

During 2017 and 2016, a sensitivity analysis was performed to a positive variation and a negative variation of one percentage point in the value of the health benefits costs, the impact of which is analysed as follows:

	(Thousands of euros)			
	Positive variation of 1%		Negative variation of 1%	
	2017	2016	2017	2016
Pension cost impacts	27	29	(27)	(29)
Liabilities impacts	3,068	3,135	(3,068)	(3,135)

DEFINED CONTRIBUTION PLAN

According to what is described in accounting policy 1 w ii), in the scope of the Defined Contribution Plan provided for the BCP Pension Fund of the BCP Group, no contributions were made in 2016, for employees who have been admitted until 1 July 2009, because the following requirements have not been met: (i) 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.

For employees who have been admitted after 1 July 2009, are made monthly contributions equal to 1.5% of the monthly remuneration received by employees in the current month, either by themselves or by the Group and employees. This contribution has a mandatory character and is defined in the Collective Labour Agreement of the BCP Group, and does not have a performance criterion. The Group accounted as staff costs the amount of Euros 62,000 (31 December 2016: Euros 48,000) related to this contribution.

50. RELATED PARTIES

As defined by IAS 24, are considered related parties of the Group, the companies detailed in note 59 - List of subsidiary and associated companies of Banco Comercial Português Group, the Pension Fund, the members of the Board of Directors and key management members. The key management members are the first line Directors. Beyond the members of the Board of Directors and key management members, are also considered related parties people who are close to them (family relationships) and entities controlled by them or in whose management they have significant influence.

As the transactions with subsidiaries are eliminated in consolidation, these are not included in the notes to the Group's consolidated financial statements.

According to Portuguese law, in particular under Articles 109 of the General Law for Credit Institutions and Financial Companies, are also considered related parties, the qualified shareholders of Banco Comercial Português, S.A. and the entities controlled by them or with which they are in a group relationship. The list of the qualified shareholders is detailed in note 40.

A) TRANSACTIONS WITH QUALIFIED SHAREHOLDERS

The balances reflected in assets of consolidated balance sheet with qualified shareholders, are analysed as follows:

	(Thousands of euros)	
	2017	2016
Assets		
Loans and advances to customers	213,436	237,577
Financial assets held for trading	11,704	15,814
Financial assets available for sale	61,356	106,390
	286,496	359,781
Liabilities		
Resources from customers	282,970	390,965
	282,970	390,965

Loans and advances to customers are net of impairment in the amount of Euros 77,000 (31 December 2016: Euro 130,000).

During 2017 and 2016, the transactions with qualified shareholders, reflected in the consolidated income statement items, are as follows:

	(Thousands of euros)	
	2017	2016
Income		
Interest and similar income	7,188	7,057
Commissions	5,880	2,242
	13,068	9,299
Costs		
Interest and similar expenses	807	469
Commissions	256	30
	1,063	499

The balances with qualified shareholders, reflected in the guarantees granted and revocable and irrevocable credit lines, are as follows:

	(Thousands of euros)	
	2017	2016
Guarantees granted	39,164	30,378
Revocable credit lines	242,565	216,271
Irrevocable credit lines	121	-
	281,850	246,649

B) TRANSACTIONS WITH MEMBERS OF THE BOARD OF DIRECTORS AND KEY MANAGEMENT MEMBERS

The balances with related parties discriminated in the following table, included in asset items on the consolidated balance sheet, are analysed as follows:

	(Thousands of euros)					
	Loans and advances to credit institutions		Loans and advances to customers		Financial assets held for trading	
	2017	2016	2017	2016	2017	2016
Board of Directors						
Non-executive directors	-	-	24	20	-	-
Executive Committee	-	-	124	139	-	-
Closely related people	-	-	13	13	-	-
Controlled entities	-	2,840	-	-	22	844
Key management members						
Key management members	-	-	6,611	7,272	-	-
Closely related people	-	-	480	274	-	-
Controlled entities	-	-	78	196	-	-
	-	2,840	7,330	7,914	22	844

The balances with related parties discriminated in the following table, included in liabilities items in the consolidated balance sheet, are analysed as follows:

(Thousands of euros)

	Resources from credit institutions		Resources from customers		Financial liabilities held for trading	
	2017	2016	2017	2016	2017	2016
Board of Directors						
Non-executive directors	-	-	556	1,593	-	-
Executive Committee	-	-	2,664	1,094	-	-
Closely related people	-	-	1,844	1,745	-	-
Controlled entities	14,838	16,866	459	1,446	-	1,053
Key management members						
Key management members	-	-	7,134	6,924	-	-
Closely related people	-	-	1,680	2,143	-	-
Controlled entities	-	-	1,728	904	-	-
	14,838	16,866	16,065	15,849	-	1,053

During 2017 and 2016, the transactions with related parties discriminated in the following table, included in income for items of the consolidated income statement, are as follows:

(Thousands of euros)

	Interest and similar income		Commissions' income	
	2017	2016	2017	2016
Board of Directors				
Non-executive directors	-	-	78	81
Executive Committee	-	-	28	27
Closely related people	1	-	15	22
Controlled entities	3	6	148	156
Key management members				
Key management members	46	52	64	64
Closely related people	8	9	36	34
Controlled entities	3	6	10	10
	61	73	379	394

During 2017 and 2016, the transactions with related parties discriminated in the following table, included in cost items of the consolidated income statement, are as follows:

(Thousands of euros)

	Interest and similar expense		Commissions' expense	
	2017	2016	2017	2016
Board of Directors				
Non-executive directors	3	11	2	2
Executive Committee	2	5	1	1
Closely related people	4	10	1	1
Controlled entities	63	104	-	1
Key management members				
Key management members	38	52	2	2
Closely related people	5	8	1	2
Controlled entities	2	1	2	2
	117	191	9	11

The Guarantees granted, revocable and irrevocable credit lines granted by the Group to the following related parties are as follows:

(Thousands of euros)

	Guarantees granted		Revocable credit lines		Irrevocable credit lines	
	2017	2016	2017	2016	2017	2016
Board of Directors						
Non-executive directors	98	-	83	109	-	-
Executive Committee	-	-	105	95	-	-
Closely related people	-	-	104	138	-	-
Controlled entities	-	-	25	25	-	-
Key management members						
Key management members	-	-	393	453	8	39
Closely related people	-	-	153	268	-	-
Controlled entities	-	-	16	16	-	-
	98	-	879	1,104	8	39

The fixed remunerations and social charges paid to members of the Board of Directors and Key management members are analysed as follows:

(Thousands of euros)

	Board of Directors					
	Executive Committee		Non-executive directors		Key management members	
	2017	2016	2017	2016	2017	2016
Remunerations	3,779	2,080	786	526	6,651	5,471
Supplementary retirement pension	776	702	-	-	-	-
Post-employment benefits	19	28	-	-	(18)	51
Other mandatory social security charges	887	484	189	124	1,648	1,466
	5,461	3,294	975	650	8,281	6,988

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

During 2017, the amount of remuneration paid to the Executive Committee, includes Euros 104,000 (2016: Euros 158,000), which were supported by subsidiaries or companies whose governing bodies represent the Group's interests. During 2017 and 2016, no variable remuneration was attributed to the members of the Executive Committee.

During 2017, were paid Euros 150,000 of severance payments to one key management member (2016: Euros 483,000 paid to one member).

The shareholder and bondholder position of members of the Board of Directors, Key management members and persons closely related to the previous categories, is as follows:

Shareholders / Bondholders	Security	Number of securities at		Acquisitions (*)	Disposals	Date	Unit Price Euros
		31/12/2017	31/12/2016				
MEMBERS OF BOARD OF DIRECTORS							
Álvaro Roque de Pinho de Bissaia Barreto	BCP Shares	0	0				
André Magalhães Luiz Gomes	BCP Shares	11,392	712	10,680		03-Feb-17	0.094
António Henriques Pinho Cardão (2)	BCP Shares	55,304	10,304	45,000		03-Feb-17	0.094
António Luís Guerra Nunes Mexia	BCP Shares	2,416	151	2,265		02-Feb-17	0.094
António Vítor Martins Monteiro (1)	BCP Shares	3,872	242	3,630		03-Feb-17	0.094
Carlos José da Silva	BCP Shares	248,704	15,544	233,160		03-Feb-17	0.094
Cidália Maria Mota Lopes (3)	BCP Shares	2,184	136	2,048		02-Feb-17	0.094
Jaime de Macedo Santos Bastos	BCP Shares	848	53	795		03-Feb-17	0.094
João Manuel Matos Loureiro	BCP Shares	2,800	175	2,625		03-Feb-17	0.094
João Nuno Oliveira Jorge Palma	BCP Shares	32,695	2,133	31,995		02-Feb-17	0.094
					700	07-Dec-17	0.262
					700	07-Dec-17	0.263
					1,433	21-Dec-17	0.270
José Jacinto Iglésias Soares	BCP Shares	0	0				
José Miguel Bensliman Schorcht da Silva Pessanha	BCP Shares	1,748	278	1,470		03-Feb-17	0.094
Lingjiang Xu	BCP Shares	0	0				
Maria da Conceição Mota Soares de Oliveira Callé Lucas	BCP Shares	58,672	3,667	55,005		03-Feb-17	0.094
Miguel de Campos Pereira de Bragança	BCP Shares	365,968	22,873	343,095		03-Feb-17	0.094
Miguel Maya Dias Pinheiro	BCP Shares	361,408	22,588	338,820		03-Feb-17	0.094
Nuno Manuel da Silva Amado	BCP Shares	1,025,388	50,996	974,392		03-Feb-17	0.094
Raquel Rute da Costa David Vunge (4)	BCP Shares	0	0				
Rui Manuel da Silva Teixeira (5)	BCP Shares	36,336	2,271	34,065		02-Feb-17	0.094
KEY MANAGEMENT MEMBERS							
Albino António Carneiro de Andrade	BCP Shares	0	0				
Américo João Pinto Carola (6)	BCP Shares	503	503				
Ana Isabel dos Santos de Pina Cabral (7)	BCP Shares	39,040	2,440	36,600		03-Feb-17	0.094
Ana Maria Jordão F. Torres Marques Tavares (8)	BCP Shares	82,635	9,509	73,126		02-Feb-17	0.094
André Cardoso Meneses Navarro	BCP Shares	267,888	16,743	251,145		02-Feb-17	0.094
António Augusto Amaral de Medeiros	BCP Shares	42,656	2,666	39,990		02-Feb-17	0.094
António Augusto Decrook Gaioso Henriques	BCP Shares	506,126	29,036	477,090		02-Feb-17	0.094
António Ferreira Pinto Júnior	BCP Shares	21,344	1,334	20,010		02-Feb-17	0.094
António José Lindeiro Cordeiro	BCP Shares	0	0				
António Luís Duarte Bandeira (9)	BCP Shares	113,001	8,000	105,001		02-Feb-17	0.094
Artur Frederico Silva Luna Pais	BCP Shares	328,795	20,047	308,748		02-Feb-17	0.094
Belmira Abreu Cabral	BCP Shares	0	1,206	0	1,206	19-Jan-17	0.152
Carlos Alberto Alves	BCP Shares	106,656	6,666	99,990		02-Feb-17	0.094
Diogo Cordeiro Crespo Cabral Campello	BCP Shares	29,328	1,833	27,495		02-Feb-17	0.094
Dulce Maria Pereira Cardoso Mota Jorge Jacinto	BCP Shares	11,691	1,911	9,780		02-Feb-17	0.094
Filipe Maria de Sousa Ferreira Abecasis	BCP Shares	0	0				
Francisco António Caspa Monteiro (10)	BCP Shares	29,354	2,965		2,965	17-Jan-17	0.160
					29,354	02-Feb-17	0.094
Gonçalo Nuno Belo de Almeida Pascoal	BCP Shares	48	3	45			
Hugo Miguel Martins Resende	BCP Shares	11,984	11,984				
João Manuel Taveira Pinto Santos Paiva	BCP Shares	500			3,156	11-Aug-17	0.232
	BCP Shares				2,500	28-Sep-17	0.244
	BCP Shares				1,500	11-Oct-17	0.245
	BCP Shares				1,000	13-Oct-17	0.250
	BCP Shares				2,000	20-Oct-17	0.259
João Nuno Lima Brás Jorge	BCP Shares	91,709	5,653	86,056		03-Feb-17	0.094

(*) The transactions occurred at the beginning of February at the unit price of Euros 0.094 were made under the scope of the share capital increase, as referred in note 40.

The paragraphs indicated in the tables above for the categories "Members of Board of Directors" and "Key management members", identify the people to who they are associated with the category "People closely related to the previous categories."

Shareholders / Bondholders	Security	Number of securities at		Acquisitions (*)	Disposals	Date	Unit Price Euros
		31/12/2017	31/12/2016				
Joaquim Fernando Nogueira	BCP Shares	413,406	413				
Jorge Filipe Nogueira Freire Cortes Martins	BCP Shares	1,600	100	1,500		02-Feb-17	0.094
Jorge Manuel Machado de Sousa Góis	BCP Shares	0	0				
José Gonçalo Prior Regalado (11)	BCP Shares	0	0				
José Guilherme Potier Raposo Pulido Valente	BCP Shares	138,719	28,600	110,119		02-Feb-17	0.094
José Laurindo Reino da Costa (12)	BCP Shares	172,428	12,433	169,995		03-Feb-17	0.094
					170,000	20-Jul-17	0.250
				160,000		24-Jul-17	0.249
Luis Miguel Manso Correia dos Santos	BCP Shares	21,328	1,333	19,995		02-Feb-17	0.094
Margarida Isabel Vaz da Silva	BCP Shares	10,640					
Maria Manuela de Araujo Mesquita Reis (13)	BCP Shares	106,656	6,666	99,990		02-Feb-17	0.094
Mário António Pinho Gaspar Neves	BCP Shares	30,000	1,855	28,145		06-Feb-17	0.094
	Certificates BCPI Eurostoxx 50	0	187		187	18-Jan-17	115.820
	Certificates BCPI DAX 30	0	55		55	18-Jan-17	32.900
Miguel Pedro Lourenço Magalhães Duarte	BCP Shares	30,600	30,600				
Nelson Luís Vieira Teixeira	BCP Shares	285	285				
Nuno Alexandre Ferreira Pereira Alves	BCP Shares	1,800	1,800				
Nuno Maria Lagoa Ribeiro de Almeida	BCP Shares	2,560	0				
Nuno Miguel Nobre Botelho	BCP Shares	0	0				
Pedro José Mora de Paiva Beija	BCP Shares	0	0				
Pedro Manuel Macedo Vilas Boas	BCP Shares	0	0				
Pedro Manuel Rendas Duarte Turras	BCP Shares	14,816	926	13,890		03-Feb-17	0.094
Pedro Torcato Alvares Ribeiro	BCP Shares	42,672	0				
Pedro Trigo de Moraes de Albuquerque Reis	BCP Shares	0	0				
Ricardo Potes Valadares	BCP Shares	10,373	1,373	9,000		23-Jan-17	0.094
Rosa Maria Ferreira Vaz Santa Barbara	BCP Shares	8,240	1,205	7,035		23-Jan-17	0.094
Rui Fernando da Silva Teixeira	BCP Shares	12,614	12,614				
Rui Manuel Pereira Pedro	BCP Shares	149,328	9,333	139,995		03-Feb-17	0.094
Rui Nelson Moreira de Carvalho Maximino	BCP Shares	0	0				
Rui Pedro da Conceição Coimbra Fernandes	BCP Shares	0	0				
Teresa Paula Corado Leandro Chaves do Nascimento	BCP Shares	0	0				
Vânia Alexandra Machado Marques Correia	BCP Shares	0	0				
Vasco do Carmo Viana Rebelo de Andrade	BCP Shares	0	0				
PERSONS CLOSELY RELATED TO THE PREVIOUS CATEGORIES							
Alexandre Miguel Martins Ventura (3)	BCP Shares	2,184	137	2,047		03-Feb-17	0.094
Américo Simões Regalado (11)	BCP Shares	880	0				
Ana Isabel Salgueiro Antunes (6)	BCP Shares	29	29				
Ana Margarida Rebelo A.M. Soares Bandeira (9)	BCP Shares	2,976	186	2,790		02-Feb-17	0.094
Eusébio Domingos Vunge (4)	BCP Shares	4,170	691	3,479			0.2357
	Certificates BCPI DAX 30	100	100				
	Certificates BCPI Eurostoxx 50	142	142				
Francisco Jordão Torres Marques Tavares (8)	BCP Shares	1,016	62	954		02-Feb-17	0.094
Isabel Maria V Leite P Martins Monteiro (1)	BCP Shares	3,104	195	2,909		03-Feb-17	0.094
João Paulo Fernandes de Pinho Cardão (2)	BCP Shares	72,736	4,546	68,190		03-Feb-17	0.094
José Manuel de Vasconcelos Mendes Ferreira (7)	BCP Shares	1,616	101	1,515		03-Feb-17	0.094
Luís Filipe da Silva Reis (13)	BCP Shares	336,000	0				
Luís Miguel Fernandes de Pinho Cardão (2)	BCP Shares	3,104	194	2,910		03-Feb-17	0.094
Maria da Graça dos Santos Fernandes de Pinho Cardão (2)	BCP Shares	3,728	383	3,345		03-Feb-17	0.094
Maria Helena Espassandim Catão (5)	BCP Shares	576	36	540		02-Feb-17	0.094
Maria Raquel Sousa Candeias Reino da Costa (12)	BCP Shares	288	18	270		02-Feb-17	0.094
Ricardo Miranda Monteiro (10)	BCP Shares	1,639	100	1,539		01-Feb-17	0.094
Rita Miranda Monteiro (10)	BCP Shares	1,639	100	1,539		01-Feb-17	0.094

(*) The transactions occurred at the beginning of February at the unit price of Euros 0.094 were made under the scope of the share capital increase, as referred in note 40.

The paragraphs indicated in the tables above for the categories "Members of Board of Directors" and "Key management members", identify the people to who they are associated with the category "People closely related to the previous categories."

C) BALANCES AND TRANSACTIONS WITH ASSOCIATED COMPANIES

The balances with associated companies included in the consolidated balance sheet items are as follows:

	(Thousands of euros)	
	2017	2016
Assets		
Loans and advances to credit institutions		
Repayable on demand	1,803	980
Other loans and advances	316,630	262,262
Loans and advances to customers	65,758	111,591
Financial assets held for trading	91,099	73,468
Other assets	12,868	26,274
	488,158	474,575
Liabilities		
Resources from credit institutions	207,073	194,348
Resources from customers	539,788	488,165
Debt securities issued	473,191	976,849
Subordinated debt	480,426	475,276
Financial liabilities held for trading	40,323	66,946
Other liabilities	15	28
	1,740,816	2,201,612

As at 31 December 2017, the associated company Millenniumbcp Ageas Grupo Segurador, S.G.P.S, S.A. holds 142,601,002 BCP shares (31 December 2016: 8,694,500 shares) in the amount of Euros 38,531,000 (31 December 2016: Euros 9,312,000).

During 2017 and 2016, the transactions with associated companies included in the consolidated income statement items, are as follows:

	(Thousands of euros)	
	2017	2016
Income		
Interest and similar income	12,356	11,253
Commissions' income	56,679	53,848
Other operating income	1,188	1,759
	70,223	66,860
Costs		
Interest and similar expenses	52,760	64,556
Commissions' expenses	50	8
Other administrative costs	12	176
	52,822	64,740

As at 31 December 2017 and 2016, the guarantees granted and revocable credit lines by the Group to associated companies, are as follows:

	(Thousands of euros)	
	2017	2016
Guarantees granted	8,288	5,330
Revocable credit lines	863	10,403
	9,151	15,733

Under the scope of the Group's insurance mediation activities, the remunerations from services rendering are analysed as follows:

	(Thousands of euros)	
	2017	2016
Life insurance		
Saving products	32,914	31,561
Mortgage and consumer loans	18,695	19,811
Others	31	33
	51,640	51,405
Non - Life insurance		
Accidents and health	16,035	15,275
Motor	3,411	3,215
Multi-Risk Housing	5,985	5,868
Others	1,037	942
	26,468	25,300
	78,108	76,705

The remuneration for insurance intermediation services were received through bank transfers and resulted from insurance intermediation with the subsidiary of Millenniumbcp Ageas Group (Ocidental - Companhia Portuguesa de Seguros de Vida, S.A.) and with Ocidental - Companhia Portuguesa de Seguros, SA. The Group does not collect insurance premiums on behalf of Insurance Companies, or performs any movement of funds related to insurance contracts. Thus, there is no other asset, liability, income or expense to be reported on the activity of insurance mediation exercised by the Group, other than those already disclosed.

The receivable balances from insurance intermediation activity, by nature, are analysed as follows:

	(Thousands of euros)	
	2017	2016
Funds receivable for payment of life insurance commissions	12,713	12,636
Funds receivable for payment of non-life insurance commissions	6,658	6,108
	19,371	18,744

The commissions received by the Bank result from the insurance mediation contracts and investment contracts, under the terms established in the contracts. The mediation commissions are calculated given the nature of the contracts subject to mediation, as follows:

- insurance contracts – use of fixed rates on gross premiums issued;
- investment contracts – use of fixed rates on the responsibilities assumed by the insurance company under the commercialization of these products.

D) TRANSACTIONS WITH THE PENSION FUND

The balances with the Pension Fund included in Liabilities items of the consolidated balance sheet are as follows:

	(Thousands of euros)	
	2017	2016
Resources from customers	326,562	351,766
Subordinated debt	41	129,966
	326,603	481,732

During 2017, there were no transactions of financial assets between the Group and the Pension Fund. During 2016, the Group sold bonds to the pension fund in the amount of Euros 16,748,000.

During 2017 and 2016, the balances with the Pension Fund included in income and expense items of the consolidated income statement, are as follows:

	(Thousands of euros)	
	2017	2016
Income		
Commissions	821	768
Expenses		
Interest expense and similar charges	2,271	2,630
Administrative costs	19,018	18,306
	21,289	20,936

The balance Administrative costs corresponds to the amount of rents incurred under the scope of Fund's properties which the tenant is the Group.

As at 31 December 2017, the amount of Guarantees granted by the Group to the Pension Fund amounted to Euros 5,000 (31 December 2016: Euros 5,000).

51. CONSOLIDATE BALANCE SHEET AND INCOME STATEMENT BY OPERATIONAL SEGMENTS

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**A. Geographical Segments**

The Group operates in the Portuguese market, and also in a few affinity markets of recognised growth potential. Considering this, the geographical segments are structured in Portugal and Foreign Business (Poland, Mozambique and Other). Portugal segment reflects, essentially, the activities carried out by Banco Comercial Português in Portugal, ActivoBank and Banco de Investimento Imobiliário.