual and financial statements of Banco Comercial Português, S.A. ("BCP" or "Bank"), which include (i) the individual and consolidated balance sheets as at 30 June 2015, (ii) the individual and consolidated income statements for the six months ended on 30 June 2015, (iii) the individual and consolidated statement of changes in equity and cash flow statement for the six months ended on 30 June 2015, (iv) a summary of the significant accounting policies, and (v) the individual and consolidated explanatory notes, give a true and appropriate image of the individual and consolidated financial situation of the Bank as at 30 June 2015, the individual and consolidated results of their operations, and the individual and consolidated changes in equity and cash flow for the six months ended on that date, in accordance with both the Adjusted Accounting Standards (NCA), as determined by the Banco de Portugal, and with the International Financial Reporting Standards (IFRS), endorsed by the European Union.

At the Board Meeting of March 1, 2012, the Board of Directors, except for the annual report and accounts, has delegated to the Executive Board the approval of all the other financial statements.

The Bank's individual and consolidated financial statements relative to 30 June 2015 were approved by the Board of Directors on 25 August 2015.

Furthermore, it is also declared that the management report of BCP faithfully presents the evolution of the business, performance and situation of the Bank and companies included in the consolidation perimeter and contain a description of the principal risks and uncertainties facing them. The management report was approved by the Board of Directors on 25 August 2015.

Porto Salvo, 25 August 2015




Nuno Manuel da Silva Amado

(Chairman)



Miguel de Campos Pereira de Bragança

(Vice-Chairman)



Miguel Maya Dias Pinheiro

(Vice-Chairman)



José Jacinto Iglesias Soares

(Member)



Maria da Conceição Mota Soares de Oliveira Callé Lucas

(Member)



Rui Manuel da Silva Teixeira

(Member)



José Miguel Bensliman Schorch da Silva Pessoa

(Member)

* Pending Register

New Share Capital: 4.094.235.361,88 euros

External Auditors' Report



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**LIMITED REVIEW REPORT ON CONSOLIDATED
INTERIM FINANCIAL INFORMATION PREPARED
BY INDEPENDENT AUDITOR REGISTERED IN CMVM**

(This report is a free translation to English from the Portuguese version)

Introduction

- 1 In accordance with the requirements of the 'Código dos Valores Mobiliários' (CVM), we hereby present our limited review report on the interim consolidated financial information for the six month period ended 30 June 2015, of Banco Comercial Português, S.A. which includes: the consolidated statement of financial position (with a total assets of Euros 78,730,397 thousand and total equity attributable to the shareholders of Euros 4,625,177 thousand including a consolidated net profit attributable to the shareholders of Euros 240,744 thousand), the consolidated statements of income, comprehensive income, changes in equity and cash flows for the six month period then ended and the corresponding notes to the financial statements.
- 2 The amounts included in the consolidated financial statements and the additional financial information were extracted from the accounting records.

Responsibilities

- 3 The Board of Directors is responsible for:
 - a) the preparation of consolidated financial information which gives a true and fair view of the consolidated financial position of the Group, the consolidated result of its operations, the consolidated comprehensive income, the consolidated changes in equity and the consolidated cash flows;
 - b) the preparation of historical financial information in accordance with IAS 34 – Interim Financial Reporting and that is complete, true, current, clear, objective and lawful as established by CVM;
 - c) the adoption of adequate accounting policies and criteria;
 - d) the maintenance of an appropriate internal control system; and
 - e) the communication of any relevant fact that may have influenced its activity, financial position or results.
- 4 Our responsibility is to verify the above mentioned consolidated financial information, namely if it is complete, true, current, clear, objective and fair as required by the CVM, and issue an independent report based on our work.

Scope

- 5 The work that we have performed was conducted with the objective of obtaining a moderate level of assurance about whether the consolidated financial information mentioned above is free of material misstatements. Our work was performed based on the Technical Standards and Review/Audit Guidelines issued by the 'Ordem de Revisores Oficiais de Contas', and planned in accordance with that objective and included the following procedures:
- a) mainly, inquiries and analytical procedures performed to review:
 - the reliability of the assertions included in the interim consolidated financial information;
 - the adequacy of the accounting policies adopted, considering the circumstances and the consistency of their application;
 - applicability of the going concern principle;
 - the presentation of the interim consolidated financial information;
 - if the interim consolidated financial information is complete, true, current, clear, objective and fair; and
 - b) substantive tests on material non usual significant transactions.
- 6 Our review also included the verification that the consolidated financial information included in the Management Report is consistent with the documents mentioned above.
- 7 We believe that our work provides a reasonable basis to issue the report on the interim consolidated financial information for the six month period ended 30 June, 2015.

Conclusion

- 8 Based on our review, which was performed with the objective of obtaining moderate assurance, nothing has come to our attention that causes us to believe that the accompanying interim consolidated financial information for the six month period ended 30 June 2015, is not free of material misstatements that affect its compliance with IAS 34 – Interim Financial Reporting and that is not complete, true, current, clear, objective and lawful.

Lisbon, 31 August 2015



KPMG & Associados
Sociedade de Revisores Oficiais de Contas, S.A. (nr. 189)
Represented by
Ana Cristina Soares Valente Dourado (ROC nr. 1011)

Report & Accounts for the First Half of 2015

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www.millenniumbcp.pt

Banco Comercial Português, S.A.,
Public Company

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

Share Capital:
Eur 4,094,235,361.88

Registered at
Porto Commercial Registry
Under the Single registration and
Tax Identification number 501 525 882

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