

**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)	
	<b>2017</b>	<b>2016</b>
Resources from customers	326,562	351,766
Subordinated debt	41	129,966
	<b>326,603</b>	<b>481,732</b>

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)	
	<b>2017</b>	<b>2016</b>
<b>Income</b>		
Commissions	821	768
<b>Expenses</b>		
Interest expense and similar charges	2,271	2,630
Administrative costs	19,018	18,306
	<b>21,289</b>	<b>20,936</b>

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.

Portugal activity includes: i) Retail Banking; ii) Companies, Corporate & Investment Banking; iii) Private Banking; iv) Non-core business portfolio; and v) Other.

Retail Banking includes the following business areas:

- Retail network 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;
- Retail Recovery Division that accompanies and manages the responsibilities of Customers or economic groups in effective default, as well as customers with bankruptcy requirement or other similar mechanisms, looking through the conclusion of agreements or payment restructuring processes that minimizes the economic loss to the Bank; and
- 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.

Companies, Corporate and Investment Banking segment includes:

- Companies network that covers the financial needs of companies with an annual turnover between Euros 2,500,000 and Euros 50,000,000, and focuses on innovation, offering a wide range of traditional banking products complemented by specialised financing;
- Corporate and Large Corporates networks in Portugal, targeting corporate and institutional customers with an annual turnover in excess of Euros 50,000,000, providing a complete range of value-added products and services;
- Specialised Monitoring Division which carries out the monitorisation of business groups that have high and complex credit exposures or that show relevant signs of impairment;
- Investment Banking unit, that ensures the offer of products and specific services, in particular financial advice, capital market transactions and analysis and financing structuring in the medium to long term, in particular with regard to Project and Structured Finance;
- Treasury and Markets International Division, in particular the area of coordination of business with banks and financial institutions, boosting international business with the commercial networks of the Bank and institutional custody services for securities;
- Specialised Recovery Division which ensures efficient tracking of customers with predictable or effective high risk of credit, from Companies, Corporate, Large Corporate and retail networks (exposure exceeding Euros 1,000,000);
- Real Estate Business Division, which ensures integrated and specialized management of real estate business of the Group; and
- Interfundos with the activity of management of real estate investment funds.

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

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 criterion is the capital impact optimisation, in particular through the minimisation of expected losses. 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%, historical 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 December 2017, 74% of this portfolio benefited from asset backed loans, including 71% with real estate collateral and 3% with other assets guarantee.

All other businesses not previously discriminated are allocated to the segment Other (Portugal) 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.

Foreign Business includes:

- Poland, where the Group is represented by Bank Millennium, a universal bank offering a wide range of financial products and services to individuals and companies nationwide;
- Mozambique, where the Group is represented by BIM – Banco Internacional de Moçambique, a universal bank targeting companies and individual customers; and
- Other, which includes other countries activity such as Switzerland where the Group is represented by Banque Privée BCP, a Private Banking platform under Swiss law and 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). The segment Other also includes the contribution of the associate in Angola.

## **B. Business Segments**

Foreign Business segment, indicated within the business segment reporting, comprises the Group's operations developed in other countries already mentioned excluding the activity of Banque Privée BCP in Switzerland and Millennium bcp Bank & Trust in the Cayman Islands which are considered in Private Banking segment.

In the context of the Banco Millennium in Angola merger process with Banco Privado Atlântico, which agreement occurred in 22 April 2016 and the conclusion of the process of the necessary authorizations in 3 May 2016, Banco Millennium Angola was considered as a discontinued operation in March 2016, with the impact of its results presented in the balance Income / (loss) arising from discontinued operations and restated for the previous periods. At the consolidated balance, the assets and liabilities of Banco Millennium Angola, S.A. continued to be consolidated by the full consolidation method till April 2016. After the completion of the merger, in May 2016, the assets and liabilities of Banco Millennium in Angola stopped being considered in the consolidated balance sheet and the investment of 22.5 % in Banco Millennium Atlântico, the new merged entity, started being accounted using the equity method and its contribution to the Group's results have been recognized in the consolidated accounts from May 2016 onwards.

## **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, is based on Basel III methodology, in accordance with the CRD IV/CRR, with reference to 31 December 2017 and 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 has been prepared based on the individual and consolidated financial statements of the Group prepared in accordance with international financial reporting standards (IFRS), as adopted by the European Union (EU), and with the Organization of the Group's business areas in force on 31 December 2017. Information relating to prior periods is restated whenever it occur changes in the internal organization of the entity so susceptible to change the composition of the reportable segments (business and geographical).

The information in the financial statements of reportable segments is reconciled, at the level of the total revenue of those same segments, with the revenue from the demonstration of the consolidated financial position of the reportable entity for each date on which is lodged a statement of financial position.

As at 31 December 2017, the net contribution of the major operational segments, for the income statement, is analysed as follows:

	(Thousands of Euros)							
	Commercial banking		Companies, Corporate and Investment banking			Non-core business portfolio	Other	Consolidated
	Retail in Portugal	Foreign business <sup>(1)</sup>		in Portugal	Private banking			
<b>INCOME STATEMENT</b>								
Interest and similar income	473,543	845,166	1,318,709	319,740	36,782	113,372	125,607	1,914,210
Interest expense and similar charges	(61,029)	(279,494)	(340,523)	(63,540)	(14,157)	(85,090)	(19,625)	(522,935)
<b>Net interest income</b>	<b>412,514</b>	<b>565,672</b>	<b>978,186</b>	<b>256,200</b>	<b>22,625</b>	<b>28,282</b>	<b>105,982</b>	<b>1,391,275</b>
Commissions and other income	385,883	257,572	643,455	160,458	70,105	9,597	(18,034)	865,581
Commissions and other costs	(15,913)	(126,363)	(142,276)	(8,880)	(5,436)	(29)	(146,903)	(303,524)
<b>Net commissions and other income</b>	<b>369,970</b>	<b>131,209</b>	<b>501,179</b>	<b>151,578</b>	<b>64,669</b>	<b>9,568</b>	<b>(164,937)</b>	<b>562,057</b>
Net gains arising from trading activity	1	81,507	81,508	-	(18,514)	-	85,382	148,376
Share of profit of associates under the equity method	-	39,844	39,844	-	-	-	51,793	91,637
Gains / (losses) arising from the sale of subsidiaries and other assets	(141)	4,135	3,994	-	-	-	145	4,139
<b>Net operating revenue</b>	<b>782,344</b>	<b>822,367</b>	<b>1,604,711</b>	<b>407,778</b>	<b>68,780</b>	<b>37,850</b>	<b>78,365</b>	<b>2,197,484</b>
<b>Operating expenses</b>	<b>472,351</b>	<b>343,143</b>	<b>815,494</b>	<b>92,813</b>	<b>39,807</b>	<b>20,249</b>	<b>(14,182)</b>	<b>954,181</b>
Impairment for credit and financial assets	(53,780)	(88,628)	(142,408)	(307,273)	(5,796)	(177,360)	(54,292)	(687,129)
Other impairments and provisions	(45)	(47,298)	(47,343)	140	-	(54,117)	(136,363)	(237,683)
<b>Net income / (loss) before income tax</b>	<b>256,168</b>	<b>343,298</b>	<b>599,466</b>	<b>7,832</b>	<b>23,177</b>	<b>(213,876)</b>	<b>(98,108)</b>	<b>318,491</b>
Income tax	(74,911)	(82,006)	(156,917)	(1,090)	(12,323)	63,093	77,078	(30,159)
Income / (loss) after income tax								
from continuing operations	181,257	261,292	442,549	6,742	10,854	(150,783)	(21,030)	288,332
Income / (loss) arising from discontinued operations	-	-	-	-	-	-	1,225	1,225
<b>Net income / (loss) for the year</b>	<b>181,257</b>	<b>261,292</b>	<b>442,549</b>	<b>6,742</b>	<b>10,854</b>	<b>(150,783)</b>	<b>(19,805)</b>	<b>289,557</b>
Non-controlling interests	-	(109,144)	(109,144)	-	-	-	5,978	(103,166)
<b>Net income / (loss) for the year attributable to Bank's Shareholders</b>	<b>181,257</b>	<b>152,148</b>	<b>333,405</b>	<b>6,742</b>	<b>10,854</b>	<b>(150,783)</b>	<b>(13,827)</b>	<b>186,391</b>
<b>BALANCE SHEET</b>								
Cash and Loans and advances to credit institutions	10,663,913	674,263	11,338,176	312,751	2,474,881	4,181	(10,600,955)	3,529,034
Loans and advances to customers	16,864,762	12,226,229	29,090,991	10,783,146	497,486	6,819,748	442,121	47,633,492
Financial assets <sup>(2)</sup>	21,172	5,391,785	5,412,957	-	2,184	668,137	7,074,783	13,158,061
Other assets	112,243	596,868	709,111	32,548	9,616	889,690	5,977,898	7,618,863
<b>Total Assets</b>	<b>27,662,090</b>	<b>18,889,145</b>	<b>46,551,235</b>	<b>11,128,445</b>	<b>2,984,167</b>	<b>8,381,756</b>	<b>2,893,847</b>	<b>71,939,450</b>
Resources from other credit institutions	970,523	1,492,783	2,463,306	2,243,133	339,950	7,901,943	(5,460,975)	7,487,357
Resources from customers	24,900,861	15,130,262	40,031,123	8,015,739	2,505,972	305,131	329,852	51,187,817
Debt securities issued	872,538	276,960	1,149,498	880	37,395	3,005	1,817,013	3,007,791
Other financial liabilities	-	86,081	86,081	-	2,020	-	1,657,399	1,745,500
Other liabilities	37,281	471,569	508,850	53,426	6,241	4,399	758,333	1,331,249
<b>Total Liabilities</b>	<b>26,781,203</b>	<b>17,457,655</b>	<b>44,238,858</b>	<b>10,313,178</b>	<b>2,891,578</b>	<b>8,214,478</b>	<b>(898,378)</b>	<b>64,759,714</b>
Equity and non-controlling interests	880,887	1,431,490	2,312,377	815,267	92,589	167,278	3,792,225	7,179,736
<b>Total Liabilities, Equity and Non-controlling interests</b>	<b>27,662,090</b>	<b>18,889,145</b>	<b>46,551,235</b>	<b>11,128,445</b>	<b>2,984,167</b>	<b>8,381,756</b>	<b>2,893,847</b>	<b>71,939,450</b>
Number of employees	4,731	8,461	13,192	598	268	143	1,526	15,727
Public subsidies received	-	-	-	-	-	-	-	-

(1) Includes the contribution associated with the Bank's investments in Angola, in Banco Millennium Atlântico, recorded since May 2016 by the equity method;

(2) Includes financial assets held for trading, financial assets held for trading at fair value through profit or loss, financial assets held to maturity, financial assets available for sale, hedging derivatives and assets with repurchase agreement.

Note: As at 31 December 2017, the goodwill disclosed in the financial statements that is reflected in Foreign business is Euros 2 million and Euros 118 million in Other Portugal, as described in note 30.

As at 31 December 2016, the net contribution of the major operational segments, for the income statement, is analysed as follows:

	(Thousands of Euros)							
	Commercial banking			Companies, Corporate and Investment banking	Private banking	Non-core business portfolio	Other	Consolidated
	Retail in Portugal	Foreign business <sup>(1)</sup>	Total	in Portugal				
<b>INCOME STATEMENT</b>								
Interest and similar income	511,569	724,079	1,235,648	363,665	40,916	151,152	118,616	1,909,997
Interest expense and similar charges	(120,135)	(252,239)	(372,374)	(86,857)	(20,764)	(115,586)	(84,290)	(679,871)
<b>Net interest income</b>	<b>391,434</b>	<b>471,840</b>	<b>863,274</b>	<b>276,808</b>	<b>20,152</b>	<b>35,566</b>	<b>34,326</b>	<b>1,230,126</b>
Commissions and other income	365,057	224,507	589,564	160,112	59,953	10,368	14,911	834,908
Commissions and other costs	(13,675)	(127,446)	(141,121)	(6,381)	(5,731)	(34)	(129,674)	(282,941)
Net commissions and other income	351,382	97,061	448,443	153,731	54,222	10,334	(114,763)	551,967
Net gains arising from trading activity	25	136,847	136,872	-	3,200	23,893	76,402	240,367
Share of profit of associates under the equity method	-	12,991	12,991	-	-	-	67,534	80,525
Gains / (losses) arising from the sale of subsidiaries and other assets	4	3,201	3,205	-	9	-	(9,491)	(6,277)
<b>Net operating revenue</b>	<b>742,845</b>	<b>721,940</b>	<b>1,464,785</b>	<b>430,539</b>	<b>77,583</b>	<b>69,793</b>	<b>54,008</b>	<b>2,096,708</b>
<b>Operating expenses</b>	<b>489,331</b>	<b>318,700</b>	<b>808,031</b>	<b>97,261</b>	<b>38,414</b>	<b>22,031</b>	<b>(185,741)</b>	<b>779,996</b>
Impairment for credit and financial assets	(113,009)	(73,343)	(186,352)	(538,010)	1,430	(504,684)	(164,041)	(1,391,657)
Other impairments and provisions	(45)	(10,365)	(10,410)	34	(71)	(18,846)	(177,042)	(206,335)
<b>Net income / (loss) before income tax</b>	<b>140,460</b>	<b>319,532</b>	<b>459,992</b>	<b>(204,698)</b>	<b>40,528</b>	<b>(475,768)</b>	<b>(101,334)</b>	<b>(281,280)</b>
Income tax	(40,086)	(83,467)	(123,553)	61,599	(10,469)	140,352	313,938	381,867
Income / (loss) after income tax from continuing operations	100,374	236,065	336,439	(143,099)	30,059	(335,416)	212,604	100,587
Income / (loss) arising from discontinued operations <sup>(2)</sup>	-	36,806	36,806	-	-	-	8,422	45,228
<b>Net income / (loss) for the year</b>	<b>100,374</b>	<b>272,871</b>	<b>373,245</b>	<b>(143,099)</b>	<b>30,059</b>	<b>(335,416)</b>	<b>221,026</b>	<b>145,815</b>
Non-controlling interests	-	(118,246)	(118,246)	-	-	-	(3,631)	(121,877)
<b>Net income / (loss) for the year attributable to Bank's Shareholders</b>	<b>100,374</b>	<b>154,625</b>	<b>254,999</b>	<b>(143,099)</b>	<b>30,059</b>	<b>(335,416)</b>	<b>217,395</b>	<b>23,938</b>
<b>BALANCE SHEET</b>								
Cash and Loans and advances to credit institutions	9,334,906	1,067,882	10,402,788	1,059,177	2,527,926	5,375	(10,916,428)	3,078,838
Loans and advances to customers	16,917,689	11,701,120	28,618,809	10,934,311	473,707	8,065,466	(74,691)	48,017,602
Financial assets <sup>(3)</sup>	20,960	4,260,453	4,281,413	-	6,083	634,878	7,458,104	12,380,478
Other assets	183,848	562,980	746,828	55,424	17,967	847,921	6,119,753	7,787,893
<b>Total Assets</b>	<b>26,457,403</b>	<b>17,592,435</b>	<b>44,049,838</b>	<b>12,048,912</b>	<b>3,025,683</b>	<b>9,553,640</b>	<b>2,586,738</b>	<b>71,264,811</b>
Resources from other credit institutions	1,344,914	1,419,154	2,764,068	3,751,972	352,081	9,101,255	(6,030,981)	9,938,395
Resources from customers	23,893,851	13,966,967	37,860,818	7,668,144	2,499,795	329,361	439,529	48,797,647
Debt securities issued	556,065	297,902	853,967	1,795	62,353	584	2,594,121	3,512,820
Other financial liabilities	-	335,073	335,073	-	5,984	-	2,135,077	2,476,134
Other liabilities	19,505	404,346	423,851	42,332	7,005	4,025	797,421	1,274,634
<b>Total Liabilities</b>	<b>25,814,335</b>	<b>16,423,442</b>	<b>42,237,777</b>	<b>11,464,243</b>	<b>2,927,218</b>	<b>9,435,225</b>	<b>(64,833)</b>	<b>65,999,630</b>
Equity and non-controlling interests	643,068	1,168,993	1,812,061	584,669	98,465	118,415	2,651,571	5,265,181
<b>Total Liabilities, Equity and Non-controlling interests</b>	<b>26,457,403</b>	<b>17,592,435</b>	<b>44,049,838</b>	<b>12,048,912</b>	<b>3,025,683</b>	<b>9,553,640</b>	<b>2,586,738</b>	<b>71,264,811</b>
Number of employees	4,854	8,395	13,249	588	264	148	1,558	15,807
Public subsidies received	-	-	-	-	-	-	-	-

(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, financial assets held for trading at fair value through profit or loss, financial assets held to maturity, financial assets available for sale, hedging derivatives and assets with repurchase agreement.

Note: As at 31 December 2016, the goodwill disclosed in the financial statements is reflected, in Foreign business, Euros 2 million and Euros 128 million in Other Portugal, as described in note 30.

As at 31 December 2017, the net contribution of the major geographic segments, for the income statement, is analysed as follows:

(Thousands of Euros)

	Portugal					Total	Poland	Mozambique	Other <sup>(1)</sup>	Consolidated
	Retail banking	Companies, Corporate and investment banking	Private banking	Non-core business portfolio	Other					
<b>INCOME STATEMENT</b>										
Interest and similar income	473,543	319,740	22,174	113,372	125,607	1,054,436	564,267	289,045	6,462	1,914,210
Interest expense and similar charges	(61,029)	(63,540)	(7,372)	(85,090)	(19,625)	(236,656)	(170,858)	(116,146)	725	(522,935)
<b>Net interest income</b>	<b>412,514</b>	<b>256,200</b>	<b>14,802</b>	<b>28,282</b>	<b>105,982</b>	<b>817,780</b>	<b>393,409</b>	<b>172,899</b>	<b>7,187</b>	<b>1,391,275</b>
Commissions and other income	385,883	160,458	40,632	9,597	(18,034)	578,536	198,348	59,225	29,472	865,581
Commissions and other costs	(15,913)	(8,880)	(205)	(29)	(146,903)	(171,930)	(106,983)	(19,380)	(5,231)	(303,524)
<b>Net commissions and other income</b>	<b>369,970</b>	<b>151,578</b>	<b>40,427</b>	<b>9,568</b>	<b>(164,937)</b>	<b>406,606</b>	<b>91,365</b>	<b>39,845</b>	<b>24,241</b>	<b>562,057</b>
Net gains arising from trading activity	1	-	-	-	85,382	85,383	51,044	10,808	1,141	148,376
Share of profit of associates under the equity method	-	-	-	-	51,793	51,793	-	-	39,844	91,637
Gains / (losses) arising from the sale of subsidiaries and other assets	(141)	-	-	-	145	4	3,891	243	1	4,139
<b>Net operating revenue</b>	<b>782,344</b>	<b>407,778</b>	<b>55,229</b>	<b>37,850</b>	<b>78,365</b>	<b>1,361,566</b>	<b>539,709</b>	<b>223,795</b>	<b>72,414</b>	<b>2,197,484</b>
<b>Operating expenses</b>	<b>472,351</b>	<b>92,813</b>	<b>16,375</b>	<b>20,249</b>	<b>(14,182)</b>	<b>587,606</b>	<b>258,205</b>	<b>84,938</b>	<b>23,432</b>	<b>954,181</b>
Impairment for credit and financial assets	(53,780)	(307,273)	(3,832)	(177,360)	(54,292)	(596,537)	(60,681)	(27,947)	(1,964)	(687,129)
Other impairments and provisions	(45)	140	-	(54,117)	(136,363)	(190,385)	(8,822)	1,276	(39,752)	(237,683)
<b>Net income / (loss) before income tax</b>	<b>256,168</b>	<b>7,832</b>	<b>35,022</b>	<b>(213,876)</b>	<b>(98,108)</b>	<b>(12,962)</b>	<b>212,001</b>	<b>112,186</b>	<b>7,266</b>	<b>318,491</b>
Income tax	(74,911)	(1,090)	(10,331)	63,093	77,078	53,839	(55,732)	(26,462)	(1,804)	(30,159)
Income / (loss) after income tax from continuing operations	181,257	6,742	24,691	(150,783)	(21,030)	40,877	156,269	85,724	5,462	288,332
Income / (loss) arising from discontinued operations	-	-	-	-	1,225	1,225	-	-	-	1,225
<b>Net income / (loss) for the year</b>	<b>181,257</b>	<b>6,742</b>	<b>24,691</b>	<b>(150,783)</b>	<b>(19,805)</b>	<b>42,102</b>	<b>156,269</b>	<b>85,724</b>	<b>5,462</b>	<b>289,557</b>
Non-controlling interests	-	-	-	-	5,978	5,978	(77,978)	(29,117)	(2,049)	(103,166)
<b>Net income / (loss) for the year attributable to Bank's Shareholders</b>	<b>181,257</b>	<b>6,742</b>	<b>24,691</b>	<b>(150,783)</b>	<b>(13,827)</b>	<b>48,080</b>	<b>78,291</b>	<b>56,607</b>	<b>3,413</b>	<b>186,391</b>
<b>BALANCE SHEET</b>										
Cash and Loans and advances to credit institutions	10,663,913	312,751	1,582,278	4,181	(10,600,955)	1,962,168	559,047	424,965	582,854	3,529,034
Loans and advances to customers	16,864,762	10,783,146	221,452	6,819,748	442,121	35,131,229	11,354,378	871,851	276,034	47,633,492
Financial assets <sup>(2)</sup>	21,172	-	-	668,137	7,074,783	7,764,092	4,899,704	492,082	2,183	13,158,061
Other assets	112,243	32,548	6,704	889,690	5,977,898	7,019,083	222,481	161,590	215,709	7,618,863
<b>Total Assets</b>	<b>27,662,090</b>	<b>11,128,445</b>	<b>1,810,434</b>	<b>8,381,756</b>	<b>2,893,847</b>	<b>51,876,572</b>	<b>17,035,610</b>	<b>1,950,488</b>	<b>1,076,780</b>	<b>71,939,450</b>
Resources from other credit institutions	970,523	2,243,133	-	7,901,943	(5,460,975)	5,654,624	1,646,767	91,879	94,087	7,487,357
Resources from customers	24,900,861	8,015,739	1,738,821	305,131	329,852	35,290,404	13,715,985	1,414,277	767,151	51,187,817
Debt securities issued	872,538	880	37,395	3,005	1,817,013	2,730,831	276,960	-	-	3,007,791
Other financial liabilities	-	-	-	-	1,657,399	1,657,399	86,081	-	2,020	1,745,500
Other liabilities	37,281	53,426	1,284	4,399	758,333	854,723	363,306	108,264	4,956	1,331,249
<b>Total Liabilities</b>	<b>26,781,203</b>	<b>10,313,178</b>	<b>1,777,500</b>	<b>8,214,478</b>	<b>(898,378)</b>	<b>46,187,981</b>	<b>16,089,099</b>	<b>1,614,420</b>	<b>868,214</b>	<b>64,759,714</b>
Equity and non-controlling interests	880,887	815,267	32,934	167,278	3,792,225	5,688,591	946,511	336,068	208,566	7,179,736
<b>Total Liabilities, Equity and non-controlling interests</b>	<b>27,662,090</b>	<b>11,128,445</b>	<b>1,810,434</b>	<b>8,381,756</b>	<b>2,893,847</b>	<b>51,876,572</b>	<b>17,035,610</b>	<b>1,950,488</b>	<b>1,076,780</b>	<b>71,939,450</b>
Number of employees	4,731	598	191	143	1,526	7,189	5,830	2,631	77	15,727
Public subsidies received	-	-	-	-	-	-	-	-	-	-

(1) Includes the contribution associated with the Bank's investments in Angola, in Banco Millennium Atlântico, recorded since May 2016 by the equity method;

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

Note: As at 31 December 2017, the goodwill disclosed in the financial statements that is reflected in Mozambique is Euros 2 million and Euros 118 million in Other Portugal, as described in note 30.

As at 31 December 2016, the net contribution of the major geographic segments, for the income statement, is analysed as follows:

(Thousands of Euros)

	Portugal					Total	Poland	Mozambique	Other <sup>(1)</sup>	Consolidated
	Retail banking	Companies, Corporate and investment banking	Private banking	Non-core business portfolio	Other					
<b>INCOME STATEMENT</b>										
Interest and similar income	511,569	363,665	27,081	151,152	118,616	1,172,083	520,463	211,308	6,143	1,909,997
Interest expense and similar charges	(120,135)	(86,857)	(12,435)	(115,586)	(84,290)	(419,303)	(187,671)	(72,260)	(637)	(679,871)
<b>Net interest income</b>	<b>391,434</b>	<b>276,808</b>	<b>14,646</b>	<b>35,566</b>	<b>34,326</b>	<b>752,780</b>	<b>332,792</b>	<b>139,048</b>	<b>5,506</b>	<b>1,230,126</b>
Commissions and other costs	365,057	160,112	31,298	10,368	14,911	581,746	164,985	59,522	28,655	834,908
Commissions and other costs	(13,675)	(6,381)	(297)	(34)	(129,674)	(150,061)	(107,078)	(20,369)	(5,433)	(282,941)
<b>Net commissions and other income</b>	<b>351,382</b>	<b>153,731</b>	<b>31,001</b>	<b>10,334</b>	<b>(114,763)</b>	<b>431,685</b>	<b>57,907</b>	<b>39,153</b>	<b>23,222</b>	<b>551,967</b>
Net gains arising from trading activity	25	-	-	23,893	76,402	100,320	111,678	25,169	3,200	240,367
Share of profit of associates under the equity method	-	-	-	-	67,534	67,534	(314)	-	13,305	80,525
Gains / (losses) arising from the sale of subsidiaries and other assets	4	-	-	-	(9,491)	(9,487)	3,027	174	9	(6,277)
<b>Net operating revenue</b>	<b>742,845</b>	<b>430,539</b>	<b>45,647</b>	<b>69,793</b>	<b>54,008</b>	<b>1,342,832</b>	<b>505,090</b>	<b>203,544</b>	<b>45,242</b>	<b>2,096,708</b>
<b>Operating expenses</b>	<b>489,331</b>	<b>97,261</b>	<b>15,372</b>	<b>22,031</b>	<b>(185,741)</b>	<b>438,254</b>	<b>238,457</b>	<b>80,243</b>	<b>23,042</b>	<b>779,996</b>
Impairment for credit and financial assets	(113,009)	(538,010)	(242)	(504,684)	(164,041)	(1,319,986)	(49,682)	(23,661)	1,672	(1,391,657)
Other impairments and provisions	(45)	34	-	(18,846)	(177,042)	(195,899)	(10,445)	81	(72)	(206,335)
<b>Net income / (loss) before income tax</b>	<b>140,460</b>	<b>(204,698)</b>	<b>30,033</b>	<b>(475,768)</b>	<b>(101,334)</b>	<b>(611,307)</b>	<b>206,506</b>	<b>99,721</b>	<b>23,800</b>	<b>(281,280)</b>
Income tax	(40,086)	61,599	(8,860)	140,352	313,938	466,943	(55,436)	(28,030)	(1,610)	381,867
Income / (loss) after income tax from continuing operations	100,374	(143,099)	21,173	(335,416)	212,604	(144,364)	151,070	71,691	22,190	100,587
Income / (loss) arising from discontinued operations <sup>(2)</sup>	-	-	-	-	8,422	8,422	-	-	36,806	45,228
<b>Net income / (loss) for the year</b>	<b>100,374</b>	<b>(143,099)</b>	<b>21,173</b>	<b>(335,416)</b>	<b>221,026</b>	<b>(135,942)</b>	<b>151,070</b>	<b>71,691</b>	<b>58,996</b>	<b>145,815</b>
Non-controlling interests	-	-	-	-	(3,631)	(3,631)	(75,384)	(24,496)	(18,366)	(121,877)
<b>Net income / (loss) for the year attributable to Bank's Shareholders</b>	<b>100,374</b>	<b>(143,099)</b>	<b>21,173</b>	<b>(335,416)</b>	<b>217,395</b>	<b>(139,573)</b>	<b>75,686</b>	<b>47,195</b>	<b>40,630</b>	<b>23,938</b>
<b>BALANCE SHEET</b>										
Cash and Loans and advances										
to credit institutions	9,334,906	1,059,177	1,595,368	5,375	(10,916,428)	1,078,398	690,787	437,922	871,731	3,078,838
Loans and advances to customers	16,917,689	10,934,311	172,165	8,065,466	(74,691)	36,014,940	10,661,642	1,039,478	301,542	48,017,602
Financial assets <sup>(3)</sup>	20,960	-	-	634,878	7,458,104	8,113,942	4,031,817	228,636	6,083	12,380,478
Other assets	183,848	55,424	11,729	847,921	6,119,753	7,218,675	211,494	131,782	225,942	7,787,893
<b>Total Assets</b>	<b>26,457,403</b>	<b>12,048,912</b>	<b>1,779,262</b>	<b>9,553,640</b>	<b>2,586,738</b>	<b>52,425,955</b>	<b>15,595,740</b>	<b>1,837,818</b>	<b>1,405,298</b>	<b>71,264,811</b>
Resources from other										
credit institutions	1,344,914	3,751,972	-	9,101,255	(6,030,981)	8,167,160	1,303,029	121,268	346,938	9,938,395
Resources from customers	23,893,851	7,668,144	1,691,628	329,361	439,529	34,022,513	12,668,085	1,298,883	808,166	48,797,647
Debt securities issued	556,065	1,795	62,353	584	2,594,121	3,214,918	297,902	-	-	3,512,820
Other financial liabilities	-	-	-	-	2,135,077	2,135,077	335,073	-	5,984	2,476,134
Other liabilities	19,505	42,332	639	4,025	797,421	863,922	280,870	123,527	6,315	1,274,634
<b>Total Liabilities</b>	<b>25,814,335</b>	<b>11,464,243</b>	<b>1,754,620</b>	<b>9,435,225</b>	<b>(64,833)</b>	<b>48,403,590</b>	<b>14,884,959</b>	<b>1,543,678</b>	<b>1,167,403</b>	<b>65,999,630</b>
Equity and non-controlling interests	643,068	584,669	24,642	118,415	2,651,571	4,022,365	710,781	294,140	237,895	5,265,181
<b>Total Liabilities, Equity and non-controlling interests</b>	<b>26,457,403</b>	<b>12,048,912</b>	<b>1,779,262</b>	<b>9,553,640</b>	<b>2,586,738</b>	<b>52,425,955</b>	<b>15,595,740</b>	<b>1,837,818</b>	<b>1,405,298</b>	<b>71,264,811</b>
Number of employees	4,854	588	185	148	1,558	7,333	5,844	2,551	79	15,807
Public subsidies received	-	-	-	-	-	-	-	-	-	-

(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, financial assets held for trading at fair value through profit or loss, financial assets held to maturity, financial assets available for sale, hedging derivatives and assets with repurchase agreement.

Note: As at 31 December 2016, the goodwill disclosed in the financial statements that is reflected in Mozambique is Euros 2 million and Euros 128 million in Other Portugal, as described in note 30.

**RECONCILIATION OF NET INCOME OF REPORTABLE SEGMENTS WITH THE NET RESULT OF THE GROUP**

	(Thousands of euros)	
	2017	2016
<b>Net contribution:</b>		
Retail banking in Portugal	181,257	100,374
Companies, Corporate and Investment banking	6,742	(143,099)
Private Banking	24,691	21,173
Non-core business portfolio	(150,783)	(335,416)
Foreign business (continuing operations) (1)	247,455	244,951
Non-controlling interests (2)	(109,144)	(118,246)
	200,218	(230,263)
Income from discontinued or discontinuing operations (3)	-	36,806
	200,218	(193,457)
<b>Amounts not allocated to segments:</b>		
Interests of hybrid instruments	(6,343)	(65,525)
Net interest income of the bond portfolio	48,153	41,591
Interests written off	18,728	6,950
Own credit risk	(494)	2,469
Foreign exchange activity	21,157	28,067
Equity accounted earnings	51,793	67,534
Impairment and other provisions (4)	(190,655)	(341,083)
Operational costs (5)	14,182	185,741
Gains on sale of public debt (6)	54,417	5,017
Mandatory contributions	(57,859)	(51,742)
Gains on the acquisition of Visa Europe by Visa Inc. (1)	-	26,353
Gain arising from the sale of Banco Millennium Angola	-	7,329
Taxes (7)	77,078	313,938
Income from discontinued or discontinuing operations (8)	1,225	1,092
Non-controlling interests	5,978	(3,631)
Others (9)	(51,187)	(6,705)
<b>Total not allocated to segments</b>	<b>(13,827)</b>	<b>217,395</b>
<b>Consolidated net income</b>	<b>186,391</b>	<b>23,938</b>

(1) The net contribution of the Foreign Business (continuing operations) segment includes, in 2016, the gain of Euros 69.9 million arising from the sale of Visa Europe by Bank Millennium in Poland. For the same period, the balance Gains on the acquisition of Visa Europe by Visa Inc. only includes the amount of Euros 26.4 million related to the gains obtained from the same operation in Portugal, as referred in note 7.

(2) Corresponds mainly to the income attributable to third parties related to the subsidiaries in Poland, in Mozambique and in Angola (until April 2016).

(3) In 2016, includes the book value of the subsidiary in Angola considered as a discontinued operation. Concerning Angola, only includes the figures of the first three months of the year, since from May 2016 on, the contribution of the new merged entity, Banco Millennium Atlântico, resulted from the merger process of Banco Millennium in Angola with Banco Privado Atlântico started being accounted using the equity method.

(4) Includes provisions for property in kind and for funds specialized in the recovery of loans, administrative infractions, various contingencies and other unallocated to business segments.

(5) Corresponds to costs related to the impacts arising from the revision of the Collective Labour Agreement and to restructuring costs.

(6) Includes gains with Portuguese public debt that were classified in the available for sale financial assets portfolios, held for trading and at fair value through profit or loss.

(7) Includes deferred tax revenue, net of current non-segment tax expense, namely the tax effect associated with the impacts of the previous items, calculated based on a marginal tax rate.

(8) Gains arising from the sale of Millennium bcp Gestão de Ativos - Sociedade Gestora de Fundos de Investimento, S.A.

(9) It includes other operations not allocated previously namely funding for non-interest bearing assets and strategic financial investments, net commissions and other operating income / expenses and other income from financial operations.