

The analysis of the Bonds and other fixed income securities portfolio, net of impairment, included in Financial assets held to maturity, by sector of activity, is analysed as follows:

| | (Thousands of euros) | |
|----------------------------------|----------------------|----------------|
| | 2017 | 2016 |
| Transports | 173,909 | 173,286 |
| Services | | |
| Financial intermediation | 78,872 | 146,725 |
| Real estate activities | 39,145 | 39,052 |
| | 291,926 | 359,063 |
| Government and Public securities | 50,859 | 50,728 |
| | 342,785 | 409,791 |

As referred in note 46, as part of the management process of the liquidity risk, the Bank holds a pool of eligible assets that can be used as collateral in funding operations with the European Central Bank and other Central Banks in countries where the Bank operates, in which are included fixed income securities. As at 31 December 2017, there is no securities included in the ECB's monetary policy (31 December 2016: Euros 51,447,000).

24. INVESTMENTS IN SUBSIDIARIES AND ASSOCIATED COMPANIES

This balance is analysed as follows:

| | (Thousands of euros) | |
|--------------------------------|----------------------|------------------|
| | 2017 | 2016 |
| Portuguese credit institutions | 338,422 | 260,235 |
| Foreign credit institutions | 801,463 | 658,363 |
| Other Portuguese companies | 1,848,351 | 1,394,789 |
| Other foreign companies | 2,771,176 | 3,502,963 |
| | 5,759,412 | 5,816,350 |
| Impairment for investments in: | | |
| Subsidiary companies | (2,385,466) | (2,342,499) |
| Associated and other companies | (3,585) | (9,744) |
| | (2,389,051) | (2,352,243) |
| | 3,370,361 | 3,464,107 |

The balance Investments in subsidiaries and associated companies is analysed as follows:

| | (Thousands of euros) | |
|---|----------------------|--------------------|
| | 2017 | 2016 |
| ACT - C - Indústria de Cortiças, S.A. | 3,585 | 3,585 |
| Banco ActivoBank, S.A. | 78,187 | - |
| Banco de Investimento Imobiliário, S.A. | 260,235 | 260,235 |
| Bank Millennium S.A. | 662,951 | 632,920 |
| Banque BCP, S.A.S. | 26,865 | 25,443 |
| Banque Privée BCP (Suisse) S.A. | 111,645 | - |
| BCP África, S.G.P.S., Lda. | 683,032 | 683,032 |
| BCP Capital - Sociedade de Capital de Risco, S.A. | 30,773 | 30,773 |
| BCP International B.V. | 1,203,262 | 1,215,412 |
| BCP Investment, B.V. | 1,534,844 | 2,254,451 |
| Caracas Financial Services, Limited | - | 27 |
| Interfundos Gestão de Fundos de Investimento Imobiliários, S.A. | 1,500 | 1,500 |
| Millenniumbcp Ageas Grupo Segurador, S.G.P.S., S.A. | 459,723 | - |
| Millennium bcp - Escritório de representações e Serviços, S/C Lda. | 18,535 | 18,535 |
| Millennium bcp Imobiliária, S.A. | 341,088 | 341,088 |
| Millennium bcp Participações, S.G.P.S., Sociedade Unipessoal, Lda. | 327,653 | 327,653 |
| Millennium bcp Teleserviços - Serviços de Comércio Electrónico, S.A. | 885 | 885 |
| Nanium, S.A. | - | 6,159 |
| Propaço - Sociedade Imobiliária De Paço D'Arcos, Lda. | - | 3 |
| S&P Reinsurance Limited | 14,536 | 14,536 |
| Servitrust - Trust Management Services S.A. | 100 | 100 |
| Sicit - Sociedade de Investimentos e Consultoria em Infra-Estruturas de Transportes, S.A. | 13 | 13 |
| | 5,759,412 | 5,816,350 |
| Impairment for investments in subsidiary and associated companies | | |
| ACT - C - Indústria de Cortiças, S.A. | (3,585) | (3,585) |
| Banco de Investimento Imobiliário, S.A. | (33,941) | (19,081) |
| BCP África, S.G.P.S., Lda. | (92,726) | (86,073) |
| BCP Capital - Sociedade de Capital de Risco, S.A. | (18,480) | (19,264) |
| BCP International B.V. | (145,988) | (87,856) |
| BCP Investment, B.V. | (1,394,582) | (1,430,137) |
| Caracas Financial Services, Limited | - | (27) |
| Millennium bcp - Escritório de representações e Serviços, S/C Lda. | (18,535) | (18,535) |
| Millennium bcp Imobiliária, S.A. | (341,088) | (341,088) |
| Millennium bcp Participações, S.G.P.S., Sociedade Unipessoal, Lda. | (327,049) | (327,653) |
| Millennium bcp Teleserviços - Serviços de Comércio Electrónico, S.A. | (753) | (614) |
| Nanium, S.A. | - | (6,159) |
| Propaço - Sociedade Imobiliária De Paço D'Arcos, Lda. | - | (3) |
| S&P Reinsurance Limited | (12,224) | (12,168) |
| Servitrust - Trust Management Services S.A. | (100) | - |
| | (2,389,051) | (2,352,243) |
| | 3,370,361 | 3,464,107 |

During 2017, the Bank's investment in the company Nanium, S.A. was sold and were liquidated the investments held by the Bank in the companies Propaço - Sociedade Imobiliária De Paço D'Arcos, Lda. and Caracas Financial Services, Limited (note 15).

During 2017 the Bank acquired to BCP Investment, B.V. the investments corresponding to the entire share capital of Banco ActivoBank, S.A. and Banque Privée BCP (Suisse) S.A., as well 49.0% of the share capital of Millenniumbcp Ageas Grupo Segurador, S.G.P.S., S.A.

During the year 2016, the Bank's investment in Bitalpart, B.V. was liquidated/dissolved and the investments held by the Bank in the company Quinta do Furão - Sociedade de Animação Turística e Agrícola de Santana, Lda. was sold. During 2016, the Bank also sold 31.16% of the share capital held by the Bank in the company UNICRE - Instituição Financeira de Crédito, S.A. and the investment held in SIBS, S.G.P.S. (note 15).

The movements for Impairment for investments in subsidiary and associated companies are analysed as follows:

| | (Thousands of euros) | |
|---|----------------------|-------------|
| | 2017 | 2016 |
| Impairment for investments in subsidiary and associated companies: | | |
| Balance on 1 January | 2,352,243 | 3,922,833 |
| Transfers | - | 99,539 |
| Impairment charge for the year | 79,940 | 140,730 |
| Write-back for the year | (36,943) | (167) |
| Loans charged-off | (6,189) | (1,810,692) |
| Balance on 31 December | 2,389,051 | 2,352,243 |

As at 31 December 2017, the caption Impairment for investments in subsidiaries and associated companies - Loans charged-off results from the liquidation/dissolution of Nanium .S.A., Propaço - Sociedade Imobiliária de Paço D'Arcos, Lda. and Caracas Financial Services, Limited. As at 31 December 2016, this caption results from the liquidation/dissolution of Bitalpart, B.V. and Quinta do Furão - Sociedade de Animação Turística e Agrícola de Santana, Lda.

The Bank's subsidiaries and associated companies are presented in note 52.

The Bank analysed the impairment related to the investments made in subsidiaries and associated as described in note 1 j).

Regarding holding companies, namely BCP International B.V., BCP Investment B.V., Millenniumbcp Ageas Grupo Segurador, S.G.P.S., S.A. and Millennium bcp Participações, S.G.P.S., Sociedade Unipessoal, Lda., the impairment analysis was performed considering the recoverable amount of the business controlled by each one of those companies.

The recoverable amounts, as described in note 1 j), was determined based on the higher between the fair value amount less costs to sell and the value in use.

The value in use was determined based on: (i) the business plan approved by each company board for the period from 2018 to 2022 and (ii) the following assumptions depending on the nature of the companies activities and correspondent geography:

| | 2017 | | | 2016 | | |
|-------------|----------------------|---------------|-------------|----------------------|---------------|-------------|
| | Discount rate | Discount rate | Growth rate | Discount rate | Discount rate | Growth rate |
| | Explicit period | Perpetuity | Perpetuity | Explicit period | Perpetuity | Perpetuity |
| Portugal | 5.875% to 10.375% | 10.400% | 0.000% | 7.250% to 11.750% | 11.750% | 0.000% |
| Poland | 9.625% | 9.625% | 2.600% | 9.500% | 9.500% | 3.100% |
| Angola | 19.000% | 19.000% | n.a. | 18.000% | 18.000% | n.a. |
| Mozambique | 20.500% | 20.500% | 2.400% | 19.000% | 19.000% | 9.200% |
| Switzerland | 9.250% | 9.775% | 0.000% | 9.250% | 9.540% | 0.000% |

Based on the analysis made, the Bank recognised in 2017 impairment for a group of companies, as follows:

| | (Thousands of euros) | | | | |
|---|----------------------|------------|------------|-------------|-------------|
| | Balance on | Impairment | | Loans | Balance on |
| | 1 January | charge | Write-back | charged-off | 31 December |
| ACT - C - Indústria de Cortiças, S.A. | 3,585 | - | - | - | 3,585 |
| Banco de Investimento Imobiliário, S.A. | 19,081 | 14,860 | - | - | 33,941 |
| BCP África, S.G.P.S., Lda. | 86,073 | 6,653 | - | - | 92,726 |
| BCP Capital - Sociedade de Capital de Risco, S.A. | 19,264 | - | (784) | - | 18,480 |
| BCP International B.V. | 87,856 | 58,132 | - | - | 145,988 |
| BCP Investment B.V. | 1,430,137 | - | (35,555) | - | 1,394,582 |
| Caracas Financial Services, Limited | 27 | - | - | (27) | - |
| Millennium bcp - Escritório de representações e Serviços, S/C Lda. | 18,535 | - | - | - | 18,535 |
| Millennium bcp Imobiliária, S.A. | 341,088 | - | - | - | 341,088 |
| Millennium bcp Participações, S.G.P.S., Sociedade Unipessoal, Lda. | 327,653 | - | (604) | - | 327,049 |
| Millennium bcp Teleserviços - Serviços de Comércio Electrónico, S.A. | 614 | 139 | - | - | 753 |
| Nanium, S.A. | 6,159 | - | - | (6,159) | - |
| Propaço - Sociedade Imobiliária de Paço D'Arcos, Lda. | 3 | - | - | (3) | - |
| S&P Reinsurance Limited | 12,168 | 56 | - | - | 12,224 |
| Servitrust - Trust Management Services S.A. | - | 100 | - | - | 100 |
| | 2,352,243 | 79,940 | (36,943) | (6,189) | 2,389,051 |