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2016

Interim Report & Accounts

1st Quarter

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

1st QUARTER 2016 INTERIM REPORT & ACCOUNTS

BANCO COMERCIAL PORTUGUÊS, S.A.

a public company (Sociedade Aberta)
having its registered office at Praça D. João I, 28, Oporto, registered at the Commercial Registry of Oporto, with the single commercial and tax identification number 501 525 882 and the share capital of EUR 4,094,235,361.88.

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a public company (sociedade aberta)
having its registered office at Praça D. João I, 28, Oporto,
registered at the Commercial Registry of Oporto,
with the single commercial and tax identification number

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Financial Highlights

Euro million

	31 Mar. 16	31 Mar. 15	Change 16 / 15
Balance sheet			
Total assets	76,295	78,313	-2.6%
Loans to customers (gross) [1]	53,787	57,006	-5.6%
Total customer funds [1]	63,818	64,837	-1.6%
Balance sheet customer funds [1]	51,677	52,010	-0.6%
Customer deposits [1]	49,553	49,212	0.7%
Loans to customers, net / Customer deposits [2]	101%	108%	
Loans to customers, net / Balance sheet customer funds [3]	96%	102%	
Results			
Net income	46.7	70.4	-33.7%
Net interest income	292.4	297.8	-1.8%
Net operating revenues	488.1	642.2	-24.0%
Operating costs	243.1	254.3	-4.4%
Loan impairment charges (net of recoveries)	160.7	201.0	-20.1%
Other impairment and provisions	15.4	70.1	-78.1%
Income taxes			
Current	24.6	29.6	
Deferred	(9.6)	3.2	
Profitability			
Net operating revenues / Average net assets [2]	2.6%	3.4%	
Return on average assets (ROA) [4]	0.4%	0.5%	
Income before tax and non-controlling interests / Average net assets [2]	0.5%	0.7%	
Return on average equity (ROE)	4.1%	6.9%	
Income before tax and non-controlling interests / Average equity [2]	7.0%	10.8%	
Credit quality			
Overdue loans and doubtful loans / Total loans [2]	9.4%	9.6%	
Overdue loans and doubtful loans, net / Total loans, net [2]	3.3%	3.6%	
Credit at risk / Total loans [2]	11.5%	12.1%	
Credit at risk, net / Total loans, net [2]	5.5%	6.2%	
Impairment for loan losses / Overdue loans by more than 90 days [1]	86.0%	85.4%	
Efficiency ratios [2] [5]			
Operating costs / Net operating revenues	49.4%	39.6%	
Operating costs / Net operating revenues (Portugal)	49.6%	36.0%	
Staff costs / Net operating revenues	28.0%	22.3%	
Capital [6]			
Common equity tier I phased-in	12.8%	11.5%	
Common equity tier I fully implemented	10.0%	8.7%	
Branches [3]			
Portugal activity	662	695	-4.7%
Foreign activity	667	674	-1.0%
Employees [3]			
Portugal activity	7,436	7,676	-3.1%
Foreign activity	9,673	9,753	-0.8%

(1) Adjusted from the effect related to the classification of Millennium bcp Gestão de Activos and Banco Millennium in Angola as discontinued operations.
(2) According to Instruction from the Bank of Portugal no. 16/2004, as the currently existing version including Banco Millennium in Angola.
(3) Includes discontinued operations.
(4) Considering net income before non-controlling interests.
(5) Excludes the impact of specific items: restructuring costs (Euro 1.8 million in 2016).
(6) According with CRD IV/CRR.

RESULTS AND ACTIVITY IN THE FIRST QUARTER OF 2016

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 was presented on a separate line item in the profit and loss account, defined as "income arising from discontinued operations" with no change at balance sheet level from the criteria as that of the financial statements as at 31 March 2015. 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.

Similarly, with regard to Banco Millennium in Angola, following the agreement with the largest shareholder of Banco Privado Atlântico to merge the two entities, the approval of the respective merger plan and the granting of the necessary authorizations to complete this operation, Banco Millennium in Angola was also considered as a discontinued operation in March 2016 and its financial statements presented in accordance with the criteria referred to in relation to Millennium bcp Gestão de Activos, including the financial statements of the same period of 2015.

RESULTS

The **net income** of Millennium bcp amounted to Euro 46.7 million in the first quarter of 2016, compared to Euro 70.4 million posted in the same period of 2015, and core income reached Euro 213,2 million registering a year-on-year increase of 3.6%.

Net income's performance reflects the booking of net trading gains related with the sale of Portuguese sovereign debt securities in the first quarter of 2015 in the amount of Euro 116 million, after tax, as a result of market opportunities in the activity in Portugal that were not repeated in the same period of 2016, partially mitigated by a lower level of impairment losses and provisions charges and the strict control of operating costs.

Net income in the international activity totalled Euro 44.8 million in the first quarter of 2016, compared to Euro 54.9 million recorded in the same period of 2015, hindered by the introduction of a new tax on the Polish banking sector and the impact derived from the depreciation of the metical and the kwanza against the euro.

Net interest income stood at Euro 292.4 million in the first quarter of 2016, compared to Euro 297.8 million registered in the same period of 2015.

The performance of net interest income in Portugal benefited from the positive contribution of the commercial margin, supported on the reduction of 82 basis points of term deposits cost, penalised by the decrease of the yield of Portuguese sovereign debt portfolio related with interest rates trend, which determined a 2.2% decrease compared with the same period of 2015. Excluding this impact, net interest income in Portugal increased 7.5%.

In the international activity, net interest income decreased 1.3% compared with the first quarter of 2015; however, excluding exchange rate impact, net interest income increased by 10.4% from the first quarter of 2015, grounded on net interest margin and loans to customers and deposits volume's increases, mainly in the subsidiary in Mozambique.

Net interest margin in the first quarter of 2016 stood at 1.81%, similar to the one registered in the same period of 2015. Excluding the impact from the cost of CoCos, net interest margin reached 1.91% in the first quarter of 2016 and 1.90% in the same period of 2015.

AVERAGE BALANCES

Euro million

	31 Mar.16		31 Mar.15	
	Amount	**Yield %**	**Amount**	**Yield %**
Deposits in banks	3,351	0.49	3,212	0.80
Financial assets	10,057	2.17	9,502	3.31
Loans and advances to customers	50,509	3.27	53,279	3.54
Interest earning assets	**63,917**	**2.95**	**65,993**	**3.37**
Discontinued operations (1)	2,219		1,916	
Non-interest earning assets	9,676		9,580	
	75,812		**77,489**	
Amounts owed to credit institutions	10,106	0.45	11,380	0.60
Amounts owed to customers	49,275	0.81	48,345	1.34
Debt issued	4,668	3.51	5,745	3.32
Subordinated debt	1,654	7.38	2,043	6.12
Interest bearing liabilities	**65,703**	**1.11**	**67,513**	**1.53**
Discontinued operations (1)	1,858		1,696	
Non-interest bearing liabilities	2,590		3,097	
Shareholders' equity and non-controlling interests	5,661		5,183	
	75,812		**77,489**	
Net interest margin		1.81		1.81
Net interest margin (excl. cost of CoCos)		1.91		1.90

Note: Interest related to hedge derivatives were allocated, in March 2016 and 2015, to the respective balance sheet item.
(1) Includes the activity of the subsidiary in Angola and of Millennium bcp Gestão de Ativos (in 2015), as well as the respective consolidation adjustments.

Net commissions reached Euro 163.9 million in the first quarter of 2016, an increase of 1.0% from the amount registered in the same period of 2015, boosted by the activity in Portugal, which increased 11.8%.

The performance of net commissions in the first quarter of 2016 reflects the 3.6% increase in commissions related to the banking business, supported by higher current accounts-related commissions in the activity in Portugal, in spite of the lower commissions from cards and transfers, mainly hindered by the exchange rate effects in the international activity. The commissions associated with financial markets decreased 10.2%, determined by the lower level of securities transactions in the international activity.

Net trading income totalled Euro 28.3 million in the first quarter of 2016, compared to Euro 191.3 million posted in the same period of 2015, driven by the gains related with Portuguese sovereign debt securities in the amount of Euro 164.0 million booked in the first quarter of 2015 in Portugal.

Other net operating income was negative by Euro 12.4 million in the first quarter of 2016 from Euro 17.2 million registered in the same period of 2015. This performance was determined by the contributions for the banking sector, for the Deposit Guarantee Fund and for the Single Resolution Fund booked in Portugal in the first quarter of 2015 and which were not material in the same period of 2016, notwithstanding the international activity's performance, penalised by the introduction of a new tax on the banking sector in Poland.

Dividends from equity instruments, which comprises dividends received from investments in financial assets available for sale, and **equity accounted earnings**, jointly amounted to Euro 15.9 million in the first quarter of 2016, a Euro 7.9 million increase compared with Euro 8.0 million posted in the same period of 2015.

OTHER NET INCOME

Euro million

	31 Mar. 16	31 Mar. 15	Change 16/15
Net commissions	**163.9**	**162.3**	**1.0%**
Banking commissions	136.3	131.5	3.6%
Cards and transfers	35.0	38.8	-9.7%
Credit and guarantees	38.9	37.7	3.1%
Bancassurance	20.2	19.1	5.6%
Current account related	22.6	18.9	19.5%
Other commissions	19.6	17.0	15.4%
Market related commissions	27.7	30.8	-10.2%
Securities	19.1	21.4	-10.6%
Asset management	8.6	9.4	-9.2%
Net trading income	**28.3**	**191.3**	-85.2%
Other net operating income	**(12.4)**	**(17.2)**	-
Dividends from equity instruments	**2.0**	**2.0**	**4.8%**
Equity accounted earnings	**13.9**	**6.1**	**129.0%**
Total other net income	**195.8**	**344.4**	**-43.2%**
Other net income / Net operating revenues	40.1%	53.6%	

Operating costs, excluding the effect of specific items related with restructuring costs, stood at Euro 241.3 million in the first quarter of 2016, a year-on-year decrease of 5.1% compared to Euro 254.3 million posted in the same period of 2015, materialising the cost saving initiatives in the activity in Portugal established in the Strategic Plan.

In the first quarter of 2016, operating costs in Portugal, excluding specific items, decreased by 3.2% compared to the same period of 2015, mainly supported on staff costs savings induced by the reduction of number of employees.

In the international activity, operating costs decreased 8.3%; however, excluding exchange rate effect, operating costs increased 2.9% compared to the first quarter of 2015, mainly influenced by the subsidiary in Mozambique.

Staff costs, excluding the impact of the above-mentioned specific items, totalled Euro 136.6 million in the first quarter of 2016, a 4.8% reduction from the same period of 2015, on the back of the 3.3% decrease in the activity in Portugal, boosted by the 240 reduction in the number of employees from the end of the first quarter of 2015, in spite of the 3.0% increase in the international activity, excluding exchange rate effect.

Other administrative costs decreased 5.4% standing at Euro 91.8 million in the first quarter of 2016, from Euro 97.1 million in the same period of 2015, as a result of the operational efficiency improvement initiatives that have been implemented in the scope of the Strategic Plan, namely the resizing of the distribution network in Portugal, reflected in a decrease of 33 branches compared to 31 March 2015. In the international activity, other administrative costs increased 1.7% compared to the same period of 2015, excluding exchange rate effects, determined by the operation in Mozambique.

Depreciation costs amounted to Euro 12.8 million in the first quarter of 2016, a 7.1% year-on-year decrease from the Euro 13.8 million registered in the same period of 2015, mainly influenced by the 8.4% decrease registered in the activity in Portugal, induced by lower real estate and software related depreciation costs. In the international activity, depreciation costs increased, excluding exchange rate impact, 10.6% compared to the first quarter of 2015, influenced by the subsidiaries in Poland and Mozambique.

OPERATING COSTS			*Euro million*
	31 Mar. 16	31 Mar. 15	Change 16/15
Staff costs	136.6	143.4	-4.8%
Other administrative costs	91.8	97.1	-5.4%
Depreciation	12.8	13.8	-7.1%
Subtotal (1)	**241.3**	**254.3**	-5.1%
Specific items			
Restructuring costs	1.8	-	
Operating costs	**243.1**	**254.3**	**-4.4%**
Of which:			
Portugal activity (1)	153.0	158.2	-3.2%
Foreign activity	88.2	96.2	-8.3%

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

Impairment for loan losses (net of recoveries) stood at Euro 160.7 million in the first quarter of 2016, compared to Euro 201.0 million recorded in the same date of 2015, in line with the guidelines set out in the Strategic Plan, reflected in a still relevant provisioning effort, but trending downwards, that enabled the improvement of cost of risk from 141 basis points in the first quarter of 2015 to 119 basis points at the end of March 2016.

Other impairment and provisions totalled Euro 15.4 million in the first quarter of 2016, compared to Euro 70.1 million in the same period of 2015, mainly as a result of lower provisions for repossessed assets and for guarantees and commitments.

Income tax (current and deferred) amounted to Euro 15.0 million in the first quarter of 2016, compared with Euro 32.8 million posted in the same period of 2015.

These taxes include current tax costs of Euro 24.6 million (Euro 29.6 million in the first quarter of 2015) net of deferred tax income of Euro -9.6 million (Euro 3.2 million in the same period of 2015).

BALANCE SHEET

Total assets amounted to Euro 76,295 million as at 31 March 2016, compared with Euro 78,313 million as at 31 March 2015, reflecting loans to customers' portfolio retraction, in spite of the increase in the securities portfolio, mainly related with the treasury bonds portfolio.

Loans to customers (gross) stood at Euro 53,787 million as at 31 March 2016, compared with Euro 57,006 million posted in the same date of 2015, induced by the decrease in the activity in Portugal, in spite of the increase recorded in the international activity, excluding exchange rate effect.

Loans to customers in Portugal decreased 5.3% compared to 31 March 2015, reflecting the still moderate recovery of the Portuguese economy, materialised in the combined effect of the 3.6% decrease in loans to individuals, determined by the repayments associated with mortgage loans, together with the 6.9% retraction in loans to companies, compared to the amount registered at the end of March 2015, despite the efforts made in order to properly ensure the companies and individuals financing needs.

Excluding the impact of the loan portfolio associated with the operation in Angola, classified as discontinued operation, and the exchange rate effect, loans to customers in the international activity increased 0.5% compared to the end of March 2015, driven by loans to both individuals and to companies increases in the operation in Mozambique.

The structure of the loans to customers' portfolio showed identical and stable levels of diversification between the end of March 2015 and 2016, with loans to companies representing 46% of total loans to customers as at 31 March 2016.

LOANS TO CUSTOMERS (GROSS)

Euro million

	31 Mar. 16	31 Mar. 15	Change 16/15
Individuals	**28,784**	**30,087**	**-4.3%**
Mortgage	24,807	26,024	-4.7%
Consumer and others	3,977	4,062	-2.1%
Companies	**25,003**	**26,919**	**-7.1%**
Services	9,858	10,626	-7.2%
Commerce	3,206	3,243	-1.2%
Construction	3,309	3,902	-15.2%
Other	8,631	9,149	-5.7%
Subtotal	**53,787**	**57,006**	**-5.6%**
Discontinued operations	847	1,097	
Total	**54,634**	**58,102**	**-6.0%**
Of which [(1)]:			
Portugal activity	41,178	43,475	-5.3%
Foreign activity	12,609	13,531	-6.8%

(1) Excludes the impact from discontinued operations (Banco Millennium in Angola).

Credit quality, determined by loans overdue by more than 90 days as a percentage of total loans, adjusted for discontinued operations, stood at 7.4% as at 31 March 2016, compared with 7.3% posted in the same date of 2015, and the coverage ratio for loans overdue by more than 90 day improved from 85.4% as at 31 March 2015 to 86.0% as at 31 March 2016.

The credit at risk ratio stood at 11.5% of total loans as at 31 March 2016, which compares with 12.1% as at 31 March 2015. As at 31 March 2016, the restructured loans ratio reached 9.9% of total loans, a favourable performance from the 10.7% posted at the end of March 2015 and the restructured loans not included in credit at risk ratio stood at 5.7% of total loans as at 31 March 2016 (6.7% as at 31 March 2015).

OVERDUE LOANS BY MORE THAN 90 DAYS AND IMPAIRMENTS AS AT 31 MARCH 2016

Euro million

	Overdue loans by more than 90 days	Impairment for loan losses	Overdue loans by more than 90 days /Total loans	Coverage ratio (Impairment/ Overdue >90 days)
Individuals	**858**	**793**	**3.0%**	**92.4%**
Mortgage	290	348	1.2%	119.9%
Consumer and others	568	445	14.3%	78.3%
Companies	**3,100**	**2,613**	**12.4%**	**84.3%**
Services	1,147	1,121	11.6%	97.7%
Commerce	324	283	10.1%	87.3%
Construction	1,046	599	31.6%	57.3%
Other	583	610	6.8%	104.7%
Subtotal [(1)]	**3,958**	**3,406**	**7.4%**	**86.0%**
Discontinued operations	37	45	4.4%	120.1%
Total	**3,995**	**3,451**	**7.3%**	**86.4%**

(1) Adjusted of the impacts associated with discontinued operations (Banco Millennium in Angola).

Total customer funds, excluding the impact associated with discontinued operations, amounted to Euro 63,818 million as at 31 March 2016, a decrease of 1.6% compared to 64,837 million posted as at 31 March 2015, hindered by exchange rate effects in the international activity in spite of customer deposits positive performance.

Total customer funds in Portugal totalled Euro 47,750 million as at 31 March 2016, from Euro 48,256 million registered at the end of March 2015, induced by the decreases of Euro 406 million in capitalisation products and Euro 652 million in debt securities owed to customers which was partially offset by the Euro 617 million increase in customer deposits, driven by the commercial effort on funding acquisition and the conversion of structured products to deposits upon maturity.

In the international activity, total customer funds, excluding discontinued operations, decreased 3.1% standing at Euro 16,068 million as at 31 March 2016 (Euro 16,581 million as at 31 March 2015), determined by the exchange rate depreciation of the metical and the zloty against the euro. Excluding exchange rate effect, total customer funds increased 4.3%.

As at 31 March 2016, excluding discontinued operations, balance sheet customer funds represented 81% of total customer funds, with customer deposits representing 78% of total customer funds.

Improvement of loan to deposits ratio to stand at 101% as at 31 March 2016, compared to 108% as at 31 March 2015, boosted by commercial gap reduction of Euro 3.6 million. The same ratio, considering total balance sheet customer funds, reached 96% (102% as at 31 March 2015).

TOTAL CUSTOMER FUNDS (1)

Euro million

	31 Mar. 16	31 Mar. 15	Change 16/15
Balance sheet customer funds	**51,677**	**52,010**	**-0.6%**
Deposits	49,553	49,212	0.7%
Debt securities	2,124	2,798	-24.1%
Off-balance sheet customer funds	**12,141**	**12,826**	**-5.3%**
Assets under management	3,778	3,961	-4.6%
Capitalisation products	8,363	8,865	-5.7%
Total	**63,818**	**64,837**	**-1.6%**

(1) Excludes the impact from discontinued operations (Millennium bcp Gestão de Activos and Banco Millennium in Angola) in the amount of Euro 1,461 million in March 2016 and Euro 3,137 million in March 2015.

The **securities portfolio** stood at Euro 14,145 million as at 31 March 2016, compared with Euro 12,616 million in the same period of 2015, representing 18.5% of total assets as at 31 March 2016, above the amount registered as at 31 March 2015 (16.1% of total assets), mainly related with the treasury bonds portfolio.

LIQUIDITY MANAGEMENT

During the first quarter of 2016 the consolidated wholesale funding needs of the Bank increased by approximately Euro 1.9 billion, due to the reinforcement of the portfolio of Portuguese sovereign debt (Euro 1.6 billion), to the increase of the liquidity deposited in the Bank of Portugal (Euro 0.5 billion) and to the reduction of the commercial gap in Portugal (Euro 0.3 billion).

With the refinancing of medium-long term debt limited to Euro 0.1 billion, through early redemption, the increase of funding needs, compared to December 2015, was enabled through the increases of repo net funding (by Euro 1.1 billion to a balance of Euro 2.1 billion), loans from banks (by Euro 0.3 billion to a balance of Euro 1.3 billion) and borrowings with the Eurosystem (Euro 0.5 billion to Euro 6.0 billion).

In net terms, the funding with the Eurosystem remained stable compared to December 2015 at Euro 5.3 billion which, considering the slight reduction in the portfolio of eligible assets, enabled the liquidity buffer to keep a comfortable level of Euro 8.5 billion.

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 onwards.

These stricter requirements result from more narrowly defined capital and risk weighted assets, together with the establishment of minimum ratios, including a capital conservation buffer, of 7% for Common Equity Tier 1 (CET1), 8.5% for Tier 1 and 10.5% for Total Capital. The CRD IV/CRR also stipulates a transitional period (phased-in) in which institutions may accommodate the new requirements, both in terms of own funds and compliance with minimum capital ratios.

According to our interpretation of CRD IV/CRR to date, CET1 phased-in estimated ratio reached 12.8% as at 31 March 2016 and 13.2% pro forma, considering the merger between Banco Millennium Angola and Banco Privado Atlântico, S.A., compared to 13.3% as at 31 December 2015.

This performance was driven by the adjustments related to the phase-in progression as of 1 January 2016. Additionally, the kwanza and metical depreciation and the decrease recorded by the shortfall of impairment to expected loss also contributed to the unfavourable performance of the CET1 ratio, which was partially mitigated by the contribution of positive net income in the period and risk weighted assets reduction.

SOLVENCY RATIOS (CRD IV/CRR) (*)

Euro million

	31 Mar. 16	31 Dec. 15
	PHASED-IN	
Own funds		
Common equity tier 1 (CET1)	5,435	5,775
Tier 1	5,435	5,775
Total Capital	**5,887**	**6,207**
Risk weighted assets	**42,503**	**43,315**
Solvency ratios		
CET1	12.8%	13.3%
Tier 1	12.8%	13.3%
Total capital	13.9%	14.3%
	FULLY IMPLEMENTED	
CET1 ratio	10.0%	10.2%

(*) Considers the new DTA regime for capital purposes (according to IAS) and includes the cumulative net income recorded in each period. March 2016 CET1 ratio excluding the cumulative net income of the first quarter of 2016 stood at 12,7%

SIGNIFICANT EVENTS

Continued implementation of Millennium bcp's Strategic Plan, materializing the trends of recurrent profitability recovery, efficiency improvement and cost of risk reduction, being the first quarter also marked by initiatives of close proximity to customers.

Highlights during this period include:

- The public deed for the merger of Banco Millennium Angola, S.A. with Banco Privado Atlântico, S.A. was executed on 22 April 2016.
- Launching of a tender offer for purchasing back notes, limited to a maximum aggregate purchase amount of Euro 300 million, with Euro378,509,996.96 in amortized principal amount outstanding of notes validly tendered for purchase, of which Millennium bcp has decided to accept for purchase Euro 85,326,455.52.
- Selection of Cabot Square Capital LLP, a financial services specialist private equity firm with approximately €1 billion in funds under management, for exclusive discussions concerning the process of evaluation of strategic scenarios to enhance the value of ActivoBank.
- Conducting of another session of the Conference Millennium Jornadas for Companies in Beja.
- Meeting with Business Customers in view of clarifying the "Portugal 2020" Program.
- Conference to present export markets of high potential, which had the exclusive sponsorship of Millennium bcp, under the Portugal Global / AICEP Roadshow.
- Inclusion, for the 8th consecutive time, of Bank Millennium in the Respect Index, which represents the socially responsible companies quoted on the Warsaw Stock Exchange.
- Listing in 2016, for the second year in a row, in the "The Sustainability Yearbook", a leading publication in the Sustainability field produced yearly by analysts RobecoSAM, based on information collected in the responses to the "Dow Jones Sustainability Indices".
- Return of Millennium bcp to the Environmental, Social and Governance (ESG) indices from analysts ECPI, named "Global Developed ESG best in class - Equity".
- Signature of the protocol on the Dome Conservation Project of the Church of the Jerónimos Monastery between Millennium bcp Foundation and the World Monuments Fund Portugal Association.
- Distinction of ActivoBank with the Five Star Award 2016 in the category "Banking - Account Opening".
- Bank Millennium brand won the first place, for the second consecutive time, in the "Consumer Choice" survey in the Banking Services category, scoring highest among the six evaluated banks in satisfaction and acceptance level.
- Bank Millennium was awarded the title of Institution of the Year 2015 and came 2nd (among 19 banks surveyed) in the "Branch Service Quality" category by MojeBankowanie.pl portal.
- "Bank of the Year in Mozambique 2015", for the fifth consecutive year, by The Bankers magazine.
- "Best Internet Bank Angola 2015" prize by Global Banking & Finance Review.

MACROECONOMIC ENVIRONMENT

The International Monetary Fund (IMF) estimates that the world economy will continue to record modest growth levels in 2016 (3.2%) due to the persistence of the slowdown in emerging countries, the moderation of activity in the developed economies and the instability of financial markets. To these factors accrue risks of a non-economic nature, namely those related to the existence of several spots of geopolitical tensions, which could affect negatively the performance of the world economy.

The unfavorable external environment and the deflationary pressures resulting from the downward trajectory of oil prices, which was particularly steep in January and February, led to the strengthening of the expansionary stance of the European Central Bank's (ECB) monetary policy in March. The announced measures contemplated an extension of the securities purchase program, both in terms of scope and amount, the reduction of the main refinancing rate from 0.05% to 0.0%, and of the deposit facility rate from -0.30% to -0.40%, as well as the introduction of refinancing operations to the banking sector with a four-year maturity and an interest rate equal to or below zero. In the US, the steady improvement of the labor market has failed to push the growth pace of economic activity towards the potential, in a context of heightened uncertainty regarding the course of the global economy and financial markets. This set of circumstances led the Federal Reserve to adopt, in its March meeting, a more cautious stance regarding the normalization of its monetary policy.

During the first months of the year there was an increase in the degree of risk aversion in financial markets, which has translated into a depreciation of equity indexes, a fall in the yields of the government bonds of Germany and the US and an appreciation of the currencies of the main developed economies against the emerging currencies, with the exception of Pound Sterling, which was penalized by fears surrounding the referendum about the United Kingdom's permanence in the European Union that will take place on June 23rd. Concerning the interbank monetary market, the announcement of additional measures of monetary stimulus by the ECB contributed to a steepening of the downward trend of the euribor interest rates, which remained at negative levels for the maturities up to twelve months.

According to Statistics Portugal, Portuguese GDP grew 1.3% in annual terms in the last quarter of 2015, which corresponds to a slight deceleration vis-à-vis the previous three months. The lesser vigor of economic activity stemmed essentially from the negative contribution of the net external demand due to the strong acceleration of imports, to which accrued the effect of the moderation of the investment growth. As per the European Commission latest forecasts, the recovery process of the Portuguese economy should remain in place in 2016, with GDP projected to grow by 1.6% (above the 1.5% recorded in the previous year), supported by the domestic demand, which is bound to benefit from diminished interest rate levels, low energy costs, and the gradual improvement of the labor market. The uncertainty surrounding the process of the State budget's approval at the start of the year, combined with the greater instability of international financial markets unleashed a devaluation of the local equity indexes as well as a rise in government bonds yields, which led to a widening of the risk premium of the Portuguese Republic against that of the other Euro Area countries, a movement that was partially reverted towards the end of the first quarter.

Poland has displayed a strong economic performance, mainly based on the robustness of the private consumption, which continues to benefit from the steady improvement of the labor market, and more recently from a set of fiscal stimulus measures especially aimed at families. For 2016, the IMF forecasts a GDP growth rate of 3.6%, a value that coincides with the one observed in 2015. In the first quarter of the current year, the Zloty evolved in a volatile but trendless fashion, which combined with the persistence of the inflation rate at negative levels should allow the National Bank of Poland to maintain the expansionary stance of its monetary policy. The economic activity in Mozambique is expected to slow down slightly (from 6.3% in 2015 to 6.0% in 2016, according to the IMF) due to the likely moderation of public and private investment as well as the lower dynamism of private consumption, in a context of decelerating real disposable income caused by the rise of inflation. The substantial depreciation of the Metical in the recent past should maintain monetary policy restrictive for the remainder of this year. For Angola, the IMF predicts that the GDP expansion pace in 2016 will fall from 3.0% to 2.5%, reflecting the reduction of the purchasing capacity of the state, the firms and the households, due the low level of oil prices. The greater scarcity of hard currencies in the domestic financial system should maintain the monetary policy tied to the sustainability of the Kwanza.

CONSOLIDATED INDICATORS, ACTIVITY IN PORTUGAL AND INTERNATIONAL ACTIVITY

Euro million

	Consolidated			Activity in Portugal			International activity		
	Mar 16	Mar 15	Change	Mar 16	Mar 15	Change	Mar 16	Mar 15	Change
Income statement									
Net interest income	292.4	297.8	-1.8%	171.5	175.4	-2.2%	120.8	122.4	-1.3%
Dividends from equity instruments	2.0	2.0	4.8%	2.0	2.0	4.8%	-	-	
Net fees and commission income	163.9	162.3	1.0%	118.2	105.8	11.8%	45.7	56.5	-19.1%
Other operating income	(12.4)	(17.2)	-	(1.8)	(14.1)	-	(10.6)	(3.1)	-
Net trading income	28.3	191.3	-85.2%	4.7	163.8	-97.1%	23.6	27.5	-14.1%
Equity accounted earnings	13.9	6.1	129.0%	13.9	6.4	116.8%	-	(0.3)	-
Net operating revenues	**488.1**	**642.2**	**-24.0%**	**308.6**	**439.2**	**-29.7%**	**179.6**	**203.0**	**-11.6%**
Staff costs	138.4	143.4	-3.5%	91.5	92.8	-1.4%	46.9	50.7	-7.4%
Other administrative costs	91.8	97.1	-5.4%	56.3	57.7	-2.4%	35.5	39.4	-9.8%
Depreciation	12.8	13.8	-7.1%	7.1	7.7	-8.4%	5.8	6.1	-5.5%
Operating costs	**243.1**	**254.3**	**-4.4%**	**154.9**	**158.2**	**-2.1%**	**88.2**	**96.2**	**-8.3%**
Operating profit before impairment and provisions	**245.1**	**387.9**	**-36.8%**	**153.7**	**281.0**	**-45.3%**	**91.4**	**106.9**	**-14.5%**
Loans impairment (net of recoveries)	160.7	201.0	-20.1%	142.0	179.4	-20.9%	18.7	21.7	-13.8%
Other impairment and provisions	15.4	70.1	-78.1%	15.9	70.3	-77.3%	(0.6)	(0.1)	-
Profit before income tax	**69.1**	**116.7**	**-40.8%**	**(4.2)**	**31.4**	**-**	**73.2**	**85.3**	**-14.2%**
Income tax	15.0	32.8	-54.3%	(5.7)	16.8	-	20.7	16.0	28.8%
Income after income tax from continuing operations	**54.1**	**83.9**	**-35.6%**	**1.5**	**14.6**	**-89.9%**	**52.6**	**69.3**	**-24.1%**
Income arising from discontinued operations	29.0	16.7	74.0%	-	-	-	29.0	15.9	82.5%
Non-controlling interests	36.4	30.1	20.7%	(0.4)	(0.2)	-	36.8	30.3	21.4%
Net income	**46.7**	**70.4**	**-33.7%**	**1.9**	**14.8**	**-**	**44.8**	**54.9**	**-18.3%**
Balance sheet and activity indicators									
Total assets	**76,295**	**78,313**	**-2.6%**	**55,681**	**56,727**	**-1.8%**	**20,614**	**21,587**	**-4.5%**
Total customer funds (1)	**63,818**	**64,837**	**-1.6%**	**47,750**	**48,256**	**-1.0%**	**16,068**	**16,581**	**-3.1%**
Balance sheet customer funds (1)	**51,677**	**52,010**	**-0.6%**	**36,950**	**36,985**	**-0.1%**	**14,727**	**15,025**	**-2.0%**
Deposits	49,553	49,212	0.7%	34,910	34,293	1.8%	14,643	14,919	-1.9%
Debt securities	2,124	2,798	-24.1%	2,040	2,692	-24.2%	84	106	-20.7%
Off-balance sheet customer funds (1)	**12,141**	**12,826**	**-5.3%**	**10,799**	**11,271**	**-4.2%**	**1,341**	**1,556**	**-13.8%**
Assets under management	3,778	3,961	-4.6%	2,891	2,956	-2.2%	887	1,005	-11.8%
Capitalisation products	8,363	8,865	-5.7%	7,908	8,315	-4.9%	454	550	-17.5%
Discontinued operations	**1,461**	**3,137**	**-53.4%**	**-**	**1,590**		**1,461**	**1,547**	**-5.5%**
Loans to customers (gross) (1)	**53,787**	**57,006**	**-5.6%**	**41,178**	**43,475**	**-5.3%**	**12,609**	**13,531**	**-6.8%**
Individuals (1)	**28,784**	**30,087**	**-4.3%**	**20,680**	**21,459**	**-3.6%**	**8,104**	**8,628**	**-6.1%**
Mortgage	24,807	26,024	-4.7%	18,319	18,971	-3.4%	6,488	7,053	-8.0%
Consumer and others	3,977	4,062	-2.1%	2,361	2,488	-5.1%	1,616	1,575	2.6%
Companies (1)	**25,003**	**26,919**	**-7.1%**	**20,497**	**22,016**	**-6.9%**	**4,505**	**4,903**	**-8.1%**
Services	9,858	10,626	-7.2%	8,960	9,640	-7.1%	898	986	-9.0%
Commerce	3,206	3,243	-1.2%	2,187	2,141	2.2%	1,018	1,102	-7.6%
Construction	3,309	3,902	-15.2%	2,976	3,368	-11.7%	333	534	-37.6%
Other	8,631	9,149	-5.7%	6,375	6,868	-7.2%	2,256	2,281	-1.1%
Discontinued operations	**847**	**1,097**	**-22.8%**	**-**	**-**	**-**	**847**	**1,097**	**-22.8%**
Credit quality									
Total overdue loans (1)	4,204	4,417	-4.8%	3,898	4,118	-5.3%	306	299	2.3%
Overdue loans by more than 90 days (1)	3,958	4,158	-4.8%	3,695	3,893	-5.1%	263	265	-0.8%
Overdue loans by more than 90 days /Total loans (1)	7.4%	7.3%		9.0%	9.0%		2.1%	2.0%	
Total impairment (balance sheet) (1)	3,406	3,550	-4.1%	2,999	3,116	-3.8%	407	434	-6.2%
Total impairment (balance sheet) /Total loans (1)	6.3%	6.2%		7.3%	7.2%		3.2%	3.2%	
Total impairment (balance sheet) /Overdue loans by more than 90 days (1)	86.0%	85.4%		81.2%	80.0%		154.7%	163.5%	
Cost of risk (net of recoveries, in b.p.) (1)	119	141		138	165		59	64	
Restructured loans / Total loans (2)	9.9%	10.7%							
Restructured loans not included in the credit at risk / Total loans (2)	5.7%	6.7%							
Cost-to-income	49.4%	39.6%		49.6%	36.0%		49.1%	47.4%	

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

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

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

Company: Banco Comercial Português, S.A.

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

Period of Reference: Reference values in 000Esc [ ] in Euros [X]

Quarter 1 [X] Quarter 3 [ ] Quarter 5 [1] [ ] **Start: 01/01/2016 End: 31/03/2016**

Balance Sheet Items	Individual			Consolidated		
	n (NCA)	n-1 (NCA)	Var. (%)	n (IAS)	n-1 (IAS)	Var. (%)
ASSETS (NET)						
Loans to other credit institutions [2]	1,426,177,455	1,306,046,137	9.20%	2,040,289,009	2,430,514,230	-16.06%
Loans to clients	35,988,274,006	36,452,956,701	-1.27%	51,182,998,275	54,495,144,193	-6.08%
Fixed income securities	6,446,296,960	6,236,431,239	3.37%	11,587,243,090	9,872,883,618	17.36%
Variable yield securities	3,132,425,817	3,195,703,701	-1.98%	2,557,390,014	2,743,417,886	-6.78%
Investments	3,660,903,060	3,779,047,478	-3.13%	331,502,469	318,288,470	4.15%
SHAREHOLDER'S AND EQUIVALENT EQUITY						
Equity Capital	4,094,235,362	3,706,690,253	10.46%	4,094,235,362	3,706,690,253	10.46%
Nº of ordinary shares	59,039,023,275	54,194,709,415	-	59,039,023,275	54,194,709,415	-
Nº of other shares	0	0	-			-
Value of own shares	0	0	-	866,809	2,323,631	-62.70%
Nº of voting shares	0	0	-	24,280,365	24,280,365	-
Nº of preferred, non voting shares	0	0	-			-
Subordinate loans	1,551,160,147	2,037,844,135	-23.88%	1,671,379,769	2,047,954,550	-18.39%
Minority interests	0	0	-	1,053,406,613	1,044,697,390	0.83%
LIABILITIES						
Amounts owed to credit institutions	10,062,186,305	10,989,964,492	-8.44%	10,813,908,111	11,065,979,698	-2.28%
Amounts owed to clients	35,193,425,513	34,514,345,325	1.97%	51,014,422,429	50,758,785,300	0.50%
Debt securities	3,670,113,390	4,507,790,484	-18.58%	4,463,176,578	5,575,751,244	-19.95%
TOTAL ASSETS (NET)	56,707,292,853	57,261,821,891	-0.97%	76,295,263,487	78,313,483,561	-2.58%
TOTAL SHAREHOLDER'S EQUITY	4,559,445,624	3,152,064,499	44.65%	4,598,866,896	4,523,038,423	1.68%
TOTAL LIABILITIES	52,147,847,229	54,109,757,392	-3.63%	70,642,989,978	72,745,747,748	-2.89%

P & L Items	Individual			Consolidated		
	n	n-1	Var. (%)	n	n-1	Var. (%)
Financial margin [3]	170,934,848	161,961,560	5.54%	292,359,487	297,819,855	-1.83%
Commissions and other oper. revenue (net)	120,472,692	195,072,410	-38.24%	180,538,673	161,779,616	11.60%
Securities yield and profits from financial transaction	4,197,175	80,851,395	-94.81%	14,135,362	174,278,005	-91.89%
Banking Income	295,604,715	437,885,365	-32.49%	487,033,522	633,877,476	-23.17%
Personnel, administ. and other costs	-151,227,405	-153,464,537	-1.46%	-230,261,126	-240,529,193	-4.27%
Amortizations	-5,784,543	-5,902,718	-2.00%	-12,814,978	-13,797,377	-7.12%
Provisions (net of adjustments)	-137,043,354	-161,527,501	-15.16%	-159,768,739	-252,229,291	-36.66%
Extraordinary profit	0	0	n.a.	0	0	n.a.
Profit before taxes	1,549,413	116,990,609	-98.68%	84,188,679	127,321,615	-33.88%
Income tax [4]	1,769,629	-17,449,299	-110.14%	-14,998,323	-32,816,328	-54.30%
Minority interests and income excluded from consoli	0	0	-	-22,512,487	-24,092,171	-6.56%
Net profit / loss for the quarter	3,319,042	99,541,310	-96.67%	46,677,869	70,413,116	-33.71%
Net profit / loss per share for the quarter	0.0001	0.0018	-96.94%	0.0008	0.0013	-39.15%
Self financing [5]	146,146,939	266,971,529	-45.26%	219,261,586	336,439,784	-34.83%

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

(2) Includes repayable on demand to credit institutions

(3) Financial margin = Interest income - Interest expense

(4) Estimated income tax

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

BANCO COMERCIAL PORTUGUÊS

Consolidated Income Statement
for the three months period ended 31 March, 2016 and 2015

	31 March 2016	31 March 2015
	(Thousands of Euros)	
Interest and similar income	486,669	567,464
Interest expense and similar charges	(194,310)	(269,645)
Net interest income	292,359	297,819
Dividends from equity instruments	2,044	1,951
Net fees and commission income	163,949	162,285
Net gains / losses arising from trading and hedging activities	15,577	14,833
Net gains / losses arising from available for sale financial assets	12,755	176,449
Other operating income	(11,616)	(16,483)
	475,068	636,854
Other net income from non banking activity	4,247	4,249
Total operating income	479,315	641,103
Staff costs	138,444	143,444
Other administrative costs	91,817	97,085
Depreciation	12,815	13,797
Operating costs	243,076	254,326
Operating net income before provisions and impairments	236,239	386,777
Loans impairment	(160,657)	(201,047)
Other financial assets impairment	(16,241)	(18,955)
Other assets impairment	(5,442)	(41,242)
Other provisions	6,330	(9,940)
Operating net income	60,229	115,593
Share of profit of associates under the equity method	13,874	6,058
Gains / (losses) from the sale of subsidiaries and other assets	(5,046)	(4,945)
Net (loss) / income before income tax	69,057	116,706
Income tax		
Current	(24,554)	(29,582)
Deferred	9,556	(3,234)
Net (loss) / income after income tax from continuing operati	54,059	83,890
Income arising from discontinued operations	29,005	16,673
Net income after income tax	83,064	100,563
Attributable to:		
Shareholders of the Bank	46,678	70,413
Non-controlling interests	36,386	30,150
Net income for the period	83,064	100,563
Earnings per share (in euros)		
Basic	0.003	0.005
Diluted	0.003	0.005

BANCO COMERCIAL PORTUGUÊS

Consolidated Balance Sheet as at 31 March, 2016 and 2015 and 31 December, 2015

	31 March 2016	31 December 2015	31 March 2015
		(Thousands of Euros)	
Assets			
Cash and deposits at central banks	2,210,409	1,840,317	2,382,977
Loans and advances to credit institutions			
Repayable on demand	739,793	776,413	1,127,109
Other loans and advances	1,300,496	921,648	1,303,406
Loans and advances to customers	51,182,998	51,970,159	54,495,144
Financial assets held for trading	2,009,383	1,188,805	2,069,458
Other financial assets held for trading			
at fair value through profit or loss	150,833	152,018	-
Financial assets available for sale	11,459,614	10,779,030	10,088,065
Assets with repurchase agreement	50,766	-	19,852
Hedging derivatives	128,735	73,127	70,952
Financial assets held to maturity	474,038	494,891	438,926
Investments in associated companies	331,502	315,729	318,288
Non current assets held for sale	1,783,612	1,765,382	1,668,673
Investment property	141,917	146,280	169,857
Property and equipment	626,881	670,871	775,484
Goodwill and intangible assets	207,842	210,916	208,538
Current tax assets	43,331	43,559	40,887
Deferred tax assets	2,571,446	2,561,506	2,326,584
Other assets	881,667	974,228	809,283
	76,295,263	74,884,879	78,313,483
Liabilities			
Amounts owed to credit institutions	10,813,908	8,591,045	11,065,979
Amounts owed to customers	51,014,422	51,538,583	50,758,785
Debt securities	4,463,177	4,768,269	5,575,751
Financial liabilities held for trading	847,637	723,228	1,024,841
Hedging derivatives	470,510	541,230	745,562
Provisions for liabilities and charges	273,188	284,810	314,301
Subordinated debt	1,671,380	1,645,371	2,047,955
Current income tax liabilities	20,337	22,287	24,884
Deferred income tax liabilities	16,039	14,810	9,679
Other liabilities	1,052,392	1,074,675	1,178,011
Total Liabilities	70,642,990	69,204,308	72,745,748
Equity			
Share capital	4,094,235	4,094,235	3,706,690
Treasury stock	(867)	(1,187)	(13,909)
Share premium	16,471	16,471	-
Preference shares	59,910	59,910	171,175
Other capital instruments	2,922	2,922	9,853
Fair value reserves	15,541	23,250	276,588
Reserves and retained earnings	363,976	192,224	302,228
Net income for the period attributable to Shareholders	46,678	235,344	70,413
Total Equity attributable to Shareholders of the Bank	4,598,866	4,623,169	4,523,038
Non-controlling interests	1,053,407	1,057,402	1,044,697
Total Equity	5,652,273	5,680,571	5,567,735
	76,295,263	74,884,879	78,313,483

GLOSSARY

Capitalisation products – includes unit linked saving products and retirement saving plans ("PPR", "PPE" and "PPR/E").

Commercial gap – total loans to customers net of BS impairments accumulated minus on-balance sheet customer funds.

Cost of risk, gross (expressed in bp) - ratio of impairment charges accounted in the period to customer loans (gross).

Cost of risk, net (expressed in bp) - ratio of impairment charges (net of recoveries) accounted to customer loans (gross).

Cost to income – operating costs divided by net operating revenues.

Cost to core income - operating costs divided by the net interest income and net fees and commission income.

Core income - net interest income plus net fees and commission income.

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

Coverage of credit at risk by balance sheet impairments – total BS impairments accumulated for risks of credit divided by credit at risk (gross).

Coverage of credit at risk by balance sheet impairments and real/financial guarantees – total BS impairments accumulated for risks of credit plus real and financial guarantees divided by credit at risk (gross).

Coverage of non-performing loans by balance sheet impairments – total BS impairments accumulated for risks of credit divided by NPL.

Credit at risk – definition broader than the non performing loans which includes also restructured loans whose changes from initial terms have resulted in the bank being in a higher risk position than previously; restructured loans which have resulted in the bank becoming in a lower risk position (e.g. reinforced collateral) are not included in credit at risk.

Credit at risk (net) – credit at risk deducted from BS impairments accumulated for risks of credit.

Customer spread – Difference between the spread on the loans to customers book over 3 months Euribor and the spread on the customers' deposits portfolio over 3 months Euribor.

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

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

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

Loan book spread - average spread on the loan portfolio over 3 months Euribor.

Loan to value ratio (LTV) – Mortgage amount divided by the appraised value of property.

Loan to Deposits ratio (LTD) – Total loans to customers net of accumulated BS impairments for risks of credit to total customer deposits.

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

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

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

Non-performing loans – Overdue loans more than 90 days including the non-overdue remaining principal of loans, i.e. portion in arrears, plus non-overdue remaining principal.

Non-performing loans ratio (net) – Loans more than 90 days overdue and doubtful loans reclassified as overdue for provisioning purposes less BS impairments accumulated for credit risk divided by total loans (gross).

Non-performing loans coverage ratio – total BS impairments accumulated for credit risk divided by overdue and doubtful loans divided.

Loans more than 90 days overdue coverage - total BS impairments accumulated for risk of credit divided by total amount of loans overdue with installments of capital and interest overdue more than 90 days.

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

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

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

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

Overdue loans - loans in arrears, not including the non-overdue remaining principal.

Overdue loans coverage ratio – total BS impairments accumulated for risks of credit divided by total amount of loans overdue with installments of capital and interest overdue.

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

Return on equity (ROE) – Net income (including the minority interests) divided by the average attributable equity, deducted from preference shares and other capital instruments.

Return on average assets (ROA) – Net income (including minority interests) divided by the average total assets.

Securities portfolio - financial assets held for trading, financial assets available for sale, assets with repurchase agreement, financial assets held to maturity and other financial assets held for trading at fair value through net income.

Spread on term deposits portfolio – average spread on terms deposits portfolio over 3 months Euribor.

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

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

“Disclaimer”

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

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

2015 and 2016 figures were not audited yet.

Banco Comercial Português

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2016

BANCO COMERCIAL PORTUGUÊS

Consolidated Income Statement
for the three months period ended 31 March, 2016 and 2015

	Notes	31 March 2016	31 March 2015
		(Thousands of Euros)	
Interest and similar income	3	486,669	567,464
Interest expense and similar charges	3	(194,310)	(269,645)
Net interest income		292,359	297,819
Dividends from equity instruments	4	2,044	1,951
Net fees and commissions income	5	163,949	162,285
Net gains / (losses) arising from trading and hedging activities	6	15,577	14,833
Net gains / (losses) arising from financial assets available for sale	7	12,755	176,449
Other operating income / (costs)	8	(11,616)	(16,483)
		475,068	636,854
Other net income from non banking activities		4,247	4,249
Total operating income		479,315	641,103
Staff costs	9	138,444	143,444
Other administrative costs	10	91,817	97,085
Depreciation	11	12,815	13,797
Total operating expenses		243,076	254,326
Operating net income before provisions and impairments		236,239	386,777
Loans impairment	12	(160,657)	(201,047)
Other financial assets impairment	13	(16,241)	(18,955)
Other assets impairment	27 and 32	(5,442)	(41,242)
Other provisions	14	6,330	(9,940)
Operating net income / (loss)		60,229	115,593
Share of profit of associates under the equity method	15	13,874	6,058
Gains / (losses) arising from the sale of subsidiaries and other assets	16	(5,046)	(4,945)
Net income / (loss) before income taxes		69,057	116,706
Income taxes			
Current	31	(24,554)	(29,582)
Deferred	31	9,556	(3,234)
Income / (loss) after income taxes from continuing operations		54,059	83,890
Income / (loss) arising from discontinued operations	17	29,005	16,673
Net income / (loss) after income taxes		83,064	100,563
Consolidated net income / (loss) for the period attributable to:			
Shareholders of the Bank		46,678	70,413
Non-controlling interests	44	36,386	30,150
Net income / (loss) for the period		83,064	100,563
Earnings per share (in Euros)	18		
Basic		0.003	0.005
Diluted		0.003	0.005

CHIEF ACCOUNTANT THE EXECUTIVE COMMITTEE

See accompanying notes to the interim consolidated financial statements

BANCO COMERCIAL PORTUGUÊS

Consolidated Balance Sheet as at 31 March, 2016 and 31 December, 2015

	Notes	31 March 2016	31 December 2015
		(Thousands of Euros)	
Assets			
Cash and deposits at Central Banks	19	2,210,409	1,840,317
Loans and advances to credit institutions			
Repayable on demand	20	739,793	776,413
Other loans and advances	21	1,300,496	921,648
Loans and advances to customers	22	51,182,998	51,970,159
Financial assets held for trading	23	2,009,383	1,188,805
Other financial assets held for trading			
at fair value through profit or loss	23	150,833	152,018
Financial assets available for sale	23	11,459,614	10,779,030
Assets with repurchase agreement		50,766	-
Hedging derivatives	24	128,735	73,127
Financial assets held to maturity	25	474,038	494,891
Investments in associated companies	26	331,502	315,729
Non-current assets held for sale	27	1,783,612	1,765,382
Investment property	28	141,917	146,280
Property and equipment	29	626,881	670,871
Goodwill and intangible assets	30	207,842	210,916
Current income tax assets		43,331	43,559
Deferred income tax assets	31	2,571,446	2,561,506
Other assets	32	881,667	974,228
Total Assets		76,295,263	74,884,879
Liabilities			
Deposits from credit institutions	33	10,813,908	8,591,045
Deposits from customers	34	51,014,422	51,538,583
Debt securities issued	35	4,463,177	4,768,269
Financial liabilities held for trading	36	847,637	723,228
Hedging derivatives	24	470,510	541,230
Provisions	37	273,188	284,810
Subordinated debt	38	1,671,380	1,645,371
Current income tax liabilities		20,337	22,287
Deferred income tax liabilities	31	16,039	14,810
Other liabilities	39	1,052,392	1,074,675
Total Liabilities		70,642,990	69,204,308
Equity			
Share capital	40	4,094,235	4,094,235
Share premium		16,471	16,471
Preference shares	40	59,910	59,910
Other equity instruments	40	2,922	2,922
Treasury stock	43	(867)	(1,187)
Fair value reserves	42	15,541	23,250
Reserves and retained earnings	42	363,976	192,224
Net income / (loss) for the period attributable to Shareholders		46,678	235,344
Total Equity attributable to Shareholders of the Bank		4,598,866	4,623,169
Non-controlling interests	44	1,053,407	1,057,402
Total Equity		5,652,273	5,680,571
		76,295,263	74,884,879

CHIEF ACCOUNTANT THE EXECUTIVE COMMITTEE

See accompanying notes to the interim consolidated financial statements

BANCO COMERCIAL PORTUGUÊS

Consolidated Cash Flows Statement
for the three months period ended 31 March, 2016 and 2015

	31 March 2016	31 March 2015
	(Thousands of Euros)	
Cash flows arising from operating activities		
Interests received	442,209	525,732
Commissions received	197,524	182,938
Fees received from services rendered	16,246	17,939
Interests paid	(160,644)	(286,852)
Commissions paid	(32,437)	(40,706)
Recoveries on loans previously written off	8,222	15,787
Net earned premiums	8,507	7,595
Claims incurred of insurance activity	(2,261)	(3,026)
Payments to suppliers and employees	(320,714)	(392,176)
Income taxes (paid) / received	(11,668)	(26,136)
	144,984	1,095
Decrease / (increase) in operating assets:		
Receivables from / (Loans and advances to) credit institutions	(287,493)	64,277
Deposits held with purpose of monetary control	(573,729)	(620,139)
Loans and advances to customers	648,352	(634,047)
Short term trading account securities	(877,959)	(230,038)
Increase / (decrease) in operating liabilities:		
Deposits from credit institutions repayable on demand	200,529	68,022
Deposits from credit institutions with agreed maturity date	2,027,182	87,071
Deposits from clients repayable on demand	(711,569)	33,210
Deposits from clients with agreed maturity date	204,163	529,209
	774,460	(701,340)
Cash flows arising from investing activities		
Sale of shares in subsidiaries and associated companies	-	301,855
Dividends received	2,044	1,951
Interest income from available for sale financial assets and held to maturity financial assets	54,193	126,334
Sale of available for sale financial assets	1,698,235	4,337,508
Acquisition of available for sale financial assets	(11,693,504)	(14,074,166)
Maturity of available for sale financial assets	9,025,112	10,261,114
Acquisition of tangible and intangible assets	(15,698)	(17,917)
Sale of tangible and intangible assets	1,306	1,256
Decrease / (increase) in other sundry assets	261,747	477,003
	(666,565)	1,414,938
Cash flows arising from financing activities		
Issuance of subordinated debt	967	520
Reimbursement of subordinated debt	(21)	-
Issuance of debt securities	47,658	125,014
Reimbursement of debt securities	(382,483)	(369,683)
Issuance of commercial paper and other securities	15,212	78,309
Reimbursement of commercial paper and other securities	(8,142)	(558)
Dividends paid to non-controlling interests	(555)	(11,115)
Increase / (decrease) in other sundry liabilities and non-controlling interests	183,327	(321,401)
	(144,037)	(498,914)
Exchange differences effect on cash and equivalents	(112,222)	84,320
Net changes in cash and equivalents	(148,364)	299,004
Cash and equivalents at the beginning of the period	1,401,724	1,398,584
Cash (note 20)	513,567	570,479
Other short term investments (note 21)	739,793	1,127,109
Cash and equivalents at the end of the period	1,253,360	1,697,588

See accompanying notes to the interim consolidated financial statements

BANCO COMERCIAL PORTUGUÊS

Consolidated Statement of Changes in Equity
for the three months period ended 31 March, 2016 and 2015

(Amounts expressed in thousands of Euros)

	Share capital	Preference shares	Other equity instruments	Share premium	Legal and statutory reserves	Other comprehensive income: Fair value and cash flow hedged reserves	Other comprehensive income: Other	Other reserves and retained earnings	Treasury stock	Equity attributed to the Shareholders of the Bank	Non--controlling interests (note 44)	Total equity
Balance as at 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	-	-	-	-	-	-	40,913	-	-	40,913	38,846	79,759
Fair value reserves (note 42)	-	-	-	-	-	162,199	-	-	-	162,199	(7,987)	154,212
Deferred tax of actuarial losses												
Taxes	-	-	-	-	-	-	(5,782)	-	-	(5,782)	-	(5,782)
Disposal of 15.54% of Bank Millennium S.A.	-	-	-	-	-	7,491	4,561	-	-	12,052	(7,491)	4,561
Net (loss) / income for the period												
Continuing operations	-	-	-	-	-	-	-	61,673	-	61,673	22,217	83,890
Discontinued operations	-	-	-	-	-	-	-	8,740	-	8,740	7,933	16,673
Total comprehensive income for the period	-	-	-	-	-	169,690	39,692	70,413	-	279,795	53,518	333,313
Dividends of BIM - Banco Internacional de Moçambique, S.A. and SIM - Seguradora Internacional de Moçambique, S.A.R.L.	-	-	-	-	-	-	-	-	-	-	(11,115)	(11,115)
Disposal of 15.54% of Bank Millennium S.A.	-	-	-	-	-	-	-	31,089	-	31,089	227,910	258,999
Treasury stock (note 43)	-	-	-	-	-	-	-	-	(362)	(362)	-	(362)
Other reserves arising on consolidation (note 42)	-	-	-	-	-	-	-	(20)	-	(20)	13	(7)
Balance as at 31 March, 2015	3,706,690	171,175	9,853	-	223,270	276,588	(2,343,795)	2,493,166	(13,909)	4,523,038	1,044,697	5,567,735
Other comprehensive income												
Exchange differences arising on consolidation	-	-	-	-	-	-	(124,951)	-	-	(124,951)	(110,317)	(235,268)
Fair value reserves (note 42)	-	-	-	-	-	(253,338)	-	-	-	(253,338)	27,034	(226,304)
Actuarial losses												
Gross value	-	-	-	-	-	-	(110,507)	-	-	(110,507)	(185)	(110,692)
Taxes	-	-	-	-	-	-	92,241	-	-	92,241	(17)	92,224
Net income / (loss) for the period												
Continuing operations	-	-	-	-	-	-	-	121,108	-	121,108	65,636	186,744
Discontinued operations	-	-	-	-	-	-	-	43,823	-	43,823	29,831	73,654
Total comprehensive income for the period	-	-	-	-	-	(253,338)	(143,217)	164,931	-	(231,624)	11,982	(219,642)
Share capital increase by securities exchange (note 40)	387,545	(111,265)	(6,931)	16,471	-	-	-	-	-	285,820	-	285,820
Costs related to the share capital increase	-	-	-	-	-	-	-	(1,173)	-	(1,173)	-	(1,173)
Tax related to costs arising from the share capital increase	-	-	-	-	-	-	-	247	-	247	-	247
Dividends of BIM - Banco Internacional de Moçambique, S.A. and SIM - Seguradora Internacional de Moçambique, S.A.R.L.	-	-	-	-	-	-	-	-	-	-	958	958
Acquisition of 54.01% of the Units of the Investment Fund DP Invest	-	-	-	-	-	-	-	(101)	-	(101)	-	(101)
Treasury stock (note 43)	-	-	-	-	-	-	-	34,468	12,722	47,190	-	47,190
Other reserves arising on consolidation (note 42)	-	-	-	-	-	-	3,434	(3,662)	-	(228)	(235)	(463)
Balance as at 31 December, 2015	4,094,235	59,910	2,922	16,471	223,270	23,250	(2,483,578)	2,687,876	(1,187)	4,623,169	1,057,402	5,680,571

(continues)

BANCO COMERCIAL PORTUGUÊS

Consolidated Statement of Changes in Equity
for the three months period ended 31 March, 2016 and 2015

(continuation) (Amounts expressed in thousands of Euros)

	Share capital	Preference shares	Other equity instruments	Share premium	Legal and statutory reserves	Other comprehensive income: Fair value and cash flow hedged reserves	Other comprehensive income: Other	Other reserves and retained earnings	Treasury stock	Equity attributed to the Shareholders of the Bank	Non-controlling interests (note 44)	Total equity
Balance as at 31 December, 2015	4,094,235	59,910	2,922	16,471	223,270	23,250	(2,483,578)	2,687,876	(1,187)	4,623,169	1,057,402	5,680,571
Other comprehensive income												
Exchange differences arising on consolidation	-	-	-	-	-	-	(64,138)	-	-	(64,138)	(48,084)	(112,222)
Fair value reserves (note 42)	-	-	-	-	-	(7,709)	-	-	-	(7,709)	8,321	612
Actuarial losses												
Taxes	-	-	-	-	-	-	12	-	-	12	-	12
Net income / (loss) for the period												
Continuing operations	-	-	-	-	-	-	-	32,146	-	32,146	21,913	54,059
Discontinued operations	-	-	-	-	-	-	-	14,532	-	14,532	14,473	29,005
Total comprehensive income for the period	-	-	-	-	-	(7,709)	(64,126)	46,678	-	(25,157)	(3,377)	(28,534)
Costs related to the share capital increase	-	-	-	-	-	-	-	25	-	25	-	25
Tax related to costs arising from the share capital increase	-	-	-	-	-	-	-	(5)	-	(5)	-	(5)
Dividends of SIM - Seguradora Internacional de Moçambique, S.A.R.L.	-	-	-	-	-	-	-	-	-	-	(555)	(555)
Treasury stock (note 43)	-	-	-	-	-	-	-	-	320	320	-	320
Other reserves arising on consolidation (note 42)	-	-	-	-	-	-	-	514	-	514	(63)	451
Balance as at 31 March, 2016	4,094,235	59,910	2,922	16,471	223,270	15,541	(2,547,704)	2,735,088	(867)	4,598,866	1,053,407	5,652,273

BANCO COMERCIAL PORTUGUÊS

Consolidated Statement of Comprehensive income
for the three months period ended at 31 March 2016 and 2015

	31 March 2016				
	(Thousands of Euros)				
				Attributable to	
	Continuing operations	Discontinued operations	Total	Shareholders of the Bank	Non-controlling interests
Items that may be reclassified to the income statement					
Fair value reserves	(1,396)	560	(836)	(11,148)	10,312
Taxes	1,616	(168)	1,448	3,439	(1,991)
	220	392	612	(7,709)	8,321
Exchange differences arising on consolidation	(46,128)	(66,094)	(112,222)	(64,138)	(48,084)
	(45,908)	(65,702)	(111,610)	(71,847)	(39,763)
Items that will not be reclassified to the income statement					
Actuarial losses for the period					
Taxes	12	-	12	12	-
Other comprehensive (loss) / income after taxes	(45,896)	(65,702)	(111,598)	(71,835)	(39,763)
Net income / (loss) for the period					
Continuing operations	54,059	-	54,059	32,146	21,913
Discontinued operations	-	29,005	29,005	14,532	14,473
Total comprehensive (loss) / income for the period	8,163	(36,697)	(28,534)	(25,157)	(3,377)

	31 March 2015				
	(Thousands of Euros)				
				Attributable to	
	Continuing operations	Discontinued operations	Total	Shareholders of the Bank	Non-controlling interests
Items that may be reclassified to the income statement					
Fair value reserves	219,362	(1,007)	218,355	237,533	(19,178)
Taxes	(64,445)	302	(64,143)	(67,843)	3,700
	154,917	(705)	154,212	169,690	(15,478)
Exchange differences arising on consolidation	60,366	23,954	84,320	45,474	38,846
	215,283	23,249	238,532	215,164	23,368
Items that will not be reclassified to the income statement					
Actuarial losses for the period					
Taxes	(5,782)	-	(5,782)	(5,782)	-
Other comprehensive (loss) / income after taxes	209,501	23,249	232,750	209,382	23,368
Net income / (loss) for the period					
Continuing operations	83,890	-	83,890	61,673	22,217
Discontinued operations	-	16,673	16,673	8,740	7,933
Total comprehensive (loss) / income for the period	293,391	39,922	333,313	279,795	53,518

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 three months ended 31 March, 2016 and 2015.

In accordance with Regulation (EC) no. 1606/2002 from the European Parliament and the Council, of 19 July 2002 and Regulation no. 1/2005 from the Bank of Portugal, the Group's consolidated financial statements are required to be prepared in accordance with International Financial Reporting Standards ('IFRS') as endorsed by the European Union ('EU') since the year 2005. IFRS comprise accounting standards issued by the International Accounting Standards Board ('IASB') as well as interpretations issued by the International Financial Reporting Interpretations Committee ('IFRIC') and their predecessor bodies. The consolidated financial statements presented were approved on 2 May 2016 by the Bank's Board of Directors. The financial statements are presented in thousands of Euros, rounded to the nearest thousand.

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

The consolidated financial statements, for the three months ended 31 March 2016, 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. The financial statements for the three months period ended 31 March 2016 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 2016.

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.

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

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

b) Basis of consolidation

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

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

Investments in subsidiaries

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

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

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

Investments in associates

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

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

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

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

Goodwill - Differences arising from consolidation

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

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

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

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

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

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

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

Purchases and dilution of non-controlling interests

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

Loss of control

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

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

Investments in foreign subsidiaries and associates

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

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

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

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

Transactions eliminated on consolidation

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

c) Loans and advances to customers

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

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

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

Impairment

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

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

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

(i) Individually assessed loans

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

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

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

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

(ii) Collective assessment

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

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

The collective impairment loss is determined considering the following factors:

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

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

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

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

d) Financial instruments

(i) Classification, initial recognition and subsequent measurement

Financial assets are recognized on the trade date, thus, in the date that the Group commits to purchase the asset and are classified considering the intent behind them, according to the categories described below:

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

1a) Financial assets held for trading

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

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

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

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

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

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

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

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

2) Financial assets available for sale

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

3) Financial assets held-to-maturity

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

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

4) Loans and receivables - Loans represented by securities

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

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

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

5) Other financial liabilities

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

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

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

(ii) Impairment

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

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

(iii) Embedded derivatives

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

e) Derivatives hedge accounting

(i) Hedge accounting

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

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

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

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

(ii) Fair value hedge

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

(iii) Cash flow hedge

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

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

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

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

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

(iv) Hedge effectiveness

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

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

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

f) Reclassifications between financial instruments categories

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

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

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

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

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

g) Derecognition

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

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

h) Equity instruments

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

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

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

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

i) Compound financial instruments

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

j) Securities borrowing and repurchase agreement transactions

(i) Securities borrowing

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

(ii) Repurchase agreements

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

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

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

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

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

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

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

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

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

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

l) Finance lease transactions

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

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

m) Interest income and expense

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

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

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

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

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

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

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

n) Fee and commission income

Fees and commissions are recognised according to the following criteria:

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

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

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

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

p) Fiduciary activities

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

q) Property and equipment

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

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

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

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

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

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

r) Investment property

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

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

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

s) *Intangible Assets*

Research and development expenditure

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

Software

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

t) *Cash and cash equivalents*

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

Cash and cash equivalents exclude restricted balances with Central Banks.

u) *Offsetting*

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

v) *Foreign currency transactions*

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

w) *Employee benefits*

Defined benefit plans

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

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

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

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

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

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

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

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

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

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

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

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

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

Defined contribution plan

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

As at 31 March 2016, the Group has two defined contribution plans. One plan covers employees who were hired before 1 July, 2009. For this plan, called non-contributory, Group's contributions will be made annually and equal to 1% of the annual remuneration paid to employees in the previous year. Contributions shall only be made if the following requirements are met: (i) the Bank's ROE equals or exceeds the rate of government bonds of 10 years plus 5 percentage points, and (ii) distributable profits or reserves exist in the accounts of Banco Comercial Português.

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

Share based compensation plan

As at 31 March 2016 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 period to which it relates.

x) Income taxes

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

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

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

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

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

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

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

y) *Segmental reporting*

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

Portugal activity:
- Retail Banking, also including ActivoBank;
- Companies, including the following networks: Companies, Corporate, Large Corporates and Investment Banking;
- Private Banking;
- Non-core business portfolio

Foreign activity:
- Poland;
- Angola (discontinued operations);
- 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 was presented on a separate line item in the profit and loss account, defined as "income arising from discontinued operations" with no change at balance sheet level from the criteria as that of the financial statements as at 31 March 2015. 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.
Similarly, with regard to Banco Millennium in Angola, following the agreement with the largest shareholder of Banco Privado Atlântico to merge the two entities, the approval of the respective merger plan and the granting of the necessary authorizations to complete this operation, Banco Millennium in Angola was also considered as a discontinued operation in March 2016 and its financial statements presented in accordance with the criteria referred to in relation to Millennium bcp Gestão de Activos, including the financial statements of the same period of 2015.

Others

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

z) *Provisions*

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

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

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

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

aa) *Earnings per share*

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

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

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

ab) *Insurance contracts*

Classification

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

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

Recognition and measurement

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

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

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

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

Premiums

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

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

Provision for unearned premiums from direct insurance and reinsurance premiums ceded

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

Liability adequacy test

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

ac) Insurance or reinsurance intermediation services

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

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

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

ad) Accounting estimates and judgments in applying accounting policies

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

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

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

Impairment of financial assets available for-sale

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

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

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

Impairment losses on loans and advances to customers

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

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

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

Fair value of derivatives

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

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

Held-to-maturity investments

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

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

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

Entities included in the consolidation perimeter

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

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

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

Income taxes

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

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

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

Pension and other employees' benefits

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

Changes in these assumptions could materially affect these values.

Goodwill impairment

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

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

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

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

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

The amount of this account is comprised of:

	Mar 2016 Euros '000	Mar 2015 Euros '000
Net interest income	292,359	297,819
Net gains / (losses) from trading and hedging assets	15,577	14,833
Net gains / (losses) from financial assets available for sale	12,755	176,449
	320,691	489,101

3. Net interest income

The amount of this account is comprised of:

	Mar 2016 Euros '000	Mar 2015 Euros '000
Interest and similar income		
Interest on loans and advances	396,218	452,762
Interest on trading securities	1,437	4,957
Interest on other financial assets valued at fair value through profit and loss account	1,510	-
Interest on available for sale financial assets	49,904	51,090
Interest on held to maturity financial assets	2,261	22,689
Interest on hedging derivatives	25,194	25,371
Interest on derivatives associated to financial instruments through profit and loss account	3,225	3,272
Interest on deposits and other investments	6,920	7,323
	486,669	567,464
Interest expense and similar charges		
Interest on deposits and other resources	112,103	178,918
Interest on securities issued	43,298	51,919
Interest on subordinated debt		
Hybrid instruments eligible as core tier 1 (CoCos) underwritten by the Portuguese State	16,401	15,713
Others	14,358	16,361
Interest on hedging derivatives	3,873	2,803
Interest on derivatives associated to financial instruments through profit and loss account	4,277	3,931
	194,310	269,645
	292,359	297,819

The balance Interest on loans and advances includes the amount of Euros 10,152,000 (31 March 2015: Euros 12,726,000) related to commissions and other gains accounted for in accordance with the effective interest method, as referred in the accounting policy described in note 1 m).

The balances Interest on securities issued and Interest on subordinated debt include the amount of Euros 22,516,000 (31 March 2015: Euros 21,386,000) related to commissions and other costs accounted for under the effective interest method, as referred in the accounting policy described in note 1 m).

4. Dividends from equity instruments

The amount of this account is comprised of:

	Mar 2016 Euros '000	Mar 2015 Euros '000
Dividends from financial assets available for sale	2,044	1,951

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:

	Mar 2016 Euros '000	Mar 2015 Euros '000
Fees and commissions received		
From guarantees	17,397	19,212
From credit and commitments	1,068	507
From banking services	99,002	106,619
From insurance activity	379	537
From securities operations	21,559	23,822
From management and maintenance of accounts	22,563	18,885
From fiduciary and trust activities	237	302
From other services	26,420	17,215
	188,625	187,099
Fees and commissions paid		
From guarantees	1,169	924
From banking services	17,394	18,706
From insurance activity	553	519
From securities operations	2,468	2,464
From other services	3,092	2,201
	24,676	24,814
	163,949	162,285

The balance Fees and commissions received - From banking services includes the amount of Euros 20,197,000 (31 March 2015: Euros 19,125,000) related to insurance mediation commissions.

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

The amount of this account is comprised of:

	Mar 2016 Euros '000	**Mar 2015 Euros '000**
Gains arising on trading and hedging activities		
Foreign exchange activity	525,258	1,044,829
Transactions with financial instruments recognised at fair value through profit and loss account		
Held for trading		
Securities portfolio		
Fixed income	3,011	8,756
Variable income	113	12
Certificates and structured securities issued	27,113	15,016
Derivatives associated to financial instruments at fair value through results	10,889	15,320
Other financial instruments derivatives	125,472	222,592
Other financial instruments at fair value through results		
Securities portfolio		
Other financial instruments	4,030	708
Repurchase of own issues	5,759	6,468
Hedging accounting		
Hedging derivatives	15,398	10,768
Hedged item	66,156	6,345
Other activity	25,234	760
	808,433	1,331,574
Losses arising on trading and hedging activities		
Foreign exchange activity	503,046	1,033,550
Transactions with financial instruments recognised at fair value through profit and loss account		
Held for trading		
Securities portfolio		
Fixed income	2,635	3,218
Variable income	101	1,033
Certificates and structured securities issued	270	64,651
Derivatives associated to financial instruments through profit and loss account	9,278	10,405
Other financial instruments derivatives	177,844	175,484
Other financial instruments at fair value through results		
Securities portfolio		
Fixed income	2,686	-
Other financial instruments	5,766	8,481
Repurchase of own issues	5,608	1,430
Hedging accounting		
Hedging derivatives	75,868	12,232
Hedged item	7,139	5,330
Other activity	2,615	927
	792,856	1,316,741
	15,577	14,833

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

The amount of this account is comprised of:

	Mar 2016 Euros '000	Mar 2015 Euros '000
Gains arising from financial assets available for sale		
Fixed income	13,187	172,007
Variable income	(2)	4,678
Losses arising from financial assets available for sale		
Fixed income	(430)	(236)
	12,755	176,449

The caption Gains arising from financial assets available for sale - Fixed income - includes, as at 31 March 2016, the amount of Euros 6,000 (31 March 2015: Euros 163,596,000) related to gains resulting from the sale of Portuguese public debt.

8. Other operating income / (costs)

The amount of this account is comprised of:

	Mar 2016 Euros '000	Mar 2015 Euros '000
Operating income		
Income from services	8,356	7,128
Cheques and others	3,347	3,402
Other operating income	1,182	189
	12,885	10,719
Operating costs		
Indirect taxes	4,200	3,195
Donations and contributions	1,107	981
Other operating expenses	19,194	23,026
	24,501	27,202
	(11,616)	(16,483)

9. Staff costs

The amount of this account is comprised of:

	Mar 2016 Euros '000	Mar 2015 Euros '000
Salaries and remunerations	102,794	107,911
Mandatory social security charges	26,604	27,105
Voluntary social security charges	5,194	6,105
Seniority premium	828	892
Other staff costs	3,024	1,431
	138,444	143,444

10. Other administrative costs

The amount of this account is comprised of:

	Mar 2016 Euros '000	Mar 2015 Euros '000
Water, electricity and fuel	4,338	4,459
Consumables	1,159	1,426
Rents	24,982	25,619
Communications	5,752	6,088
Travel, hotel and representation costs	1,997	2,014
Advertising	4,949	7,548
Maintenance and related services	5,343	5,210
Credit cards and mortgage	918	1,070
Advisory services	2,038	2,864
Information technology services	4,481	4,316
Outsourcing	18,562	18,347
Other specialised services	5,916	5,714
Training costs	155	235
Insurance	1,034	1,284
Legal expenses	1,482	2,117
Transportation	2,087	1,949
Other supplies and services	6,624	6,825
	91,817	97,085

11. Depreciation

The amount of this account is comprised of:

	Mar 2016 Euros '000	Mar 2015 Euros '000
Intangible assets:		
Software	2,570	3,061
Other intangible assets	164	40
	2,734	3,101
Property, plant and equipment:		
Land and buildings	4,878	5,535
Equipment		
Furniture	415	449
Machinery	185	244
Computer equipment	2,022	1,954
Interior installations	491	509
Motor vehicles	1,145	967
Security equipment	413	487
Other equipment	532	550
Other tangible assets	-	1
	10,081	10,696
	12,815	13,797

12. Loans impairment

The amount of this account is comprised of:

	Mar 2016 Euros '000	Mar 2015 Euros '000
Loans and advances to credit institutions:		
For overdue loans and credit risks		
Impairment charge for the period	-	2
Write-back for the period	-	(2)
	-	-
Loans and advances to customers:		
For overdue loans and credit risks		
Impairment charge for the period	267,033	282,706
Write-back for the period	(98,154)	(65,920)
Recovery of loans and interest charged-off	(8,222)	(15,739)
	160,657	201,047

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

13. Other financial assets impairment

The amount of this account is comprised of:

	Mar 2016 Euros '000	Mar 2015 Euros '000
Impairment of financial assets available for sale		
Charge for the period	16,241	18,955

14. Other provisions

The amount of this account is comprised of:

	Mar 2016 Euros '000	Mar 2015 Euros '000
Provision for guarantees and other commitments		
Charge for the period	1,668	6,326
Write-back for the period	(11,046)	(2,416)
	(9,378)	3,910
Other provisions for liabilities and charges		
Charge for the period	3,048	6,030
	(6,330)	9,940

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:

	Mar 2016 Euros '000	Mar 2015 Euros '000
Millenniumbcp Ageas Grupo Segurador, S.G.P.S., S.A.	6,845	6,181
Unicre - Instituição Financeira de Crédito, S.A.	8,778	416
Banque BCP, S.A.S.	682	629
SIBS, S.G.P.S, S.A.	549	719
Banque BCP (Luxembourg), S.A.	20	(3)
VSC - Aluguer de Veículos Sem Condutor, Lda.	-	95
Other companies	(3,000)	(1,979)
	13,874	6,058

During December 2015, the Group sold 50% of the capital share of the company VSC - Aluguer de Veículos Sem Condutor, Lda. to GE Capital Holding Portugal, SGPS, Unipessoal Lda.

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

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.

17. Income /(Loss) arising from discontinued operations

The amount of this account is comprised of:

	Mar 2016 Euros '000	Mar 2015 Euros '000
Net income / (loss) before income tax appropriated		
Millennium bcp Gestão de Activos - Sociedade Gestora de Fundos de Investimento, S.A.	-	1,011
Banco Millennium Angola S.A.	31,982	19,401
	31,982	20,412
Taxes		
Millennium bcp Gestão de Activos - Sociedade Gestora de Fundos de Investimento, S.A.	-	(235)
Banco Millennium Angola S.A.	(2,977)	(3,504)
	(2,977)	(3,739)
	29,005	16,673

18. Earnings per share

The earnings per share are calculated as follows:

	Mar 2016 Euros '000	Mar 2015 Euros '000
Net income / (loss) from continuing operations	32,146	61,673
Appropriated net income / (loss) arising from discontinued operations	14,532	8,740
Net income / (loss)	46,678	70,413
Average number of shares	59,039,023,275	54,194,709,415
Basic earnings per share (Euros):		
from continuing operations	0.002	0.004
from discontinued operations	0.001	0.001
	0.003	0.005
Diluted earnings per share (Euros)		
from continuing operations	0.002	0.004
from discontinued operations	0.001	0.001
	0.003	0.005

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

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

As at 31 March 2016 and 2015 in the calculation of diluted earnings per share, the qualifying hybrid instruments as common equity tier 1 issued in June 2012 and subscribed fully by the State (CoCos), were not considered, by presenting an antidilutive effect and 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.

19. Cash and deposits at Central Banks

This balance is analysed as follows:

	Mar 2016 Euros '000	Dec 2015 Euros '000
Cash	513,567	625,311
Central Banks		
Bank of Portugal	638,050	171,367
Central Banks abroad	1,058,792	1,043,639
	2,210,409	1,840,317

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:

	Mar 2016 Euros '000	Dec 2015 Euros '000
Credit institutions in Portugal	1,567	1,632
Credit institutions abroad	554,102	675,415
Amounts due for collection	184,124	99,366
	739,793	776,413

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:

	Mar 2016 Euros '000	Dec 2015 Euros '000
Other loans and advances to Central Banks abroad	163,827	71,934
Other loans and advances to credit institutions in Portugal	257,619	4,274
Other loans and advances to credit institutions abroad	879,052	845,442
	1,300,498	921,650
Impairment for other loans and advances to credit institutions	(2)	(2)
	1,300,496	921,648

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

	Mar 2016 Euros '000	Mar 2015 Euros '000
Balance on 1 January	3	53
Transfers	-	(15)
Impairment charge for the period	-	2
Write-back for the period	-	(2)
Exchange rate differences	(1)	2
Balance on 31 March	2	40

22. Loans and advances to customers

This balance is analysed as follows:

	Mar 2016 Euros '000	Dec 2015 Euros '000
Public sector	1,255,173	1,226,557
Asset-backed loans	30,702,764	31,482,461
Personal guaranteed loans	8,238,912	8,243,543
Unsecured loans	3,213,458	3,230,128
Foreign loans	2,141,588	2,207,638
Factoring	1,519,590	1,573,033
Finance leases	3,313,550	3,351,665
	50,385,035	51,315,025
Overdue loans - less than 90 days	253,158	121,846
Overdue loans - Over 90 days	3,995,389	4,001,372
	54,633,582	55,438,243
Impairment for credit risk	(3,450,584)	(3,468,084)
	51,182,998	51,970,159

As at 31 March 2016, the balance Loans and advances to customers includes the amount of Euros 12,716,302,000 (31 December 2015: Euros 12,717,796,000) regarding mortgage loans which are allocated as collateral for asset-back securities, issued by the Group.

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

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

	Mar 2016 Euros '000	Dec 2015 Euros '000
Loans not represented by securities		
Discounted bills	275,175	295,697
Current account credits	2,096,297	2,214,611
Overdrafts	1,575,545	1,589,253
Loans	14,820,841	15,141,524
Mortgage loans	24,845,843	25,179,816
Factoring	1,519,590	1,573,033
Finance leases	3,313,550	3,351,665
	48,446,841	49,345,599
Loans represented by securities		
Commercial paper	1,707,269	1,655,569
Bonds	230,925	313,857
	1,938,194	1,969,426
	50,385,035	51,315,025
Overdue loans - less than 90 days	253,158	121,846
Overdue loans - Over 90 days	3,995,389	4,001,372
	54,633,582	55,438,243
Impairment for credit risk	(3,450,584)	(3,468,084)
	51,182,998	51,970,159

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

	Mar 2016 Euros '000	Dec 2015 Euros '000
Agriculture	360,144	436,051
Mining	203,218	152,525
Food, beverage and tobacco	619,747	614,374
Textiles	484,194	469,481
Wood and cork	239,413	237,402
Paper, printing and publishing	219,775	214,094
Chemicals	851,337	818,068
Machinery, equipment and basic metallurgical	1,046,537	1,053,862
Electricity, water and gas	935,839	1,002,857
Construction	3,484,002	3,562,374
Retail business	1,249,765	1,249,026
Wholesale business	2,130,331	2,146,780
Restaurants and hotels	945,276	1,017,112
Transports and communications	1,978,255	1,972,592
Services	9,886,446	10,052,993
Consumer credit	4,062,642	4,138,491
Mortgage credit	24,813,958	25,048,344
Other domestic activities	8,011	7,713
Other international activities	1,114,692	1,244,104
	54,633,582	55,438,243
Impairment for credit risk	(3,450,584)	(3,468,084)
	51,182,998	51,970,159

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

Securitization transactions engaged by the Group refer to mortgage loans and are set through specifically created SPE. As at 31 March 2016, the loans and advances referred to these traditional securitization transactions amounts to Euros 572,925,000 (31 December 2015: Euros 586,633,000) As referred in accounting policy 1 b), when the substance of the relationships with the SPEs indicates that the Group holds control of its activities, the SPE are fully consolidated.

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

	Mar 2016 Euros '000	Dec 2015 Euros '000
Gross amount	3,741,435	3,793,994
Interest not yet due	(427,885)	(442,329)
Net book value	3,313,550	3,351,665

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:

	Mar 2016	**Dec 2015**
	Euros '000	**Euros '000**
Agriculture	19,569	33,162
Mining	13,822	156
Food, beverage and tobacco	1,461	1,438
Textiles	849	943
Wood and cork	14,043	13,706
Paper, printing and publishing	454	3,541
Chemicals	1,683	1,791
Machinery, equipment and basic metallurgical	36,167	34,997
Electricity, water and gas	404	487
Construction	33,399	48,429
Retail business	9,427	10,005
Wholesale business	30,366	29,696
Restaurants and hotels	1,699	1,647
Transports and communications	6,525	6,957
Services	18,471	18,874
Consumer credit	107,657	108,939
Mortgage credit	93,441	91,900
Other domestic activities	24	26
Other international activities	7,386	8,112
	396,847	414,806

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

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

	Mar 2016	**Dec 2015**
	Euros '000	**Euros '000**
Agriculture	38,653	44,352
Mining	22,124	10,583
Food, beverage and tobacco	21,006	19,357
Textiles	34,206	32,832
Wood and cork	18,740	18,245
Paper, printing and publishing	10,498	11,904
Chemicals	70,151	72,680
Machinery, equipment and basic metallurgical	82,829	79,285
Electricity, water and gas	4,427	4,394
Construction	1,068,178	1,075,106
Retail business	156,896	155,698
Wholesale business	186,630	182,827
Restaurants and hotels	119,727	128,530
Transports and communications	174,834	150,637
Services	1,290,341	1,182,138
Consumer credit	598,268	610,449
Mortgage credit	317,157	315,960
Other domestic activities	7,994	7,691
Other international activities	25,888	20,550
	4,248,547	4,123,218

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

	Mar 2016 Euros '000	Mar 2015 Euros '000
Balance on 1 January	3,468,084	3,482,705
Transfers resulting from changes in the Group's structure	4,246	4,600
Other transfers	(32,220)	164,841
Impairment charge for the period	267,033	282,706
Write-back for the period	(98,154)	(65,920)
Loans charged-off	(144,189)	(287,971)
Exchange rate differences	(14,217)	26,371
Balance on 31 March	3,450,584	3,607,332

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

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

	Mar 2016 Euros '000	Dec 2015 Euros '000
Agriculture	33,537	59,971
Mining	25,863	11,639
Food, beverage and tobacco	17,808	17,103
Textiles	26,646	25,712
Wood and cork	32,121	42,976
Paper, printing and publishing	15,186	21,142
Chemicals	61,215	56,619
Machinery, equipment and basic metallurgical	70,145	55,029
Electricity, water and gas	14,546	20,756
Construction	602,284	359,096
Retail business	128,538	109,730
Wholesale business	164,509	157,755
Restaurants and hotels	90,660	75,881
Transports and communications	186,589	206,169
Services	1,121,101	1,417,967
Consumer credit	454,026	330,824
Mortgage credit	348,565	416,542
Other domestic activities	892	6,080
Other international activities	56,353	77,093
	3,450,584	3,468,084

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

	Mar 2016 Euros '000	Mar 2015 Euros '000
Agriculture	6,299	1,666
Mining	7	133
Food, beverage and tobacco	73	292
Textiles	2,834	4,039
Wood and cork	179	385
Paper, printing and publishing	1,871	360
Chemicals	3,320	413
Machinery, equipment and basic metallurgical	1,409	1,846
Electricity, water and gas	23	49
Construction	32,707	12,116
Retail business	4,310	4,751
Wholesale business	3,407	8,314
Restaurants and hotels	13,869	35,120
Transports and communications	5,186	176,831
Services	37,647	23,417
Consumer credit	26,617	16,548
Mortgage credit	2,532	1,417
Other domestic activities	66	80
Other international activities	1,833	194
	144,189	287,971

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

The analysis of recovered loans and interest, during the first quarter of 2016 and 2015, by sector of activity, is as follows:

	Mar 2016 Euros '000	Mar 2015 Euros '000
Agriculture	8	13
Mining	178	1
Food, beverage and tobacco	69	10
Textiles	710	40
Wood and cork	60	3
Paper, printing and publishing	38	-
Chemicals	105	15
Machinery, equipment and basic metallurgical	242	55
Electricity, water and gas	13	7
Construction	4,084	13,910
Retail business	144	221
Wholesale business	533	259
Restaurants and hotels	52	4
Transports and communications	9	26
Services	401	195
Consumer credit	1,463	616
Mortgage credit	29	-
Other domestic activities	45	16
Other international activities	39	348
	8,222	15,739

23. Financial assets held for trading, Other financial assets held for trading at fair value through profit or loss and Financial assets available for sale

The balance Financial assets held for trading, Other financial assets held for trading at fair value through profit or loss and Financial assets available for sale is analysed as follows:

	Mar 2016 Euros '000	Dec 2015 Euros '000
Bonds and other fixed income securities		
Issued by public entities	9,288,842	7,201,261
Issued by other entities	1,773,595	2,376,286
	11,062,437	9,577,547
Overdue securities	3,725	4,078
Impairment for overdue securities	(3,722)	(4,075)
	11,062,440	9,577,550
Shares and other variable income securities	1,604,463	1,617,348
	12,666,903	11,194,898
Trading derivatives	952,927	924,955
	13,619,830	12,119,853

The portfolio of Financial assets held for trading, Other financial assets held for trading at fair value through profit or loss and Financial assets available for sale securities, net of impairment, as at 31 March 2016, is analysed as follows:

	Mar 2016			
	Trading Euros '000	Other financial assets at fair value through profit or loss Euros '000	Available for sale Euros '000	Total Euros '000
Fixed income:				
Bonds issued by public entities				
Portuguese issuers	100,322	150,833	3,748,906	4,000,061
Foreign issuers	131,945	-	3,259,113	3,391,058
Bonds issued by other entities				
Portuguese issuers	8,928	-	1,161,921	1,170,849
Foreign issuers	57,013	-	549,458	606,471
Treasury bills and other Government bonds	741,066	-	1,156,657	1,897,723
	1,039,274	150,833	9,876,055	11,066,162
Impairment for overdue securities	-	-	(3,722)	(3,722)
	1,039,274	150,833	9,872,333	11,062,440
Variable income:				
Shares in Portuguese companies	15,273	-	62,539	77,812
Shares in foreign companies	273	-	86,159	86,432
Investment fund units	1,279	-	1,438,583	1,439,862
Other securities	357	-	-	357
	17,182	-	1,587,281	1,604,463
Trading derivatives	952,927	-	-	952,927
	2,009,383	150,833	11,459,614	13,619,830

The portfolio of Financial assets held for trading, Other financial assets held for trading at fair value through profit or loss and Financial assets available for sale securities, net of impairment, as at 31 December 2015, is analysed as follows:

	Dec 2015			
	Trading Euros '000	**Other financial assets at fair value through profit or loss Euros '000**	**Available for sale Euros '000**	**Total Euros '000**
Fixed income:				
Bonds issued by public entities				
Portuguese issuers	27,573	152,018	2,804,243	2,983,834
Foreign issuers	136,339	-	2,866,542	3,002,881
Bonds issued by other entities				
Portuguese issuers	20,007	-	1,139,881	1,159,888
Foreign issuers	62,678	-	1,157,798	1,220,476
Treasury bills and other				
Government bonds	-	-	1,214,546	1,214,546
	246,597	152,018	9,183,010	9,581,625
Impairment for overdue securities	-	-	(4,075)	(4,075)
	246,597	152,018	9,178,935	9,577,550
Variable income:				
Shares in Portuguese companies	15,282	-	71,097	86,379
Shares in foreign companies	391	-	89,924	90,315
Investment fund units	1,321	-	1,439,074	1,440,395
Other securities	259	-	-	259
	17,253	-	1,600,095	1,617,348
Trading derivatives	924,955	-	-	924,955
	1,188,805	152,018	10,779,030	12,119,853

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 at 31 March 2016, the amount of fair value reserves of Euros 63,870,000 (31 December 2015: Euros 43,222,000) is presented net of impairment losses in the amount of Euros 328,632,000 (31 December 2015: Euros 317,423,000).

The portfolio of financial assets available for sale, as at 31 March 2016, is analysed as follows:

	Mar 2016					
	Amortised cost Euros '000	Impairment Euros '000	Amortised cost net of impairment Euros '000	Fair value reserves Euros '000	Fair value hedge adjustments Euros '000	Total Euros '000
Fixed income:						
Bonds issued by public entities						
Portuguese issuers	3,884,327	-	3,884,327	(214,041)	78,620	3,748,906
Foreign issuers	3,249,994	-	3,249,994	9,119	-	3,259,113
Bonds issued by other entities						
Portuguese issuers	1,224,506	(90,846)	1,133,660	24,539	-	1,158,199
Foreign issuers	538,723	-	538,723	10,735	-	549,458
Treasury bills and other						
Government bonds	1,156,711	(6)	1,156,705	(48)	-	1,156,657
	10,054,261	(90,852)	9,963,409	(169,696)	78,620	9,872,333
Variable income:						
Shares in Portuguese companies	148,082	(88,861)	59,221	3,318	-	62,539
Shares in foreign companies	42,782	(275)	42,507	43,652	-	86,159
Investment fund units	1,528,371	(148,644)	1,379,727	58,856	-	1,438,583
	1,719,235	(237,780)	1,481,455	105,826	-	1,587,281
	11,773,496	(328,632)	11,444,864	(63,870)	78,620	11,459,614

The portfolio of financial assets available for sale, as at 31 December 2015, is analysed as follows:

	Dec 2015					
	Amortised cost Euros '000	Impairment Euros '000	Amortised cost net of impairment Euros '000	Fair value reserves Euros '000	Fair value hedge adjustments Euros '000	Total Euros '000
Fixed income:						
Bonds issued by public entities						
Portuguese issuers	2,901,838	-	2,901,838	(116,661)	19,066	2,804,243
Foreign issuers	2,860,927	-	2,860,927	5,615	-	2,866,542
Bonds issued by other entities						
Portuguese issuers	1,178,788	(91,193)	1,087,595	48,211	-	1,135,806
Foreign issuers	1,150,464	-	1,150,464	7,334	-	1,157,798
Treasury bills and other						
Government bonds	1,214,607	(8)	1,214,599	(53)	-	1,214,546
	9,306,624	(91,201)	9,215,423	(55,554)	19,066	9,178,935
Variable income:						
Shares in Portuguese companies	151,974	(85,002)	66,972	4,125	-	71,097
Shares in foreign companies	46,645	(292)	46,353	43,571	-	89,924
Investment fund units	1,528,922	(140,928)	1,387,994	51,080	-	1,439,074
	1,727,541	(226,222)	1,501,319	98,776	-	1,600,095
	11,034,165	(317,423)	10,716,742	43,222	19,066	10,779,030

The analysis of Financial assets held for trading, Other financial assets held for trading at fair value through profit or loss and Financial assets available for sale by sector of activity as at 31 March 2016 is as follows:

	Mar 2016				
	Bonds Euros '000	Shares Euros '000	Other Financial Assets Euros '000	Overdue Securities Euros '000	Total Euros '000
Food, beverage and tobacco	-	-	-	3	3
Textiles	-	7,447	-	203	7,650
Wood and cork	-	-	-	998	998
Paper, printing and publishing	13,995	63	-	-	14,058
Chemicals	24,897	14	-	-	24,911
Machinery, equipment and basic metallurgical	627	7	-	-	634
Construction	-	950	-	2,394	3,344
Retail business	3,000	1,183	-	-	4,183
Wholesale business	-	459	-	126	585
Restaurants and hotels	-	14,293	-	-	14,293
Transport and communications	530,140	27,881	-	-	558,021
Services	1,200,936	111,936	1,439,859	1	2,752,732
Other international activities	-	11	360	-	371
	1,773,595	164,244	1,440,219	3,725	3,381,783
Government and Public securities	7,391,119	-	1,897,723	-	9,288,842
Impairment for overdue securities	-	-	-	(3,722)	(3,722)
	9,164,714	164,244	3,337,942	3	12,666,903

The analysis of Financial assets held for trading, Other financial assets held for trading at fair value through profit or loss and Financial assets available for sale by sector of activity as at 31 December 2015 is as follows:

	Dec 2015				
	Bonds Euros '000	Shares Euros '000	Other Financial Assets Euros '000	Overdue Securities Euros '000	Total Euros '000
Food, beverage and tobacco	-	-	-	3	3
Textiles	-	7,447	-	361	7,808
Wood and cork	-	-	-	998	998
Paper, printing and publishing	13,240	37	-	-	13,277
Chemicals	25,000	7	-	-	25,007
Machinery, equipment and basic metallurgical	-	7	-	-	7
Construction	-	945	-	2,539	3,484
Retail business	3,000	1,346	-	-	4,346
Wholesale business	-	852	-	176	1,028
Restaurants and hotels	-	14,293	-	-	14,293
Transport and communications	480,875	35,403	-	-	516,278
Services	1,854,171	116,353	1,439,800	1	3,410,325
Other international activities	-	4	854	-	858
	2,376,286	176,694	1,440,654	4,078	3,997,712
Government and Public securities	5,986,715	-	1,214,546	-	7,201,261
Impairment for overdue securities	-	-	-	(4,075)	(4,075)
	8,363,001	176,694	2,655,200	3	11,194,898

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

24. Hedging derivatives

This balance is analysed as follows:

	Mar 2016		Dec 2015	
	Assets Euros '000	**Liabilities Euros '000**	**Assets Euros '000**	**Liabilities Euros '000**
Hedging instruments				
Swaps	128,735	470,510	72,957	541,230
Others	-	-	170	-
	128,735	470,510	73,127	541,230

25. Financial assets held to maturity

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

	Mar 2016 Euros '000	**Dec 2015 Euros '000**
Bonds and other fixed income securities		
Issued by Government and public entities	102,303	118,125
Issued by other entities	371,735	376,766
	474,038	494,891

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:

	Mar 2016 Euros '000	**Dec 2015 Euros '000**
Transports and communications	173,580	172,658
Services	198,155	204,108
	371,735	376,766
Government and Public securities	102,303	118,125
	474,038	494,891

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

26. Investments in associated companies

This balance is analysed as follows:

	Mar 2016 Euros '000	**Dec 2015 Euros '000**
Portuguese credit institutions	45,425	34,465
Foreign credit institutions	32,476	31,776
Other Portuguese companies	248,671	243,943
Other foreign companies	4,930	5,545
	331,502	315,729

The balance Investments in associated companies is analysed as follows:

	Mar 2016 Euros '000	**Dec 2015 Euros '000**
Millenniumbcp Ageas Grupo Segurador, S.G.P.S., S.A.	227,093	222,914
Unicre - Instituição Financeira de Crédito, S.A.	45,425	34,465
Banque BCP, S.A.S.	29,919	29,240
SIBS, S.G.P.S, S.A.	20,199	19,651
Banque BCP (Luxembourg), S.A.	2,557	2,536
Others	6,309	6,923
	331,502	315,729

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

27. Non-current assets held for sale

This balance is analysed as follows:

	Mar 2016 Euros '000	Dec 2015 Euros '000
Real estate and other assets arising from recovered loans	1,970,916	1,964,716
Subsidiaries acquired exclusively with the purpose of short-term sale	65,815	65,836
	2,036,731	2,030,552
Impairment	(253,119)	(265,170)
	1,783,612	1,765,382

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

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

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

The referred balance includes buildings and other assets for which the Group has already established contracts for the sale in the amount of Euros 39,444,000 (31 December 2015: Euros 31,121,000).

As at 31 March 2016, the balance Real estate and other assets arising from recovered loans includes the amount of Euros 321,249,000 (31 December 2015: Euros 326,451,000) related to properties of Closed Real Estate Investment Funds, whose units were received following foreclosure operations and in accordance with IFRS, were subject to full consolidation method.

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

28. Investment property

As at 31 March 2016, the balance Investment property includes the amount of Euros 140,286,000 (31 December 2015: Euros 144,644,000) related to real estate accounted in the "Fundo de Investimento Imobiliário Imosotto Acumulação", "Fundo de Investimento Imobiliário Gestão Imobiliária", "Fundo de Investimento Imobiliário Imorenda", "Fundo de Investimento Imobiliário Fechado Gestimo" and "Imoport - Fundo de Investimento Imobiliário Fechado", which are consolidated under the full consolidation method as referred in the accounting policy presented in note 1 b).

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

29. Property and equipment

This balance is analysed as follows:

	Mar 2016 Euros '000	Dec 2015 Euros '000
Land and buildings	1,012,829	1,058,719
Equipment		
Furniture	86,876	88,230
Machinery	53,645	55,715
Computer equipment	294,650	298,890
Interior installations	143,904	147,051
Motor vehicles	26,315	27,238
Security equipment	76,626	80,307
Other equipment	30,954	31,157
Work in progress	20,431	16,661
Other tangible assets	3,896	4,711
	1,750,126	1,808,679
Accumulated depreciation		
Charge for the period	(10,081)	(41,773)
Accumulated charge for the previous periods	(1,113,164)	(1,096,035)
	(1,123,245)	(1,137,808)
	626,881	670,871

30. Goodwill and intangible assets

This balance is analysed as follows:

	Mar 2016 Euros '000	Dec 2015 Euros '000
Intangible assets		
Software	107,499	120,432
Other intangible assets	52,570	52,496
	160,069	172,928
Accumulated depreciation		
Charge for the period	(2,734)	(12,305)
Accumulated charge for the previous periods	(125,139)	(125,401)
	(127,873)	(137,706)
	32,196	35,222
Goodwill		
Bank Millennium, S.A. (Poland)	125,447	125,447
Real estate and mortgage credit	40,859	40,859
Unicre - Instituição Financeira de Crédito, S.A.	7,436	7,436
Others	18,611	18,659
	192,353	192,401
Impairment		
Others	(16,707)	(16,707)
	175,646	175,694
	207,842	210,916

31. Income Tax

Deferred income tax assets and liabilities, as at 31 March 2016 and 31 December 2015, are analysed as follows:

	Mar 2016			Dec 2015		
	Assets Euros '000	Liabilities Euros '000	Net Euros '000	Assets Euros '000	Liabilities Euros '000	Net Euros '000
Deferred taxes not depending on the future profits						
Impairment losses	507,339	-	507,339	940,454	-	940,454
Employee benefits	763,855	-	763,855	767,077	-	767,077
	1,271,194	-	1,271,194	1,707,531	-	1,707,531
Deferred taxes depending on the future profits						
Intangible assets	43	-	43	43	-	43
Other tangible assets	7,221	3,809	3,412	7,370	3,825	3,545
Impairment losses	864,832	14,762	850,070	930,319	521,777	408,542
Employee benefits	3,309	-	3,309	2,637	-	2,637
Financial assets available for sale	32,852	42,320	(9,468)	27,498	33,694	(6,196)
Derivatives	-	7,447	(7,447)	-	7,663	(7,663)
Tax losses carried forward	317,720	-	317,720	318,494	-	318,494
Others	170,782	44,208	126,574	168,731	48,968	119,763
	1,396,759	112,546	1,284,213	1,455,092	615,927	839,165
Total deferred taxes	2,667,953	112,546	2,555,407	3,162,623	615,927	2,546,696
Offset between deferred tax assets and deferred tax liabilities	(96,507)	(96,507)	-	(601,117)	(601,117)	-
Net deferred taxes	2,571,446	16,039	2,555,407	2,561,506	14,810	2,546,696

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

Expire date	Euros '000	Euros '000
2016	1,655	2,072
2017	29,739	30,019
2018	113,035	113,145
2019	186	186
2020	75	67
2021	24	-
2022 and following years	173,006	173,005
	317,720	318,494

In accordance with the accounting policy and with the requirements of IAS 12, the deferred tax assets were recognized based on the Group's expectation of their recoverability. The assessment of the recoverability of deferred tax assets was performed for each entity included in the consolidation perimeter based on the respective business plans approved by the Board of Directors for the period 2016-2018.

The amount of unrecognized deferred taxes is as follows:

	Mar 2016 Euros '000	Dec 2015 Euros '000
Tax losses carried forward	444,436	443,985

The impact of income taxes in Net (loss) / income and in other captions of Group's equity, as at 31 March 2016, is analysed as follows:

	Mar 2016			
	Net income / (loss) Euros '000	Reserves and retained earnings Euros '000	Exchange differences Euros '000	Discontinued operations and other variations Euros '000
Deferred taxes				
Deferred taxes not depending on the future profits				
Impairment losses	(14,629)	(418,486)	-	-
Employee benefits	(3,262)	40	-	-
	(17,891)	(418,446)	-	-
Deferred taxes depending on the future profits				
Other tangible assets	(125)	-	(8)	-
Impairment losses	4,157	439,531	(2,160)	-
Employee benefits	675	(4)	1	-
Financial assets available for sale	-	4,115	(7,387)	-
Derivatives	1,206	-	(990)	-
Tax losses carried forward	20,205	(20,911)	(68)	-
Others	1,329	(2,769)	8,251	-
	27,447	419,962	(2,361)	-
	9,556	1,516	(2,361)	-
Current taxes	(24,554)	(61)	-	-
	(14,998)	1,455	(2,361)	-

The impact of income taxes in Net (loss) / income and in other captions of Group's equity, as at 31 December 2015, is analysed as follows:

	Dec 2015			
	Net income / (loss) Euros '000	**Reserves and retained earnings** Euros '000	**Exchange differences** Euros '000	**Discontinued operations and other variations** Euros '000
Deferred taxes				
Deferred taxes not depending on the future profits				
Impairment losses	52,552	-	-	-
Employee benefits	15,547	65,951	-	-
	68,099	65,951	-	-
Deferred taxes depending on the future profits				
Other tangible assets	90	-	8	-
Impairment losses	99,125	-	1,039	-
Employee benefits	(284)	(18)	(816)	(445)
Financial assets available for sale	-	25,670	-	-
Derivatives	(6,079)	-	113	-
Tax losses carried forward	(137,289)	20,050	966	-
Others	19,687	-	(1,047)	-
	(24,750)	45,702	263	(445)
	43,349	111,653	263	(445)
Current taxes	(99,746)	261	-	-
	(56,397)	111,914	263	(445)

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

	Mar 2016 Euros '000	**Mar 2015** Euros '000
Net income / (loss) before income taxes	69,057	116,706
Current tax rate	29.5%	29.5%
Expected tax	(20,372)	(34,428)
Accruals for the purpose of calculating the taxable income	(9,652)	(25,840)
Deductions for the purpose of calculating the taxable income	14,402	12,414
Fiscal incentives not recognised in profit/loss accounts	1,032	15
Effect of the difference of rate tax and of deferred tax not recognised previously	(37)	15,883
Correction of previous periods	87	(148)
(Autonomous tax) / tax credits	(458)	(712)
	(14,998)	(32,816)
Effective rate	21.7%	28.1%

32. Other assets

This balance is analysed as follows:

	Mar 2016 Euros '000	Dec 2015 Euros '000
Debtors	184,502	147,793
Supplementary capital contributions	210,375	208,951
Amounts due for collection	21,074	34,302
Recoverable tax	25,034	25,239
Recoverable government subsidies on interest on mortgage loans	10,357	9,117
Associated companies	369	1,535
Interest and other amounts receivable	54,407	52,708
Prepayments and deferred costs	41,359	38,870
Amounts receivable on trading activity	70,479	177,439
Amounts due from customers	202,044	223,907
Reinsurance technical provision	3,387	3,423
Sundry assets	301,689	291,887
	1,125,076	1,215,171
Impairment for other assets	(243,409)	(240,943)
	881,667	974,228

33. Deposits from credit institutions

This balance is analysed as follows:

	Mar 2016 Euros '000	Dec 2015 Euros '000
Central Banks	6,356,642	5,863,401
Credit institutions in Portugal	333,681	155,548
Credit institutions abroad	4,123,585	2,572,096
	10,813,908	8,591,045

34. Deposits from customers

This balance is analysed as follows:

	Mar 2016 Euros '000	Dec 2015 Euros '000
Deposits from customers:		
Repayable on demand	19,832,098	20,543,468
Term deposits	24,315,861	24,604,427
Saving accounts	2,577,412	2,372,829
Structured deposits	3,794,380	3,593,761
Treasury bills and other assets sold under repurchase agreement	89,985	89,966
Others	404,686	334,132
	51,014,422	51,538,583

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.

35. Debt securities issued

This balance is analysed as follows:

	Mar 2016 Euros '000	Dec 2015 Euros '000
Debt securities at amortized cost		
Bonds	1,535,230	1,691,299
Covered bonds	1,326,421	1,331,190
MTNs	418,524	546,739
Securitizations	415,330	439,013
	3,695,505	4,008,241
Accruals	47,213	44,430
	3,742,718	4,052,671
Debt securities at fair value through profit and loss		
Bonds	40,106	43,607
MTNs	160,255	160,150
	200,361	203,757
Accruals	5,182	3,996
	205,543	207,753
Certificates	514,916	507,845
	4,463,177	4,768,269

36. Financial liabilities held for trading

The balance is analysed as follows:

	Mar 2016 Euros '000	Dec 2015 Euros '000
Short selling securities	49,743	-
FRA	-	8
Swaps	711,433	638,813
Options	72,270	69,090
Embedded derivatives	6,970	9,335
Forwards	7,221	5,982
	847,637	723,228

37. Provisions

This balance is analysed as follows:

	Mar 2016 Euros '000	Dec 2015 Euros '000
Provision for guarantees and other commitments	64,389	74,710
Technical provision for the insurance activity		
For direct insurance and reinsurance accepted		
Unearned premium / reserve	15,163	14,695
Life insurance	41,647	46,553
Bonuses and rebates	3,141	3,039
Other technical provisions	7,756	8,905
Provision for pension costs	19	-
Other provisions for liabilities and charges	141,073	136,908
	273,188	284,810

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

	Mar 2016 Euros '000	Mar 2015 Euros '000
Balance on 1 January	74,710	250,158
Transfers resulting from changes in the Group's structure	(146)	(13)
Other transfers	-	(163,741)
Charge for the period	1,668	6,326
Write-back for the period	(11,046)	(2,416)
Exchange rate differences	(797)	1,185
Balance on 31 March	64,389	91,499

The balance Other transfers corresponds, mainly to transfer for credit risks impairment.

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

	Mar 2016 Euros '000	Mar 2015 Euros '000
Balance on 1 January	136,908	127,403
Transfers resulting from changes in the Group's structure	260	-
Other transfers	2,658	-
Charge for the period	3,048	6,030
Amounts charged-off	(1,007)	-
Exchange rate differences	(794)	(395)
Balance on 31 March	141,073	133,038

These provisions were based on the probability of occurrence of certain contingencies related to risks inherent to the Group's activity, being reviewed at each reporting date to reflect the best estimate of the amount and respective probability of payment.

38. Subordinated debt

This balance is analysed as follows:

	Mar 2016 Euros '000	Dec 2015 Euros '000
Bonds		
Non Perpetual Bonds	854,863	849,026
Perpetual Bonds	28,741	28,760
CoCos	758,805	759,813
	1,642,409	1,637,599
Accruals	28,971	7,772
	1,671,380	1,645,371

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 at 31 March 2016, the characteristics of subordinated debt issued are analysed as follows:

Issue	Issue date	Maturity date	Interest rate	Nominal value Euros '000	Book value Euros '000
Non Perpetual Bonds					
Banco Comercial Português:					
Mbcp Ob Cx Sub 1 Serie 2008-2018	September, 2008	September, 2018	See reference (i)	52,587	52,587
Mbcp Ob Cx Sub 2 Serie 2008-2018	October, 2008	October, 2018	See reference (i)	14,888	14,888
Bcp Ob Sub Jun 2020 - Emtn 727	June, 2010	June, 2020	See reference (ii)	14,791	14,791
Bcp Ob Sub Aug 2020 - Emtn 739	August, 2010	August, 2020	See reference (iii)	9,278	9,278
Bcp Ob Sub Mar 2021 - Emtn 804	March, 2011	March, 2021	Euribor 3M + 3.75%	114,000	114,000
Bcp Ob Sub Apr 2021 - Emtn 809	April, 2011	April, 2021	Euribor 3M + 3.75%	64,100	64,100
Bcp Ob Sub 3S Apr 2021 - Emtn 812	April, 2011	April, 2021	Euribor 3M + 3.75%	35,000	35,000
Bcp Sub 11/25.08.2019 - Emtn 823	August, 2011	August, 2019	Fixed rate 6.383%	7,500	8,138
Bcp Subord Sep 2019 - Emtn 826	October, 2011	September, 2019	Fixed rate 9.31%	50,000	52,861
Bcp Subord Nov 2019 - Emtn 830	November, 2011	November, 2019	Fixed rate 8.519%	40,000	41,526
Bcp Subord Dec 2019 - Emtn 833	December, 2011	December, 2019	Fixed rate 7.15%	26,600	27,081
Mill Bcp Subord Jan 2020 - Emtn 834	January, 2012	January, 2020	Fixed rate 7.01%	14,000	13,803
Mbcp Subord Feb 2020 - Vm Sr. 173	April, 2012	February, 2020	Fixed rate 9%	23,000	23,044
Bcp Subord Apr 2020 - Vm Sr 187	April, 2012	April, 2020	Fixed rate 9.15%	51,000	51,144
Bcp Subord 2 Serie Apr 2020 - Vm 194	April, 2012	April, 2020	Fixed rate 9%	25,000	24,965
Bcp Subordinadas Jul 20-Emtn 844	July, 2012	July, 2020	Fixed rate 9%	26,250	25,606
Bank Millennium:					
MB Finance AB	December, 2007	December, 2017	Euribor 6M + 2%	150,380	150,380
BCP Finance Bank:					
BCP Fin Bank Ltd EMTN - 295	December, 2006	December, 2016	See reference (iv)	71,209	71,203
BCP Fin Bank Ltd EMTN - 828	October, 2011	October, 2021	Fixed rate 13%	82,920	60,424
Magellan No. 3:					
Magellan No. 3 Series 3 Class F	June, 2005	May, 2058	-	44	44
					854,863
Perpetual Bonds					
Obrigações Caixa Perpétuas Subord 2002/19jun2012	June, 2002	-	See reference (v)	93	70
TOPS BPSM 1997	December, 1997	-	Euribor 6M + 0,9%	23,004	23,206
BCP Leasing 2001	December, 2001	-	Euribor 3M + 2,25%	5,465	5,465
					28,741
CoCos					
Bcp Coco Bonds 12/29.06.2017	June, 2012	June, 2017	See reference (vi)	750,000	758,805
Accruals					28,971
					1,671,380

References:

(i) - 1st year 6%; 2nd to 5th year Euribor 6M + 1%; 6th year and following Euribor 6M + 1.4%;
(ii) - Until the 5th year Fixed rate 3.25%; 6th year and following years Euribor 6M + 1%;
(iii) - 1st year: 3%; 2nd year 3.25%; 3rd year 3.5%; 4th year 4%; 5th year 5%; 6th year and following Euribor 6M + 1.25%;
(iv) - Euribor 3M + 0.3% (0.8% after December 2011);
(v) - Until 40th coupon 6.131%; After 40th coupon Euribor 3M + 2.4%;
(vi) - 1st year: 8.5%; 2nd year 8.75%; 3rd year 9%; 4th year 9.5%; 5th year 10%.

39. Other liabilities

This balance is analysed as follows:

	Mar 2016 Euros '000	Dec 2015 Euros '000
Creditors:		
Suppliers	36,232	34,562
From factoring operations	9,483	12,117
Associated companies	2	120
Other creditors	217,285	254,531
Public sector	39,719	44,534
Interests and other amounts payable	101,501	108,518
Deferred income	9,767	10,431
Holiday pay and subsidies	45,245	57,899
Other administrative costs payable	2,020	2,996
Amounts payable on trading activity	108,214	131,793
Other liabilities	482,924	417,174
	1,052,392	1,074,675

40. Share capital, preference shares and other equity instruments

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

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

The issue price or value of the Public Exchange Offer was calculated using the volume weighted average quotation of BCP in the last five days applying a discount of 7%. The difference between the issue price (Euros 0.0834 per share), and the issue value (Euros 0.08 per share), resulted in a share premium of Euros 16,470,667.11.

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

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

In October 2011 and July 2015, the majority of the preference shares were exchanged for new debt instruments. As at 31 March 2016, the balance preference shares amounts to Euros 59,910,000.

The balance other equity instruments includes three issues of perpetual subordinated debt securities analysed as follows:

- In June 2009, the Bank issued Euros 300,000,000 of perpetual subordinated debt securities with conditional coupons presenting a nominal value of Euros 1,000, which were considered as capital instruments.
- In August 2009, the Bank issued Euros 600,000,000 of perpetual subordinated debt securities with conditional coupons presenting a nominal value of Euros 1,000, which were considered as capital instruments.
- In December 2009, the Bank issued Euros 100,000,000 of perpetual subordinated debt securities with conditional coupons presenting a nominal value of Euros 1,000, which were considered as capital instruments.

These issues were exchanged within the scope of the public change offerings of perpetual subordinated securities for ordinary shares, performed in 2011 and 2015. As at 31 March 2016, the balance amounts to Euros 2,922,000.

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

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:

	Mar 2016 Euros '000	Dec 2015 Euros '000
Fair value reserves		
Financial assets available for sale		
Potential gains and losses recognised in fair value reserves	(63,870)	43,222
Loans represented by securities (*)	-	(15)
Financial assets held to maturity (*)	(478)	(381)
Of associated companies and others	9,550	10,559
Cash-flow hedge	72,485	(24,550)
	17,687	28,835
Tax		
Financial assets available for sale		
Potential gains and losses recognised in fair value reserves	21,106	(10,167)
Loans represented by securities	-	4
Financial assets held to maturity	139	110
Cash-flow hedge	(23,391)	4,468
	(2,146)	(5,585)
Fair value reserve net of taxes	15,541	23,250
Others	(2,547,704)	(2,483,578)
	(2,532,163)	(2,460,328)
Other reserves and retained earnings:		
Legal reserve	193,270	193,270
Statutory reserve	30,000	30,000
Other reserves and retained earnings	2,861,453	2,626,089
Other reserves arising on consolidation	(173,043)	(173,557)
	2,911,680	2,675,802

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

43. Treasury stock

This balance is analysed as follows:

	Banco Comercial Português, S.A. shares		Other treasury stock	Total
Mar 2016				
Net book value (Euros '000)	867		-	867
Number of securities	24,280,365	(*)		
Average book value (Euros)	0.04			
Dec 2015				
Net book value (Euros '000)	1,187		-	1,187
Number of securities	24,280,365	(*)		
Average book value (Euros)	0.05			

Treasury stock refers to own securities held by the companies included in the consolidation perimeter. These securities are held within the limits established by the bank's by-laws and by "Código das Sociedades Comerciais".

(*) As at 31 March 2016, 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, this balance includes 24,280,365 shares (31 December 2015: 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.

44. Non-controlling interests

This balance is analysed as follows:

	Mar 2016 Euros '000	Dec 2015 Euros '000
Actuarial losses (net of taxes)	(728)	(728)
Exchange differences arising on consolidation	(159,855)	(111,771)
Fair value reserves	15,371	5,059
Deferred taxes	(3,180)	(1,189)
	(148,392)	(108,629)
Other reserves and retained earnings	1,201,799	1,166,031
	1,053,407	1,057,402

The balance Non-controlling interests is analysed as follows:

	Balance Sheet		Income Statement	
	Mar 2016 Euros '000	Dec 2015 Euros '000	Mar 2016 Euros '000	Mar 2015 Euros '000
From continuing operations				
Bank Millennium, S.A.	779,359	754,037	15,626	13,449
BIM - Banco Internacional de Moçambique, SA	125,832	136,428	6,697	8,939
Other subsidiaries	(1,032)	(623)	(410)	(171)
	904,159	889,842	21,913	22,217
From discontinued operations				
Banco Millennium Angola, S.A.	149,248	167,560	14,473	7,933
	1,053,407	1,057,402	36,386	30,150

45. Guarantees and other commitments

This balance is analysed as follows:

	Mar 2016 Euros '000	Dec 2015 Euros '000
Guarantees granted	4,996,848	5,237,115
Guarantees received	29,912,505	31,396,270
Commitments to third parties	6,815,060	7,064,498
Commitments from third parties	11,561,117	11,778,091
Securities and other items held for safekeeping on behalf of customers	130,286,138	130,088,758
Securities and other items held under custody by the Securities Depository Authority	135,618,343	135,146,255
Other off balance sheet accounts	134,772,241	137,284,775

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

	Mar 2016 Euros '000	Dec 2015 Euros '000
Guarantees granted		
Guarantees	3,984,087	4,185,448
Stand-by letter of credit	63,527	84,586
Open documentary credits	517,675	532,323
Bails and indemnities	431,559	434,758
	4,996,848	5,237,115
Commitments to third parties		
Irrevocable commitments		
Term deposits contracts	33,317	929
Irrevocable credit lines	2,045,923	2,077,530
Other irrevocable commitments	279,659	280,288
Revocable commitments		
Revocable credit lines	3,717,630	3,874,928
Bank overdraft facilities	539,651	592,400
Other revocable commitments	198,880	238,423
	6,815,060	7,064,498

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 2016

Resolutions of the Annual General Meeting

Banco Comercial Português, S.A. concluded, on 21 April 2016, the Annual General Meeting of Shareholders, with 44.76% of the share capital represented and the following resolutions:

Item One – Approval of the individual and consolidated annual reports, balance sheet and financial statements for 2015;

Item Two – Approval of the proposal for the application of year-end results;

Item Three – 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;

Item Four – Approval of the statement on the remuneration policy of the Members of the Management and Supervision Bodies;

Item Five – Election of the External Auditor for the triennial 2016/2018;

Item Six – Election of the Single Auditor and his/her alternate for the triennial 2016/2018;

Item Seven – Approval of the acquisition and sale of own shares or bonds;

Item Eight – Approval of the: (i) the renewal of the authorisation granted by paragraph 1 of Article 5 of the Bank's Articles Association; (ii) suppression of the preference rights of shareholders in one or more share capital increases the Board of Directors may decide to carry out;

Item Nine – Approval on the alteration of the articles of association by adding a new nr. 5 to Article 4;

Item Ten – Approval of the regrouping, without decreasing the share capital, of the shares representing the share capital of the Bank. It was approved with a regrouping quotient of 1:75, corresponding to every 75 (seventy-five) shares prior to the regrouping 1 (one) share after the regrouping.

Assessment process scenarios for ActivoBank

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

In March 2016, BCP has decided to select Cabot Square Capital LLP, a financial services specialist private equity firm, to a phase of negotiations on an exclusive basis, however no final decision has yet been made regarding the sale of ActivoBank.

Merger of Banco Millennium Angola, S.A. with Banco Privado Atlântico, S.A.

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

BCP signed, on 8 October 2015, a memorandum of understanding with the main shareholder of Banco Privado Atlântico, S.A. (Global Pactum – Gestão de Ativos, S.A.), to merge Banco Millennium Angola, S.A. with Banco Privado Atlântico, S.A., resulting in the second-largest private sector bank in terms of loans to the economy, with a market share of approximately 10% by business volume.

According to the terms of the process, BCP will have significant influence over the new entity, and as a result, will be accounted for by the equity method.

On 25 April 2016, the public deed for the merger of Banco Millennium Angola, S.A. with Banco Privado Atlântico, S.A. was executed.

Conversion of loans in Swiss Francs - Bank Millennium S.A. (Poland)

On 15 January 2016 a presidential proposal of legislation aimed at supporting FX mortgage borrowers was put forward, however without a preliminary assessment of the impact for the banking sector. That assessment was requested to the Polish Financial Supervision Authority which published its results on 15 March. The conclusions presented by the polish financial regulator point to very high potential losses to the banking system which, directly and in the most likely scenario, could reach a minimum amount of PLN 66.9 billion (Euros 15.7 billion) and, in more adverse scenarios, PLN 103.4 billion (Euros 24.3 billion), to which much higher costs to the public accounts and clients would be added. In this context, it is expected that new proposals will be considered. The implementation of solutions that will privilege the fx mortgage borrowers may, depending on their details and scope, significantly deteriorate the profitability and capital position of the Bank.

Previously, according to the Financial Stability Report published by the National Bank of Poland on 10 February 2016, the overall direct costs for the polish banking sector had been estimated that may reach PLN 44 billion (Euros 10.3 billion) and, in case of compulsory restructuring, a further impact of PLN 21 billion (Euros 4.9 billion) has been estimated. In these estimations are not included neither the costs of closing the currency position nor operational costs.

Banking Tax in Poland

In February 2016 was introduced a new special banking tax over the banking sector in Poland, corresponding to an 0,44% annual rate on the balance of total assets less own funds, polish Treasury bonds and PLN 4 billion (Euros 900 million) tax-exempt amount. Accordingly to the Bank Millennium Poland understanding of methodology to be applied for the tax calculation, the preliminary estimation based on balance sheet positions and own funds as at 31 December 2015, for all monthly calculations, would amount to PLN 186 million (Euros 43.6 million) of charge for entire 2016 year. This tax will be implemented on top of other taxes, which the Bank, as each bank in Poland, is regularly paying.

The amount of banking tax which that will effectively be paid in 2016, may eventually differ from the above estimates, mainly due to variable tax basis which will be used for monthly tax calculation.

Process of offers to tender notes for purchase

Banco Comercial Português, S.A. (BCP) has launched in February 2016 an invitation of offers to tender notes for purchase to holders of the issues listed below. The invitation is limited to a maximum aggregate purchase amount of Euros 300 million. The purpose of the invitation is to proactively manage the Bank's outstanding liabilities and capital base.

Issuer	Issue	Outstanding Principal Amount (Euros)
Banco Comercial Português, S.A	Euros 500.000.000 - 3.375 per cent. Fixed Rate Notes due 27 February 2017 (“Senior Notes”)	500,000,000
Magellan Mortgages No. 2 plc	Euros 930.000.000 Class A (Senior) Mortgage Backed Floating Rate Notes due 2036	87,870,120
Magellan Mortgages No. 3 plc	Euros 1.413.750.000 Class A (Senior) Mortgage Backed Floating Rate Notes due 2058	396,961,207.50

The process of solicitations of offers ended on 23 February 2016. There were validly tendered for purchase Euros 378,509,996.96 in amortised principal amount outstanding of Notes (Euros 103,100,000 in respect of Senior Notes and Euros 275,409,996.96 in respect of Mortgage Backed Notes issued by Magellan Mortgages No. 2 plc e Magellan Mortgages No. 3 plc). The Bank has decided to accept for purchase Euros 85,326,455.52 (amortised principal amount outstanding) of the validly tendered notes. The following table sets out the amounts accepted for each issue and the Bank has determined that the purchase price for the Senior Notes will be 99.0 per cent of its principal amount:

Issuer	Issue	Accepted Outstanding Principal Amount (Euros)
Banco Comercial Português, S.A	Euros 500.000.000 - 3.375 per cent. Fixed Rate Notes due 27 February 2017 (“Senior Notes”)	85,300,000
Magellan Mortgages No. 2 plc	Euros 930.000.000 Class A (Senior) Mortgage Backed Floating Rate Notes due 2036	26,455.52
Magellan Mortgages No. 3 plc	Euros 1.413.750.000 Class A (Senior) Mortgage Backed Floating Rate Notes due 2058	0

The settlement date was on 26 February 2016.

47. Segmental reporting

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

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

Segments description

The Retail Banking activity includes the Retail activity of the Group in Portugal, operating as a distribution channel for products and services from subsidiaries of the Group, and the Foreign business segment, operating through subsidiaries in markets with affinity to Portugal and in countries with higher growth potential.

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

The Companies Banking includes: (i) Corporate and Large Corporates networks in Portugal, targeting corporate and institutional customers with an annual turnover in excess of Euros 50 million, providing a complete range of value-added products and services; (ii) the Companies network that covers the financial needs of companies with an annual turnover between Euros 2.5 million and Euros 50 million, and focuses on innovation, offering a wide range of traditional banking products complemented by specialised financing, (iii) Specialised Monitoring Division, (iv) the Investment Banking unit, (v) the activity of the Bank's International Division; (vi) Specialised Recovery Division, (vii) the activity of the Real Estate Business Division and (viii) Interfundos.

The Private Banking segment, for purposes of the business segments, comprises (i) the Private Banking network in Portugal and also (ii) Banque Privée BCP in Switzerland and (iii) Millennium bcp Bank & Trust in Cayman Islands. For purposes of the geographical segments excludes Banque Privée BCP and Millennium bcp Bank & Trust that are considered Foreign Business.

The Foreign Business segment, for the purpose of business segments, comprises Bank Millennium in Poland, Millennium bim in Mozambique and Banco Millennium Angola was considered as a discontinued opertaion in march 2016. The Foreign Business segment, in terms of geographical segments, comprises the Group operations outside Portugal referred to above, and also Banque Privée BCP in Switzerland and Millennium bcp Bank & Trust in the Cayman Islands.

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

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

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

PNNC includes the business with clients for which credit has been granted for securities-backed lending, loans collateralised with other assets (for those which the debt ratio over asset value is not less than 90%), subsidised mortgage loans, construction subcontractors focused almost exclusively on the Portuguese market, football clubs and Real Estate development.

The separate disclosure for those types of loans resulted, exclusively, from the need to identify and monitoring the segments described in the previous paragraph, in the scope of the authorisation process abovementioned. Thus, the PNNC portfolio has not been aggregated based on risk classes or any other performance criteria.

It should be noted that, in 31 March 2016, 71% of this portfolio benefited from asset backed loans, including 67% with real estate collateral and 4% with other assets guarantee.

All other businesses not previously discriminated are allocated to the segment Others and include the centralized management of financial investments, corporate activities and operations not integrated in the remaining business segments and other values not allocated to segments.

Business segments activity

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

Considering that the capital allocation process complies with regulatory solvency criteria currently in place, the weighted risk, as well as the capital allocated to segments, are based on Basel III methodology, in accordance with the CRD IV/CRR, with reference to March 2015 and March 2016. The capital allocation for each segment on those dates, resulted from the application of 10% to the risks managed by each segment, reflecting the application of Basel III methodologies. Each operation is balanced through internal transfers of funds, with no impact on consolidated accounts.

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

The following information is based on financial statements prepared according to IFRS and on the organisational model in place for the Group, as at 31 March 2016.

The Group operates with special emphasis in the Portuguese market, and also in a few affinity markets of recognised growth potential. Considering this, the segmental report is structured in Portugal, Poland, Mozambique, Angola (considered discontinued operation) 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. 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 was presented on a separate line item in the profit and loss account, defined as "income arising from discontinued operations" with no change at balance sheet level from the criteria as that of the financial statements as at 31 March 2015. 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.

Similarly, with regard to Banco Millennium in Angola, following the agreement with the largest shareholder of Banco Privado Atlântico to merge the two entities, the approval of the respective merger plan and the granting of the necessary authorizations to complete this operation, Banco Millennium in Angola was also considered as a discontinued operation in March 2016 and its financial statements presented in accordance with the criteria referred to in relation to Millennium bcp Gestão de Activos, including the financial statements of the same period of 2015.

As at 31 March 2016, the net contribution of the major operational segments is analysed as follows:

	Commercial Banking			Companies Corporate and Investment Banking	Private	Portfolio non core		
	Retail in Portugal	Foreign Business (1)	Total	in Portugal	Banking	business	Other	Consolidated
Income statement								
Interest income	136,569	182,316	318,885	96,340	11,420	42,072	17,952	486,669
Interest expense	(41,822)	(68,239)	(110,061)	(26,191)	(6,240)	(36,275)	(15,543)	(194,310)
Net interest income	94,747	114,077	208,824	70,149	5,180	5,797	2,409	292,359
Commissions and other income	97,555	58,177	155,732	41,139	14,191	2,571	289	213,922
Commissions and other costs	(3,109)	(28,931)	(32,040)	(1,533)	(1,608)	(8)	(20,109)	(55,298)
Net commissions and other income	94,446	29,246	123,692	39,606	12,583	2,563	(19,820)	158,624
Net gains arising from trading activity	(64)	23,259	23,195	-	371	23,893	(19,127)	28,332
Share of profit of associates under the equity method	-	-	-	-	-	-	13,874	13,874
Gains / (losses) arising from the sale of subsidiaries and other assets	-	435	435	-	-	-	(5,481)	(5,046)
Net operating revenue	189,129	167,017	356,146	109,755	18,134	32,253	(28,145)	488,143
Staff costs and administrative costs	120,442	76,435	196,877	23,270	9,888	4,828	(4,602)	230,261
Depreciations	511	5,702	6,213	117	53	5	6,427	12,815
Operating costs	120,953	82,137	203,090	23,387	9,941	4,833	1,825	243,076
Other financial assets impairment	(33,386)	(18,664)	(52,050)	(51,301)	(729)	(32,328)	(40,490)	(176,898)
Other assets impairment	-	589	589	32	-	372	(105)	888
Net (loss) / income before income tax	34,790	66,805	101,595	35,099	7,464	(4,536)	(70,565)	69,057
Income tax	(10,266)	(19,353)	(29,619)	(10,289)	(2,319)	1,338	25,891	(14,998)
(Loss) / income after income tax from continuing operations	24,524	47,452	71,976	24,810	5,145	(3,198)	(44,674)	54,059
(Loss) / income arising from discontinued operations (2)	-	29,005	29,005	-	-	-	-	29,005
Net (loss) / income after income tax	24,524	76,457	100,981	24,810	5,145	(3,198)	(44,674)	83,064
Non-controlling interests	-	(35,132)	(35,132)	-	-	-	(1,254)	(36,386)
Net (loss) / income after income tax	24,524	41,325	65,849	24,810	5,145	(3,198)	(45,928)	46,678
Balance sheet								
Cash and Loans and advances to credit institutions	9,433,857	1,579,713	11,013,570	1,364,472	2,761,863	4,372	(10,893,579)	4,250,698
Loans and advances to customers	17,166,401	12,770,073	29,936,474	11,114,080	417,818	9,297,198	417,428	51,182,998
Financial assets (3)	20,320	4,344,706	4,365,026	-	8,297	598,368	9,250,912	14,222,603
Other assets	163,648	542,175	705,823	47,366	18,437	568,764	5,298,574	6,638,964
Total Assets	26,784,226	19,236,667	46,020,893	12,525,918	3,206,415	10,468,702	4,073,335	76,295,263
Deposits from other credit institutions	1,422,480	1,600,953	3,023,433	4,048,162	314,838	9,738,260	(6,310,785)	10,813,908
Deposits from customers	24,173,173	15,142,369	39,315,542	7,651,470	2,709,869	288,429	1,049,112	51,014,422
Debt securities issued	622,630	300,425	923,055	2,657	66,037	611	3,470,817	4,463,177
Other financial liabilities	-	502,184	502,184	-	8,805	-	2,478,538	2,989,527
Other liabilities	32,481	506,746	539,227	38,129	6,916	3,936	773,748	1,361,956
Total Liabilities	26,250,764	18,052,677	44,303,441	11,740,418	3,106,465	10,031,236	1,461,430	70,642,990
Equity and non-controlling interests	533,462	1,183,990	1,717,452	785,500	99,950	437,466	2,611,905	5,652,273
Total Liabilities, Equity and non-controlling interests	26,784,226	19,236,667	46,020,893	12,525,918	3,206,415	10,468,702	4,073,335	76,295,263
Number of employees	4,952	9,591	14,543	584	266	155	1,561	17,109

(1) Includes the activity of the subsidiary in Angola, considered as discontinued operation;
(2) The amount considered for Angola in discontinued operations corresponds to the book value. The impact of capital allocation in segments base, is reflected in net interest income item;
(3) Includes financial assets held for trading, other financial assets held for trading at fair value through profit or loss, financial assets held to maturity, financial assets available for sale and hedging derivatives.

Note: As at 31 March 2016, the goodwill disclosed in the financial statements is reflected in Mozambique Euros 2 millions and Euros 174 millions in Other Portugal, as described in note 30.

As at 31 March 2015, the net contribution of the major operational segments is analysed as follows:

	Commercial Banking			Companies Corporate and Investment		Portfolio		
	Retail in Portugal	Foreign Business (1)	Total	Banking in Portugal	Private Banking	non core business	Other (2)	Consolidated
Income statement								
Interest income	139,056	199,678	338,734	115,784	13,693	57,519	41,734	567,464
Interest expense	(79,918)	(84,577)	(164,495)	(31,934)	(11,359)	(41,766)	(20,091)	(269,645)
Net interest income	59,138	115,101	174,239	83,850	2,334	15,753	21,643	297,819
Commissions and other income	80,900	68,606	149,506	41,802	15,755	3,204	1,949	212,216
Commissions and other costs	(3,227)	(21,457)	(24,684)	(2,354)	(1,993)	(9)	(31,174)	(60,214)
Net commissions and other income	77,673	47,149	124,822	39,448	13,762	3,195	(29,225)	152,002
Net gains arising from trading activity	42,998	26,078	69,076	-	1,446	-	120,760	191,282
Share of profit of associates under the equity method	-	(342)	(342)	-	-	-	6,400	6,058
Gains / (losses) arising from the sale of subsidiaries and other assets	-	245	245	-	-	-	(5,190)	(4,945)
Net operating revenue	179,809	188,231	368,040	123,298	17,542	18,948	114,388	642,216
Staff costs and administrative costs	122,835	84,016	206,851	23,861	10,339	6,082	(6,604)	240,529
Depreciations	460	6,034	6,494	107	53	6	7,137	13,797
Operating costs	123,295	90,050	213,345	23,968	10,392	6,088	533	254,326
Other financial assets impairment (3)	(17,371)	(21,666)	(39,037)	88,287	(754)	(293,708)	25,210	(220,002)
Other assets impairment	(48)	167	119	(66)	(28)	(1,316)	(49,891)	(51,182)
Net (loss) / income before income tax	39,095	76,682	115,777	187,551	6,368	(282,164)	89,174	116,706
Income tax	(9,720)	(14,704)	(24,424)	(55,253)	(1,331)	83,238	(35,046)	(32,816)
(Loss) / income after income tax from continuing operations	29,375	61,978	91,353	132,298	5,037	(198,926)	54,128	83,890
(Loss) / income arising from discontinued operations (4)	-	15,897	15,897	-	-	-	776	16,673
Net (loss) / income after income tax	29,375	77,875	107,250	132,298	5,037	(198,926)	54,904	100,563
Non-controlling interests	-	(34,186)	(34,186)	-	-	-	4,036	(30,150)
Net (loss) / income after income tax	29,375	43,689	73,064	132,298	5,037	(198,926)	58,940	70,413
Balance sheet								
Cash and Loans and advances to credit institutions	6,977,616	2,238,963	9,216,579	1,684,477	2,688,005	3,757	(8,779,326)	4,813,492
Loans and advances to customers	17,566,155	13,890,793	31,456,948	11,674,099	496,286	10,557,918	309,893	54,495,144
Financial assets (5)	252,763	3,687,963	3,940,726	-	11,697	580,822	8,134,156	12,667,401
Other assets	164,058	669,872	833,930	56,448	20,078	325,148	5,101,842	6,337,446
Total Assets	24,960,592	20,487,591	45,448,183	13,415,024	3,216,066	11,467,645	4,766,565	78,313,483
Deposits from other credit institutions	28,500	1,932,341	1,960,841	3,823,044	343,837	10,723,800	(5,785,543)	11,065,979
Deposits from customers	22,876,424	15,457,914	38,334,338	8,438,366	2,574,062	257,149	1,154,870	50,758,785
Debt securities issued	1,398,936	408,834	1,807,770	9,030	134,723	3,857	3,620,371	5,575,751
Other financial liabilities	-	829,103	829,103	-	14,930	-	2,974,325	3,818,358
Other liabilities	17,814	542,032	559,846	41,604	5,414	4,221	915,790	1,526,875
Total Liabilities	24,321,674	19,170,224	43,491,898	12,312,044	3,072,966	10,989,027	2,879,813	72,745,748
Equity and non-controlling interests	638,918	1,317,367	1,956,285	1,102,980	143,100	478,618	1,886,752	5,567,735
Total Liabilities, Equity and non-controlling interests	24,960,592	20,487,591	45,448,183	13,415,024	3,216,066	11,467,645	4,766,565	78,313,483
Number of employees	4,829	9,670	14,499	568	291	183	1,888	17,429

(1) Includes the activity of the subsidiary in Angola, considered as discontinued operation;
(2) Includes the activity of Millennium bcp Gestão de Activos;
(3) Includes the reallocation of impairment from the core portfolio (accounted in the Corporate segment) to the non-core portfolio in the amount of 175 million euros;
(4) The amount considered for Angola in discontinued operations corresponds to the book value. The impact of capital allocation in segments base, is reflected in net interest income item;
(5) Includes financial assets held for trading, other financial assets held for trading at fair value through profit or loss, financial assets held to maturity, financial assets available for sale and hedging derivatives.

Note: As at 31 March 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.

As at 31 March 2016, the net contribution of the major geographic segments is analysed as follows:

	Portugal									
	Retail Banking	Companies, Corporate and Investment Banking	Private Banking	Portfolio non core business	Other (*)	Total	Poland	Mozambique	Other [(1)]	Consolidated
Income statement										
Interest income	136,569	96,340	7,985	42,072	17,952	300,918	127,066	57,166	1,519	486,669
Interest expense	(41,822)	(26,191)	(3,778)	(36,275)	(15,543)	(123,609)	(50,605)	(19,369)	(727)	(194,310)
Net interest income	94,747	70,149	4,207	5,797	2,409	177,309	76,461	37,797	792	292,359
Commissions and other income	97,555	41,139	7,319	2,571	289	148,873	38,613	19,564	6,872	213,922
Commissions and other costs	(3,109)	(1,533)	(174)	(8)	(20,109)	(24,933)	(21,199)	(7,732)	(1,434)	(55,298)
Net commissions and other income	94,446	39,606	7,145	2,563	(19,820)	123,940	17,414	11,832	5,438	158,624
Net gains arising from trading activity	(64)	-	-	23,893	(19,127)	4,702	13,995	9,264	371	28,332
Share of profit of associates under the equity method	-	-	-	-	13,874	13,874	-	-	-	13,874
Gains / (losses) arising from the sale of subsidiaries and other assets	-	-	-	-	(5,481)	(5,481)	377	58	-	(5,046)
Net operating revenue	189,129	109,755	11,352	32,253	(28,145)	314,344	108,247	58,951	6,601	488,143
Staff costs and administrative costs	120,442	23,270	3,858	4,828	(4,602)	147,796	54,989	21,446	6,030	230,261
Depreciations	511	117	2	5	6,427	7,062	3,074	2,629	50	12,815
Operating costs	120,953	23,387	3,860	4,833	1,825	154,858	58,063	24,075	6,080	243,076
Other financial assets impairment	(33,386)	(51,301)	(690)	(32,328)	(40,490)	(158,195)	(10,109)	(8,555)	(39)	(176,898)
Other assets impairment	-	32	-	372	(105)	299	(238)	827	-	888
Net (loss) / income before income tax	34,790	35,099	6,802	(4,536)	(70,565)	1,590	39,837	27,148	482	69,057
Income tax	(10,266)	(10,289)	(2,007)	1,338	25,891	4,667	(11,511)	(7,896)	(258)	(14,998)
(Loss) / income after income tax from continuing operations	24,524	24,810	4,795	(3,198)	(44,674)	6,257	28,326	19,252	224	54,059
(Loss) / income arising from discontinued operations [(2)]	-	-	-	-	-	-	-	-	29,005	29,005
Net (loss) / income after income tax	24,524	24,810	4,795	(3,198)	(44,674)	6,257	28,326	19,252	29,229	83,064
Non-controlling interests	-	-	-	-	(1,254)	(1,254)	(14,134)	(6,587)	(14,411)	(36,386)
Net (loss) / income after income tax	24,524	24,810	4,795	(3,198)	(45,928)	5,003	14,192	12,665	14,818	46,678
Balance sheet										
Cash and Loans and advances to credit institutions	9,433,857	1,364,472	1,634,312	4,372	(10,893,579)	1,543,434	977,137	341,773	1,388,354	4,250,698
Loans and advances to customers	17,166,401	11,114,080	184,025	9,297,198	417,428	38,179,132	10,824,826	1,143,362	1,035,678	51,182,998
Financial assets [(3)]	20,320	-	-	598,368	9,250,912	9,869,600	3,292,485	409,622	650,896	14,222,603
Other assets	163,648	47,366	10,549	568,764	5,298,574	6,088,901	243,416	133,811	172,836	6,638,964
Total Assets	26,784,226	12,525,918	1,828,886	10,468,702	4,073,335	55,681,067	15,337,864	2,028,568	3,247,764	76,295,263
Deposits from other credit institutions	1,422,480	4,048,162	-	9,738,260	(6,310,785)	8,898,117	1,381,997	163,706	370,088	10,813,908
Deposits from customers	24,173,173	7,651,470	1,748,243	288,429	1,049,112	34,910,427	12,214,429	1,466,625	2,422,941	51,014,422
Debt securities issued	622,630	2,657	66,037	611	3,470,817	4,162,752	300,425	-	-	4,463,177
Other financial liabilities	-	-	-	-	2,478,538	2,478,538	501,545	-	9,444	2,989,527
Other liabilities	32,481	38,129	300	3,936	773,748	848,594	257,453	147,264	108,645	1,361,956
Total Liabilities	26,250,764	11,740,418	1,814,580	10,031,236	1,461,430	51,298,428	14,655,849	1,777,595	2,911,118	70,642,990
Equity and non-controlling interests	533,462	785,500	14,306	437,466	2,611,905	4,382,639	682,015	250,973	336,646	5,652,273
Total Liabilities, Equity and non-controlling interests	26,784,226	12,525,918	1,828,886	10,468,702	4,073,335	55,681,067	15,337,864	2,028,568	3,247,764	76,295,263
Number of employees	4,952	584	184	155	1,561	7,436	5,877	2,499	1,297	17,109

(1) Includes the activity of the subsidiary in Angola, considered as discontinued operation;
(2) The amount considered for Angola in discontinued operations corresponds to the book value. The impact of capital allocation in segments base, is reflected in net interest income item;
(3) Includes financial assets held for trading, other financial assets held for trading at fair value through profit or loss, financial assets held to maturity, financial assets available for sale and hedging derivatives.

Note: As at 31 March 2016, the goodwill disclosed in the financial statements is reflected in Mozambique Euros 2 millions and Euros 174 millions in Other Portugal, as described in note 30.

As at 31 March 2015, the net contribution of the major geographic segments is analysed as follows:

	Portugal									
	Retail Banking	Companies, Corporate and Investment Banking	Private Banking	Portfolio non core business	Other [1]	Total	Poland	Mozambique	Other [2]	Consolidated
Income statement										
Interest income	139,056	115,784	8,142	57,519	41,734	362,235	139,835	59,843	5,551	567,464
Interest expense	(79,918)	(31,934)	(7,828)	(41,766)	(20,091)	(181,537)	(62,762)	(21,286)	(4,060)	(269,645)
Net interest income	59,138	83,850	314	15,753	21,643	180,698	77,073	38,557	1,491	297,819
Commissions and other costs	80,900	41,802	8,215	3,204	1,949	136,070	43,832	24,774	7,540	212,216
Commissions and other costs	(3,227)	(2,354)	(468)	(9)	(31,174)	(37,232)	(12,103)	(9,355)	(1,524)	(60,214)
Net commissions and other income	77,673	39,448	7,747	3,195	(29,225)	98,838	31,729	15,419	6,016	152,002
Net gains arising from trading activity	42,998	-	-	-	120,760	163,758	14,728	11,349	1,447	191,282
Share of profit of associates under the equity method	-	-	-	-	6,400	6,400	(342)	-	-	6,058
Gains / (losses) arising from the sale of subsidiaries and other assets	-	-	-	-	(5,190)	(5,190)	137	108	-	(4,945)
Net operating revenue	179,809	123,298	8,061	18,948	114,388	444,504	123,325	65,433	8,954	642,216
Staff costs and administrative costs	122,835	23,861	4,286	6,082	(6,604)	150,460	58,657	25,359	6,053	240,529
Depreciations	460	107	1	6	7,137	7,711	2,858	3,176	52	13,797
Operating costs	123,295	23,968	4,287	6,088	533	158,171	61,515	28,535	6,105	254,326
Other financial assets impairment [3]	(17,371)	88,287	(727)	(293,708)	25,210	(198,309)	(16,521)	(5,145)	(27)	(220,002)
Other assets impairment	(48)	(66)	-	(1,316)	(49,891)	(51,321)	248	(81)	(28)	(51,182)
Net (loss) / income before income tax	39,095	187,551	3,047	(282,164)	89,174	36,703	45,537	31,672	2,794	116,706
Income tax	(9,720)	(55,253)	(900)	83,238	(35,046)	(17,681)	(8,874)	(5,988)	(273)	(32,816)
(Loss) / income after income tax from continuing operations	29,375	132,298	2,147	(198,926)	54,128	19,022	36,663	25,684	2,521	83,890
(Loss) / income arising from discontinued operations [4]	-	-	-	-	776	776	-	-	15,897	16,673
Net (loss) / income after income tax	29,375	132,298	2,147	(198,926)	54,904	19,798	36,663	25,684	18,418	100,563
Non-controlling interests	-	-	-	-	4,036	4,036	(18,295)	(8,552)	(7,339)	(30,150)
Net (loss) / income after income tax	29,375	132,298	2,147	(198,926)	58,940	23,834	18,368	17,132	11,079	70,413
Balance sheet										
Cash and Loans and advances to credit institutions	6,977,616	1,684,477	1,454,861	3,757	(8,779,326)	1,341,385	1,467,232	365,803	1,639,072	4,813,492
Loans and advances to customers	17,566,155	11,674,099	251,320	10,557,918	309,893	40,359,385	11,383,414	1,468,378	1,283,967	54,495,144
Financial assets [5]	252,763	-	50	580,822	8,134,156	8,967,791	2,597,362	572,004	530,244	12,667,401
Other assets	164,058	56,448	10,432	325,148	5,101,842	5,657,928	230,805	198,637	250,076	6,337,446
Total Assets	24,960,592	13,415,024	1,716,663	11,467,645	4,766,565	56,326,489	15,678,813	2,604,822	3,703,359	78,313,483
Deposits from other credit institutions	28,500	3,823,044	321	10,723,800	(5,785,543)	8,790,122	1,390,455	199,710	685,692	11,065,979
Deposits from customers	22,876,424	8,438,366	1,566,464	257,149	1,154,870	34,293,273	12,004,520	1,906,833	2,554,159	50,758,785
Debt securities issued	1,398,936	9,030	134,723	3,857	3,620,371	5,166,917	382,722	26,112	-	5,575,751
Other financial liabilities	-	-	-	-	2,974,325	2,974,325	829,103	-	14,930	3,818,358
Other liabilities	17,814	41,604	567	4,221	915,790	979,996	322,022	165,863	58,994	1,526,875
Total Liabilities	24,321,674	12,312,044	1,702,075	10,989,027	2,879,813	52,204,633	14,928,822	2,298,518	3,313,775	72,745,748
Equity and non-controlling interests	638,918	1,102,980	14,588	478,618	1,886,752	4,121,856	749,991	306,304	389,584	5,567,735
Total Liabilities, Equity and non-controlling interests	24,960,592	13,415,024	1,716,663	11,467,645	4,766,565	56,326,489	15,678,813	2,604,822	3,703,359	78,313,483
Number of employees	4,829	568	208	183	1,888	7,676	6,000	2,496	1,257	17,429

(1) Includes the activity of the subsidiary in Angola, considered as discontinued operation;
(2) Includes the activity of Millennium bcp Gestão de Activos;
(3) Includes the reallocation of impairment from the core portfolio (accounted in the Corporate segment) to the non-core portfolio in the amount of 175 million euros;
(4) The amount considered for Angola in discontinued operations corresponds to the book value. The impact of capital allocation in segments base, is reflected in net interest income item;
(5) Includes financial assets held for trading, other financial assets held for trading at fair value through profit or loss, financial assets held to maturity, financial assets available for sale and hedging derivatives.

Note: As at 31 March 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.

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

Description of the relevant items of reconciliation:

	Mar 2016 Euros '000	Mar 2015 Euros '000
Net contribution:		
Retail Banking in Portugal	24,524	29,375
Companies, Corporate and Investment Banking	24,810	132,298
Private Banking	4,795	2,147
Portfolio non core business	(3,198)	(198,926)
Foreign Business (continuing operations)	47,802	64,868
Non-controlling interests (1)	(36,386)	(30,150)
	62,347	(388)
Income / (Loss) from discontinued operations (2)	29,005	16,673
	91,352	16,285
Amounts not allocated to segments:		
Interests of hybrid instruments	(16,401)	(15,713)
Net interest income of the bond portfolio	6,890	30,290
Interests written off	(1,231)	(14,186)
Own Credit Risk	(829)	(8,721)
Impact of exchange rate hedging of investments	125	(11,685)
Equity accounted earnings	13,874	6,400
Impairment and other provisions (3)	(40,596)	(24,680)
Operational costs	(1,826)	(533)
Gains on sale of public debt (4)	(3,740)	166,344
Others (5)	(940)	(73,388)
Total not allocated to segments	(44,674)	54,128
Consolidated net income / (loss)	46,678	70,413

(1) Corresponds mainly to the income attributable to third parties related to the subsidiaries in Poland, in Mozambique and in Angola;
(2) Includes the activity of the subsidiary in Angola, considered as discontinued operation;
(3) Includes provisions for property in kind, administrative infractions, various contingencies and other unallocated to business segments.;
(4) Do not include values allocated to business segments;
(5) Includes funding for non interest bearing assets and the financial strategies as well as tax effect associated with the items previously discriminated.

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

As at 31 March 2016 the Group's subsidiary companies included in the consolidated accounts using the full consolidation method were as follows:

Subsidiary companies	Head office	Share capital	Currency	Activity	Group % control	Group % held	Bank % held
Banco de Investimento Imobiliário, S.A.	Lisbon	17,500,000	EUR	Banking	100.0	100.0	100.0
Banco ActivoBank, S.A.	Lisbon	17,500,000	EUR	Banking	100.0	100.0	–
Banco Millennium Angola, S.A.	Luanda	4,009,893,495	AOA	Banking	50.1	50.1	–
Bank Millennium, S.A.	Warsaw	1,213,116,777	PLN	Banking	50.1	50.1	50.1
Banque Privée BCP (Suisse) S.A.	Geneve	70,000,000	CHF	Banking	100.0	100.0	–
BIM - Banco Internacional de Moçambique, S.A.	Maputo	4,500,000,000	MZN	Banking	66.7	66.7	–
Millennium bcp Bank & Trust	George Town	340,000,000	USD	Banking	100.0	100.0	–
BCP Finance Bank, Ltd.	George Town	246,000,000	USD	Banking	100.0	100.0	–
BCP Finance Company	George Town	90,911,278	EUR	Investment	100.0	34.1	–
Caracas Financial Services, Limited	George Town	25,000	USD	Financial Services	100.0	100.0	100.0
MB Finance AB	Stockholm	500,000	SEK	Investment	100.0	50.1	–
Millennium BCP - Escritório de Representações e Serviços, Ltda.	Sao Paulo	49,545,986	BRL	Financial Services	100.0	100.0	100.0
BCP International B.V.	Amsterdam	18,000	EUR	Holding company	100.0	100.0	100.0
BCP Investment B.V.	Amsterdam	620,774,050	EUR	Holding company	100.0	100.0	100.0
bcp holdings (usa), Inc.	Newark	250	USD	Holding company	100.0	100.0	–
BCP África, S.G.P.S., Lda.	Funchal	682,965,800	EUR	Holding company	100.0	100.0	100.0
Bitalpart, B.V.	Amsterdam	19,370	EUR	Holding company	100.0	100.0	100.0
Millennium bcp Participações, S.G.P.S., Sociedade Unipessoal, Lda.	Funchal	25,000	EUR	Holding company	100.0	100.0	100.0
BCP Capital - Sociedade de Capital de Risco, S.A.	Oeiras	2,000,000	EUR	Venture capital	100.0	100.0	100.0
BG Leasing, S.A.	Gdansk	1,000,000	PLN	Leasing	74.0	37.1	–
Enerparcela - Empreendimentos Imobiliários, S.A.	Oeiras	30,850,000	EUR	Real-estate management	100.0	100.0	–
Interfundos - Gestão de Fundos de Investimento Imobiliários, S.A.	Oeiras	1,500,000	EUR	Investment fund management	100.0	100.0	100.0
Adelphi Gere, Investimentos Imobiliários, S.A.	Oeiras	10,706,743	EUR	Real-estate management	100.0	100.0	–
Sadamora - Investimentos Imobiliários, S.A.	Oeiras	11,337,399	EUR	Real-estate management	100.0	100.0	–
Millennium bcp - Prestação de Serviços, A. C. E.	Lisbon	331,000	EUR	Services	93.9	93.6	83.2
Millennium bcp Teleserviços - Serviços de Comércio Electrónico, S.A.	Lisbon	50,004	EUR	Videotext services	100.0	100.0	100.0

Subsidiary companies	Head office	Share capital	Currency	Activity	Group % control	Group % held	Bank % held
Millennium Dom Maklerski, S.A.	Warsaw	16,500,000	PLN	Brokerage services	100.0	50.1	–
Millennium Leasing, Sp.z o.o.	Warsaw	48,195,000	PLN	Leasing	100.0	50.1	–
Millennium Service, Sp.z o.o.	Warsaw	1,000,000	PLN	Services	100.0	50.1	–
Millennium Telecomunication, Sp.z o.o.	Warsaw	100,000	PLN	Brokerage services	100.0	50.1	–
Millennium TFI - Towarzystwo Funduszy Inwestycyjnych, S.A.	Warsaw	10,300,000	PLN	Investment fund management	100.0	50.1	–
MBCP REO I, LLC	Delaware	1,489,835	USD	Real-estate management	100.0	100.0	–
MBCP REO II, LLC	Delaware	2,747,869	USD	Real-estate management	100.0	100.0	–
Millennium bcp Imobiliária, S.A.	Oeiras	50,000	EUR	Real-estate management	99.9	99.9	99.9
Propaço- Sociedade Imobiliária De Paço D'Arcos, Lda	Lisboa	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. (*)	Oeiras	50,000	EUR	Construction and sale of real estate projects	100.0	100.0	100.0
Imábida - Imobiliária da Arrábida, S.A. (*)	Oeiras	1,750,000	EUR	Real-estate management	100.0	100.0	100.0

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

As at 31 March 2016 the BCP Group's subsidiary insurance companies included in the consolidated accounts under the full consolidation method were as follows:

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

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

As at 31 March 2016 the Group's associated companies included in the consolidated accounts under the equity method were as follows:

Associated companies	Head office	Share capital	Currency	Activity	Group % control	Group % held	Bank % held
Banque BCP, S.A.S.	Paris	108,941,724	EUR	Banking	19.9	19.9	19.9
Banque BCP, S.A. (**)	Luxembourg	22,250,000	EUR	Banking	7.3	7.3	–
Academia Millennium Atlântico	Luanda	47,500,000	AOA	Education	33.0	16.5	–
ACT-C-Indústria de Cortiças, S.A.	Sta.Maria Feira	17,923,610	EUR	Extractive industry	20.0	20.0	20.0
Baía de Luanda - Promoção, Montagem e Gestão de Negócios, S.A. (**)	Luanda	100,000,196	USD	Services	10.0	10.0	–
Beiranave Estaleiros Navais Beira SARL	Beira	2,849,640	MZN	Naval shipyards	22.8	13.7	–
Constellation, S.A.	Maputo	1,053,500,000	MZN	Property management	20.0	12.0	–
Luanda Waterfront Corporation (**)	George Town	10,810,000	USD	Services	10.0	10.0	–
Lubuskie Fabryki Mebli, S.A.	Swiebodzin	13,400,050	PLN	Furniture manufacturer	50.0	25.1	–
Nanium, S.A.	Vila do Conde	15,000,000	EUR	Electronic equipments	41.1	41.1	41.1
Quinta do Furão - Sociedade de Animação Turística e Agrícola de Santana, Lda	Funchal	1,870,492	EUR	Tourism	31.3	31.3	31.3
SIBS, S.G.P.S., S.A.	Lisbon	24,642,300	EUR	Banking services	21.9	21.9	21.5
Sicit - Sociedade de Investimentos e Consultoria em Infra-Estruturas de Transportes, S.A	Oeiras	50,000	EUR	Advisory	25.0	25.0	25.0
UNICRE - Instituição Financeira de Crédito, S.A.	Lisbon	10,000,000	EUR	Credit cards	32.0	32.0	31.7

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

As at 31 March 2016 the Group's associated insurance companies included in the consolidated accounts under the equity method were as follows:

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

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.