



Consolidated quarterly information (unaudited accounts)

Banco BPI

31 March 2014

(in accordance with article 10 of CMVM Regulation 5 / 2008)

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LEADING INDICATORS

Amounts in M.€

| | Domestic activity | | | International activity | | | Consolidated | | |
|---|-------------------|---------|----------|------------------------|--------|---------|--------------|---------|----------|
| | Mar.13 | Mar.14 | Chg.% | Mar.13 | Mar.14 | Chg.% | Mar.13 | Mar.14 | Chg.% |
| Net profit, efficiency and profitability | | | | | | | | | |
| Net profit (as reported) | 21,2 | - 129,2 | (708,8%) | 19,3 | 24,4 | 26,4% | 40,5 | - 104,8 | (358,8%) |
| Net profit (as reported) per share (EPS) | 0,015 | -0,093 | (708,1%) | 0,014 | 0,018 | 26,2% | 0,029 | -0,076 | (358,5%) |
| Weighted average number of shares ¹⁾ | 1.384 | 1.385 | 0,1% | 1.384 | 1.385 | 0,1% | 1.384 | 1.385 | 0,1% |
| Efficiency ratio excl. non-recurring impacts (last 12 months) | 70,9% | 87,0% | | 41,9% | 37,7% | | 62,2% | 68,3% | |
| Return on average total assets (ROA) | 0,2% | -1,4% | | 2,5% | 3,0% | | 0,5% | -0,7% | |
| Return on Shareholders' equity (ROE) | 4,4% | -11,5% | | 23,1% | 26,9% | | 7,2% | -5,2% | |
| Balance sheet | | | | | | | | | |
| Net total assets ³⁾ | 38 261 | 36 270 | (5,2%) | 6 089 | 6 637 | 9,0% | 43 129 | 41 968 | (2,7%) |
| Loans to Customers | 26 095 | 24 669 | (5,5%) | 1 098 | 1 087 | (1,0%) | 27 193 | 25 757 | (5,3%) |
| Deposits | 18 853 | 18 903 | 0,3% | 5 249 | 5 781 | 10,1% | 24 102 | 24 684 | 2,4% |
| Deposits and retail bonds | 20 439 | 19 740 | (3,4%) | 5 249 | 5 781 | 10,1% | 25 688 | 25 521 | (0,6%) |
| On-balance sheet Customer resources | 23 148 | 23 204 | 0,2% | 5 249 | 5 781 | 10,1% | 28 397 | 28 985 | 2,1% |
| Off-balance sheet Customer resources ⁴⁾ | 3 067 | 3 210 | 4,7% | | | | 3 067 | 3 210 | 4,7% |
| Total Customer resources ⁵⁾ | 25 670 | 26 086 | 1,6% | 5 249 | 5 781 | 10,1% | 30 919 | 31 867 | 3,1% |
| Loans to deposits ratio (Instruction 23/2011 BoP) | 126% | 116% | | 21% | 19% | | 104% | 94% | |
| Asset quality | | | | | | | | | |
| Loans in arrears for more than 90 days | 871 | 931 | 6,9% | 57 | 51 | (10,8%) | 928 | 982 | 5,8% |
| Ratio of loans in arrears ⁶⁾ | 3,2% | 3,6% | | 4,9% | 4,4% | | 3,3% | 3,7% | |
| Impairments cover of loans in arrears ⁶⁾ | 93% | 102% | | 146% | 153% | | 97% | 104% | |
| Credit at risk ⁷⁾ | 4,6% | 5,2% | | 7,6% | 6,3% | | 4,7% | 5,2% | |
| Impairments cover of credit at risk ⁷⁾ | 70% | 78% | | 93% | 107% | | 72% | 79% | |
| Cost of credit risk ⁸⁾ | 0,98% | 0,62% | | 0,52% | 1,03% | | 0,96% | 0,64% | |
| Pension liabilities | | | | | | | | | |
| Employees pension liabilities | 940 | 1 089 | 15,8% | | | | 940 | 1 089 | 15,8% |
| Employees pension funds assets | 1 033 | 1 202 | 16,3% | | | | 1 033 | 1 202 | 16,3% |
| Cover of pension obligations ⁹⁾ | 109,9% | 110,4% | | | | | 109,9% | 110,4% | |
| Capital | | | | | | | | | |
| Shareholders' equity and minority interests | 1 491 | 1 845 | 23,7% | 674 | 711 | 5,5% | 2 165 | 2 557 | 18,1% |
| Bank of Portugal rules (in force until 31 Dec.13) | | | | | | | | | |
| Core Tier I | | | | | | | 3 545 | 2 899 | (18,2%) |
| Risk weighted assets | | | | | | | 23 611 | 20 680 | (12,4%) |
| Core Tier I ratio | | | | | | | 15,0% | 14,0% | |
| CRD IV/CRR phasing in (rules for 2014) | | | | | | | | | |
| Core Tier I | | | | | | | | 2 798 | |
| Risk weighted assets | | | | | | | | 21 192 | |
| Core Tier I ratio | | | | | | | | 13,2% | |
| Leverage ratio | | | | | | | | 7,3% | |
| LCR = Liquidity coverage ratio | | | | | | | | 464% | |
| NSFR = Net Stable Funding Ratio | | | | | | | | 106% | |
| CRD IV/CRR fully implemented | | | | | | | | | |
| Core Tier I | | | | | | | | 2 022 | |
| Risk weighted assets | | | | | | | | 20 803 | |
| Core Tier I ratio | | | | | | | | 9,7% | |
| Leverage ratio | | | | | | | | 5,6% | |
| LCR = Liquidity coverage ratio | | | | | | | | 464% | |
| NSFR = Net Stable Funding Ratio | | | | | | | | 106% | |
| Distribution network and staff | | | | | | | | | |
| Distribution network ¹⁰⁾ | 745 | 696 | (6,6%) | 171 | 176 | 2,9% | 916 | 872 | (4,8%) |
| BPI Group staff ¹¹⁾ | 6 378 | 6 254 | (1,9%) | 2 331 | 2 461 | 5,6% | 8 709 | 8 715 | 0,1% |

1) Average outstanding number of shares, deducted of treasury stock.

2) Operating costs as % of net operating revenue.

3) The total assets for each of the geographical segments presented above has not been corrected for the balances resulting from operations between these segments.

4) Unit trust funds, PPR and PPA (excludes pension funds).

5) Corrected for double counting: placements of unit trust funds managed by BPI in the Group's deposits, structured products and unit trust funds.

6) Loans in arrears for more than 90 days.

7) Calculated in accordance with Bank of Portugal Instruction 23/2011. It includes loans in arrears for more than 90 days, falling-due loans associated, restructured loans (previously with instalments in arrears for more than 90 days), insolvencies that have not yet been included in loans in arrears for more than 90 days.

8) Loan impairments in the period (P&L account), net of arrear loans recovered, as percentage of the average performing loan portfolio. In annualised terms.

9) Cover of pension obligations by the pension funds assets.

10) Includes traditional branches, housing shops, investment centres, corporate centres, Institutions and one Project Finance centre. Domestic activity distribution network includes branches in Paris (12 branches).

11) Excludes temporary workers.

CONSOLIDATED OVERVIEW

Banco BPI's Board of Directors decided to request to the competent authorities permission to redeem the totality of the CoCo still held by the State (420 M.€).

Core Tier I capital ratios at 31 March 2014 stood as following:

- Core Tier 1 ratio CRD IV fully implemented of 9.7%, above the 7% minimum ratio required by EBA;
- Core Tier 1 ratio CRD IV phasing in of 13.2%, above the 8% capital benchmark for the asset quality review to be carried out by ECB.

Banco BPI posted in the 1st quarter of 2014 a consolidated net loss of 104.8 million euro (M.€).

Earnings per share (Basic EPS) were -0.076€ (0.029€ in the 1st quarter 2013).

Consolidated net income in 1st quarter 2014 was penalized by the negative contribution of 129.2 M.€ from the domestic activity, which was especially influenced by losses of 102 M.€ (-132 M.€ before taxes) incurred with the sale of medium and long term public debt of Portugal and Italy. Net income from domestic activity continues to be affected by the cost of CoCo's and the maintenance of the cost of time deposits at high levels and the low Euribor interest rates.

The international activity had a positive contribution for consolidated net profit of 24.4 M.€ (+26.4% relative to the 1st quarter 2013).

Consolidated net operating revenue decreased by 72.5% (-249.8 M.€) relative to the 1st quarter 2013, which is mainly explained by the fall in profits from financial operations from 155.6 M.€ in the 1st quarter of 2013 to -91.7 in the 1st quarter of 2014, once it includes in the 1st quarter of 2014 losses with the sale of medium and long term public debt of Portugal and Italy. Net interest income declined by 3.6% (-4.1 M.€), and commissions changed by -0.2% (-0.1 M.€) yoy.

Consolidated operating costs decreased 2.3 M.€ (-1.4%) year-on-year whereas cost in domestic activity fell 1.1 M.€ (-1.1%) yoy.

The consolidated credit at risk ratio (non-performing loans), calculated in accordance with Bank of Portugal Instruction 23 / 2011, was 5.2% at the end of March 2014. The accumulated impairment allowances in the balance sheet covered the credit at risk at 79% (without considering the coverage by associated collaterals).

Loan impairment charges in the P&L fell to 45.3 M.€ in the 1st quarter 2014.

The net credit loss in the 1st quarter 2014, which corresponds to the amount of impairment charges recognised in the period, net of recoveries of arrear loans and interest written off, was 0.64% of the loan portfolio's average balance, in annualised terms.

Customer deposits increased 582 M.€ (+2.4%) year-on-year to 24.7 Bi.€. At 31 March 2014, in the consolidated accounts, the transformation ratio of deposits into loans was 94%.

The pension liabilities under the Bank's responsibility amounted to 1 089 M.€ at the end of March 2014 and were 110% covered by the pension fund assets.

In January 2014, Moody's upgraded the Outlook on the rating notations assigned to Banco BPI to "stable" and in May S&P also upgraded to "stable" the Outlook on Banco BPI ratings.

BPI was voted the banking sector's Trusted Brand in the 2014 edition of the Trusted Brands poll published annually by the Reader's Digest Selections.

CAPITAL AND COCO REDEMPTION

Early redemption of CoCo

On 19 March 2014, BPI reimbursed 500 M.€ of CoCo, reducing the amount held by the State to 420 M.€.

On 23 April 2014, the Board of Directors of Banco BPI decided to request to the competent authorities the approval of a request to redeem the totality of the CoCo held by the State, in the amount of 420 M.€.

Considering the repayment of the 420 M.€ of CoCo (and before considering the positive impact from capital optimization operations envisaged), the Core Tier 1 ratios proforma as of 31 March 2014 would be:

- Core Tier 1 CRD IV / CRR *fully implemented* ratio of 7.4%, which corresponds to an excess capital of 69 M.€ relative to the minimum ratio of 7%.
- Core Tier 1 ratio according to the CRD IV / CRR rules for 2014 of 11.1%, which corresponds to an excess capital of 567 M.€ relative to the ECB benchmark of 8%.

EBA's Recommendation on new capital preservation requirements published on 22 July 2013

On 22 July 2013, following the entry into force of the new capital rules established by CRD IV/CRR, EBA has made public the decision to replace its 2011 Recommendation with new measures on capital preservation. The new rules foresee, among other issues, that Banks maintain the amount of capital in euros necessary to comply with the capital requirements set by the previous EBA recommendation with reference to 30 June 2012, or a lower amount, as long as they comply with a Core Tier 1 capital ratio of 7.0% according to CRD IV "fully implemented" rules (that is, without benefiting from the phasing-in period envisaged in those rules).

Core Tier 1 capital ratios according to CRD IV / CRR rules

Core Tier 1 ratios at 31 March 2014

At 31 March 2014 the Bank presents a Core Tier 1 ratio of 9.7%, calculated according to CRD IV / CRR fully implemented rules, which corresponds to an excess capital of 489 M.€ relative to the minimum Core Tier 1 ratio of 4.5% and the capital conservation buffer of 2.5% (ratio of 7%).

The most important changes in core capital that occurred in the 1st quarter 2014 were the following:

- Repayment of 500 M.€ of contingent capital bonds (CoCo) in 19 March 2014, which resulted in a reduction in excess capital¹ by the same amount (500 M.€);
- Appreciation by 191 M.€ of the medium and long term public debt of Portugal and Italy held in the portfolio of financial assets available for sale. This amount results from the reduction in unrealized losses from 418 M.€ in Dec.13 to 95 M.€ in Mar.14, coupled with the losses of 132 M.€ (before taxes) incurred in the quarter with the sale of 50% of the position held in public debt of Portugal and Italy. The joint impact of the appreciation in the portfolio and the above mentioned sales in excess core capital was positive by 183 M.€.

1) Relative to a minimum ratio of 7% considering CRD IV / CRR fully implemented rules.

- Sale of subordinated bonds from European insurers, with an impact of 86 M.€ in excess capital¹.

Own funds and own funds requirements

Amounts in M.€

| | CRD IV / CRR Phasing in (rules for 2014) | | CRD IV / CRR Fully implemented | |
|----------------------------------|---|--------------|--------------------------------|-------------|
| | 31 Dec. 13 | 31 Mar. 14 | 31 Dec. 13 | 31 Mar. 14 |
| Core capital | 3 375.0 | 2 798.2 | 2 373.9 | 2 022.2 |
| Risk weighted assets | 21 616.0 | 21 191.9 | 21 125.7 | 20 803.0 |
| Core tier 1 capital ratio | 15.6% | 13.2% | 11.2% | 9.7% |

Note: According to the previous Bank of Portugal rules, in force until 31 December 2013, the Core Tier 1 ratio at 31 March 2014 would be 14.0%.

The Core Tier 1 ratio calculated according to CRD IV / CRR rules for 2014 amounts to 13.2%, at 31 March 2014, which corresponds to an excess capital of 987 M.€ relative to the benchmark of 8%² to be considered in the banks' assessment that the ECB will carry out.

Leverage and Liquidity ratios according to CRD IV / CRR rules

At 31 March 2014, the leverage ratio stands at 5.6% according to CRD IV fully implemented rules. Considering the 420 M.€ redemption of CoCo above mentioned, the proforma leverage ratio according to CRD IV fully implemented rules would be 3.7%.

At 31 March 2014, the Liquidity coverage ratio (LCR) and the net stable funding ratio (NSFR) stand at 464% and 106% according to CRD IV *Fully Implemented* rules.

Opportunities for improving Core Tier 1

Public Exchange Offer on subordinated securities for BPI shares

BPI expects to carry out in the 2nd quarter of 2014 a voluntary Public Exchange Offer directed to the holders of the preference shares and subordinated debt securities, issued by it, offering in return exclusively shares to be issued by Banco BPI.

Assuming the completion of the exchange offer of preference shares and subordinated debt by BPI shares with an acceptance rate of 75%, BPI's CET1 excess could increase by 94 M. € on that date, *ceteris paribus*.

1) Relative to a minimum ratio of 7% considering CRD IV / CRR fully implemented rules.

2) On 23 October, the European Central Bank (ECB) announced the details of the banks' assessment to be conducted in preparation to assume responsibility for banking supervision, under the single supervisory mechanism. This assessment will be based on a benchmark of 8% Core T1 according to the definition of CRD IV phased in.

Deferred Tax Assets

Assuming that it is applied in Portugal a similar solution to the one implemented in Spain and that the deferred tax assets related to pensions and provisions in a total of 249 M.€ (amounts as of 31 March 2014) cease to deduct from capital, the Core Tier 1 excess would increase by 227 M€.

Core Tier I ratio proforma following the repayment of 420 M.€ of CoCo's and impacts of the opportunities for improving core capital

Considering the previously mentioned impacts of the opportunities for improving Core Tier 1 capital and following the repayment of the 420 M.€ of CoCos, the Core Tier 1 ratios at 31 March proforma would be:

- Core Tier 1 CRD IV / CRR *fully implemented* ratio of 9.2%, which corresponds to an excess capital of 390 M.€ relative to the minimum ratio of 7%.
- Core Tier 1 ratio according to the CRD IV / CRR rules for 2014 of 11.9%, which corresponds to an excess capital of 716 M.€ relative to the ECB benchmark of 8%.

BPI GROUP'S CONSOLIDATED RESULTS

Consolidated net income

Banco BPI posted in the 1st quarter of 2014 a consolidated net loss of 104.8 million euro (M.€).

Earnings per share (Basic EPS) were -0.076€ (0.029€ in the 1st quarter 2013).

Consolidated net profit in 1st quarter 2014 has been penalized by the negative contribution of 129.2 M.€ in the domestic activity and is especially influenced by losses of 102 M.€ (-132 M.€ before taxes) incurred with the sale of medium and long term public debt of Portugal and Italy, and continues to be affected by the cost of CoCo's and the maintenance of the cost of time deposits at high levels, and the low Euribor interest rates.

The international activity had a positive contribution for consolidated net profit of 24.4 M.€ (+26.4% relative to the 1st quarter 2013).

Income statement

Amounts in M.€

| | 2013 | 2014 | Chg. 1Q.13 / 1Q.14 | |
|---|--------------|-----------------|--------------------|-----------------|
| | 1Q | 1Q | Chg.M.€ | Chg.% |
| Net interest income | 116,2 | 112,0 | (4,1) | (3,6%) |
| Technical results of insurance contracts | 5,7 | 6,9 | 1,2 | 21,5% |
| Commissions and other similar income (net) | 71,8 | 71,7 | (0,1) | (0,2%) |
| Gains and losses in financial operations | 155,6 | (91,7) | (247,3) | (158,9%) |
| Operating income and charges | (4,7) | (4,1) | 0,6 | 12,4% |
| Net operating revenue | 344,6 | 94,8 | (249,8) | (72,5%) |
| Personnel costs, excluding non-recurring costs | 92,5 | 89,8 | (2,7) | (2,9%) |
| Outside supplies and services | 58,5 | 59,4 | 0,9 | 1,5% |
| Depreciation of fixed assets | 8,1 | 7,6 | (0,4) | (5,6%) |
| Operating costs, excluding non-recurring costs | 159,1 | 156,8 | (2,3) | (1,4%) |
| Non-recurring costs | (3,3) | | 3,3 | 100,0% |
| Operating costs | 155,8 | 156,8 | 1,1 | 0,7% |
| Operating profit before provisions | 188,8 | (62,0) | (250,8) | (132,8%) |
| Recovery of loans written-off | 5,3 | 4,3 | (1,0) | (19,1%) |
| Loan provisions and impairments | 69,8 | 45,3 | (24,4) | (35,0%) |
| Other impairments and provisions | 46,5 | 3,4 | (43,2) | (92,8%) |
| Profits before taxes | 77,8 | (106,4) | (184,2) | (236,9%) |
| Corporate income tax | 24,4 | (22,7) | (47,2) | (193,1%) |
| Equity-accounted results of subsidiaries | 5,7 | 5,3 | (0,4) | (7,3%) |
| Minority shareholders' share of profit | 18,5 | 26,4 | 7,9 | 42,7% |
| Net Profit | 40,5 | (104,8) | (145,3) | (358,8%) |

Return on shareholders' equity (ROE)

The return on shareholders' equity (ROE) was -5.2% in the 1st quarter 2014.

The contribution of domestic activity to consolidated net profit in the 1st quarter 2014 was negative by 129.2 M.€.

In the international activity, in its individual accounts, BFA's posted a return on shareholders' equity (ROE) of 29.9% in the 1st quarter 2014 and BCI's ROE reached 14.9%.

The contribution of international activity to consolidated net profit in the 1st quarter 2014 stood at 24.4 M.€ and the ROE of international activity, after consolidation adjustments, reached 26.9%.

Capital allocation, recurring profit and ROE by business area in the 1st quarter 2014 Amounts in M.€

| | Domestic Activity | | | | International activity | | BPI Group (consolidated) |
|---|--------------------|--------------------|-------------------------|----------|---------------------------|---|--------------------------|
| | Commercial Banking | Investment Banking | Shareholdings and other | Total | BFA (individual accounts) | Contribution to consolidated (BFA, BCI and Other) | |
| Capital allocated adjusted (M.€) ¹ | 1 797,6 | 34,7 | 14,8 | 1 847,2 | 659,0 | 363,1 | 2 210,3 |
| As % of total | 81,3% | 1,6% | 0,7% | 83,6% | - | 16,4% | 100,0% |
| Net profit (M.€) ² | (136,1) | 5,7 | 1,2 | (129,2) | 49,2 | 24,4 | (104,8) |
| ROE ³ | -13,3% | 65,2% | 33,5% | -11,5% | 29,9% | 26,9% | -5,2% |

1) The average capital considered in the calculation of ROE excludes the fair value reserve (net of deferred taxes) relating to the portfolio of available-for-sale financial assets. The allocated capital to each individual area of domestic activity, excluding the fair value reserve, is adjusted to reflect a capital employment equal to the average capital employed in the domestic activity. Accounting capital is used in the international activity.

2) The contribution for consolidated profit of the domestic activity business areas has been adjusted by the capital reallocation.

3) Annualised return; the capital losses realised with the sale of Portuguese and Italian medium and long term public debt in the 1st quarter (losses of 102 M.€ after taxes) were not annualised.

Loans and resources

At 31 March 2014, the net consolidated Customer loans portfolio amounted to 25.8 Bi.€, which corresponds to a year-on-year contraction of 5.3%. Customer deposits increased by 582 M.€, year-on-year (+2.4%).

Recourse to the European Central Bank of 4.0 Bi.€

At 31 March 2014, the amount of funding raised by BPI from the Eurosystem (ECB) totalled 4.0 Bi.€. On the same date, BPI had a deposit balance of 0.5 Bi.€ with the ECB, so that the net total funding was 3.5 Bi.€.

Transformation ratio of deposits into loans

At 31 March 2014, in the consolidated accounts, the transformation ratio of deposits into loans is 94%¹.

1) Calculated in accordance with Bank of Portugal Instruction 23 / 2011. Includes deposits of BPI Vida e Pensões.

Income and costs

Consolidated **net operating revenue** decreased by 72.5% (-249.8 M.€) relative to the 1st quarter 2013, which is mainly explained by the fall in profits from financial operations by 247.3 M.€, from 155.6 M.€ in the 1st quarter of 2013 to -91.7 in the 1st quarter of 2014, once it includes in the 1st quarter of 2014 losses with the sale of medium and long term public debt of Portugal and Italy (losses of 132 M.€ before taxes).

Net interest income declined by 3.6% (-4.1 M.€), and commissions changed by -0.2% (-0.1 M.€) yoy.

Consolidated operating costs, excluding non-recurring items, declined by 2.3 M.€ (-1.4%) year-on-year, benefiting from the 1.4 M.€ drop (-1.1%) seen in domestic activity. Including non-recurring items, the aforesaid variations are +0.7% and +1.6%, respectively.

The consolidated efficiency ratio – operating costs as a percentage of net operating revenue -, considering the income and costs accounted over the last 12 months and excluding non-recurring impacts in costs and income, was 68.3%.

Quality of the loan portfolio

At 31 March 2014, the ratio of **Customer loans in arrears for more than 90 days** was situated at 3.7% in the consolidated accounts. The **credit at risk**¹ ratio stood at 5.2% in the consolidated accounts.

Loan portfolio quality – consolidated accounts

Amounts in M.€

| | Mar. 13 | | Dec. 13 | | Mar. 14 | |
|--|----------|-----------------------------------|----------|-----------------------------------|----------|-----------------------------------|
| | M.€ | % of loan portfolio ¹⁾ | M.€ | % of loan portfolio ¹⁾ | M.€ | % of loan portfolio ¹⁾ |
| Loans in arrears (+90 days) | 928,0 | 3,3% | 976,3 | 3,6% | 981,7 | 3,7% |
| Credit at risk (Instruction 23/2011 BoP) | 1 253,4 | 4,7% | 1 277,0 | 5,1% | 1 291,9 | 5,2% |
| Loans impairments (in the balance sheet) | 896,5 | 3,2% | 978,7 | 3,6% | 1 022,8 | 3,8% |
| Write offs (in the period) | | | 84,8 | | 0,6 | |
| Note: | | | | | | |
| Gross loan portfolio | 28 042,3 | | 26 897,1 | | 26 732,8 | |

1) As % of the gross loan portfolio

1) Calculated in accordance with Bank of Portugal Instruction 23 / 2011. For purposes of calculating the non-performing ratio according, the perimeter of the Group subject to the Bank of Portugal supervision is taken into account which results, in the case of BPI, in the recognition of BPI Vida e Pensões using the equity method (whereas in accounting reporting, in accordance with IAS / IFRS, that subsidiary is consolidated in full).

Cost of credit risk

In the 1st quarter of 2014 loan impairment charges of 45.3 M.€ were recorded (0.71% of the loan portfolio, in annualised terms). On the other hand, arrear loans and interest previously written off of 4.3 M.€ were recovered (0.07% of the loan portfolio, in annualised terms), with the result that impairments after deducting the abovementioned recoveries amounted to 41.1 M.€, which represents 0.64% of the loan portfolio, in annualised terms.

Loan portfolio quality

Amounts in M.€

| | 1st Q. 13 | | 1st Q. 14 | |
|--|-------------|-----------------------------------|-------------|-----------------------------------|
| | M.€ | % of loan portfolio ¹⁾ | M.€ | % of loan portfolio ¹⁾ |
| Loan impairments | 69,8 | 1,04% | 45,3 | 0,71% |
| Recovery of loans and interest in arrears written-off | 5,3 | 0,08% | 4,3 | 0,07% |
| Loan impairments, after deducting the recovery of loans and interest in arrears written-off | 64,5 | 0,96% | 41,1 | 0,64% |

1) As percentage of the average balance of the performing loans portfolio. Annualised figure.

Profitability, efficiency, loan quality and solvency

Consolidated indicators according to the Bank of Portugal Notice 23/2011

| | 31 Mar. 13 | 31 Mar. 14 |
|---|------------|---------------------|
| Net operating revenue and results of equity accounted subsidiaries / ATA | 3,2% | 0,9% |
| Profit before taxation and minority interests / ATA | 0,8% | -1,0% |
| Profit before taxation and minority interests / average shareholders' equity (including minority interests) | 15,5% | -16,6% |
| Personnel costs / net operating revenue and results of equity accounted subsidiaries ¹ | 25,5% | 89,7% |
| Operating costs / net operating revenue and results of equity accounted subsidiaries ¹ | 44,5% | 156,7% |
| Loans in arrears for more than 90 days + doubtful loans / loan portfolio (gross) | 3,5% | 4,1% |
| Loans in arrears for more than 90 days + doubtful loans, net of accumulated loan impairments / loan portfolio (net) | 0,3% | 0,2% |
| Non-performing loans ratio ² | 4,7% | 5,2% |
| Non-performing loans ratio ² , net of accumulated loan impairments / loan portfolio (net) | 1,6% | 1,3% |
| Restructured loans as % of total loans ³ | | 6,8% |
| Restructured loans not included in non-performing loans ("credit at risk") as % of total loans ³ | | 4,9% |
| Total capital ratio (according to Bank of Portugal rules) | 14,9% | 13,5% ⁴⁾ |
| Tier I (according to Bank of Portugal rules) | 14,8% | 13,5% ⁴⁾ |
| Core Tier I | 15,0% | 14,0% ⁴⁾ |
| Loans (net) to deposits ratio | 104% | 94% |

1) Excluding early-retirement costs.

2) Loans in arrears for more than 90 days + falling-due loans associated + restructured loans (previously with instalments in arrears for more than 90 days) + insolvencies that have not yet been included in loans in arrears for more than 90 days.

3) According to Bank of Portugal Instruction 32/2013.

4) Includes the negative result for the 1st quarter 2014 (unaudited).

ATA = Average total assets.

DOMESTIC ACTIVITY RESULTS

Net income

The **net income** from domestic operations in the 1st quarter 2014 was negative by 129.2 M.€ (net profit of 21.2 M.€ in the 1st quarter of 2013), which was mainly affected by losses of 102 M.€ (132 M.€ before taxes) incurred with the sale of 50% of the position held in medium and long term public debt of Portugal and Italy.

Income statement

Amounts in M.€

| | 2013 | 2014 | Chg. 1Q.13 / 1Q.14 | |
|---|--------------|-----------------|--------------------|-----------------|
| | 1Q | 1Q | Chg.M.€ | Chg.% |
| Net interest income | 73,4 | 63,5 | (10,0) | (13,6%) |
| Technical results of insurance contracts | 5,7 | 6,9 | 1,2 | 21,5% |
| Commissions and other similar income (net) | 58,9 | 58,4 | (0,5) | (0,8%) |
| Gains and losses in financial operations | 137,3 | (120,1) | (257,3) | (187,5%) |
| Operating income and charges | (4,7) | (3,4) | 1,3 | 27,4% |
| Net operating revenue | 270,5 | 5,3 | (265,3) | (98,1%) |
| Personnel costs, excluding non-recurring costs | 76,2 | 74,8 | (1,4) | (1,9%) |
| Outside supplies and services | 45,1 | 45,7 | 0,6 | 1,4% |
| Depreciation of fixed assets | 4,8 | 4,2 | (0,6) | (12,0%) |
| Operating costs, excluding non-recurring costs | 126,1 | 124,7 | (1,4) | (1,1%) |
| Non-recurring costs | (3,3) | | 3,3 | 100,0% |
| Operating costs | 122,8 | 124,7 | 1,9 | 1,6% |
| Operating profit before provisions | 147,8 | (119,5) | (267,2) | (180,8%) |
| Recovery of loans written-off | 4,6 | 3,9 | (0,7) | (15,8%) |
| Loan provisions and impairments | 67,7 | 42,1 | (25,6) | (37,8%) |
| Other impairments and provisions | 45,8 | 2,6 | (43,1) | (94,2%) |
| Profits before taxes | 38,9 | (160,3) | (199,2) | (512,5%) |
| Corporate income tax | 19,9 | (29,4) | (49,3) | (247,7%) |
| Equity-accounted results of subsidiaries | 2,6 | 3,6 | 1,0 | 39,6% |
| Minority shareholders' share of profit | 0,4 | 1,8 | 1,5 | 420,1% |
| Net Profit | 21,2 | (129,2) | (150,4) | (708,8%) |

Resources and loans

Resources

Customer deposits amounted to 18.9 Bi.€ at the end of March 2014 (+0.3% yoy).

Capitalisation insurance and off-balance sheet resources (unit trust funds, Retirements savings – PPR - and equity savings – PPA - plans) registered a growth of 27.8% and 4.7% yoy, respectively.

Total Customer resources increased by 1.6% year-on-year, to 26.1 Bi.€

| Customers resources | Amounts in M.€ | | | |
|--|-----------------|-----------------|-------------------------|-------------|
| | Mar.13 | Dec.13 | Mar.14 | |
| | | | Chg.% Mar.13/ Mar.14 | |
| On-balance sheet resources | | | | |
| Customers' deposits | 18 853,4 | 18 906,9 | 18 902,9 | 0,3% |
| Retail bonds | 1 585,5 | 912,0 | 837,0 | (47,2%) |
| Subtotal | 20 438,9 | 19 818,9 | 19 740,0 | (3,4%) |
| Capitalisation insurance and PPR (BPI Vida) | 2 709,4 | 3 205,8 | 3 463,9 | 27,8% |
| On-balance sheet resources | 23 148,3 | 23 024,6 | 23 203,8 | 0,2% |
| Off-balance sheet resources ¹⁾ | 3 066,8 | 3 137,6 | 3 209,9 | 4,7% |
| Total Customer resources²⁾ | 25 669,8 | 25 923,6 | 26 085,7 | 1,6% |

1) Unit trust funds, PPR and PPA.

2) Corrected for double counting.

Loans

The Customer loans portfolio in domestic operations contracted by 5.5% (-1.4 Bi.€), in year-on-year terms.

Loans to large and medium-sized companies declined by 6.8% (-0.4 Bi.€), when one takes into account, both the Corporate Banking loan book and the BPI Vida e Pensões securitised loan portfolio, which corresponds essentially to bonds and commercial paper issued by large Portuguese companies.

Loans domiciled at the Madrid branch fell by 8.9% (-0.15 Bi.€) and loans to the public sector decreased by 9.2% (-0.2 Bi.€).

The loans to individuals and small businesses portfolio presents a year-on-year decline of 4.6% (-0.7 Bi.€), with decreases of 3.2% (-0.4 Bi.€) in mortgage loans and of 9.9% (-0.15 Bi.€) in loans to small businesses.

It is worth noting that within the scope of the agreed transfer of part of the pension liabilities to the social security system, the State undertook to buy from Banco BPI loans advanced to the Public Sector of 0.7 Bi.€, an operation which has not yet taken place.

| Loans to Customers | | Amounts in M.€ | | |
|---|--|-----------------|-----------------|---------------------------------|
| | | Mar.13 | Dec.13 | Mar.14 |
| | | | | Chg.% Mar.13/ Mar.14 |
| Corporate banking | | 4 796,3 | 4 049,9 | 3 818,8 |
| Large companies | | 2 123,5 | 1 702,8 | 1 529,7 |
| Medium-sized companies | | 2 672,8 | 2 347,0 | 2 289,1 |
| Project Finance - Portugal | | 1 204,0 | 1 158,4 | 1 151,9 |
| Madrid branch | | 1 718,6 | 1 555,1 | 1 565,4 |
| Project Finance | | 744,7 | 739,5 | 735,5 |
| Corporates | | 973,9 | 815,6 | 829,9 |
| Public Sector | | 2 173,2 | 1 979,1 | 1 973,9 |
| Central Administration | | 115,1 | 104,6 | 104,6 |
| Regional and local administrations | | 891,6 | 771,4 | 800,1 |
| State Corporate Sector - in the budget perimeter | | 189,8 | 192,6 | 207,6 |
| State Corporate Sector - outside the budget perimeter | | 910,3 | 863,7 | 817,9 |
| Other Institutional | | 66,3 | 46,9 | 43,6 |
| Individuals and Small Businesses Banking | | 14 224,7 | 13 728,0 | 13 564,7 |
| Mortgage loans to individuals | | 11 675,6 | 11 386,3 | 11 305,1 |
| Consumer credit / other purposes | | 665,8 | 601,1 | 585,4 |
| Credit Cards | | 145,6 | 165,0 | 146,8 |
| Car financing | | 210,9 | 164,3 | 151,7 |
| Small businesses | | 1 526,8 | 1 411,3 | 1 375,7 |
| BPI Vida | | 1 364,9 | 1 725,1 | 1 923,2 |
| Loans in arrears net of impairments | | 125,4 | 82,8 | 40,2 |
| Other | | 488,0 | 615,0 | 631,4 |
| Total | | 26 095,1 | 24 893,5 | 24 669,5 |
| | | | | (5,5%) |

Financial assets available for sale

In the 1st quarter of 2014, Banco BPI sold 50% of the position held in medium and long term public debt of Portugal and Italy, in the nominal amount of 850 million euros and 487.5 million euros, respectively. By the end of 2013, the Bank had already sold its entire position in Irish public debt, in the amount of 335 million euros.

The sale of the bonds of Portugal and Italy generated total losses (in the securities and in the hedging interest rate derivatives) of 132 million euros before taxes and 102 million euros after taxes.

At the end of March 2014, the portfolio of financial assets available for sale amounted to 6.0 Bi.€, at market prices. This portfolio was comprised by 3.5 Bi.€ of Portuguese Treasury Bills, 1.0 Bi.€ of Portuguese Treasury Bonds, 0.5 Bi.€ of Italian public debt, 0.6 Bi.€ of corporate bonds, 0.1 Bi.€ of equities and 0.3 Bi.€ of participating units.

By the end of March 2014, the fair value reserve (net of deferred taxes) relative to the financial assets available for sale was negative by 99 M.€.

Portfolio of assets available for sale

Amounts in M.€

| M.€ | 31 Dec. 2013 | | | | | 31 Mar. 2014 | | | | |
|-----------------|-------------------|--------------|--------------------------------|----------------|--------------|-------------------|--------------|--------------------------------|----------------|-------------|
| | Acquisition value | Book value | Gains / (losses) ¹⁾ | | | Acquisition value | Book value | Gains / (losses) ¹⁾ | | |
| | | | in securities | in derivatives | Total | | | in securities | in derivatives | Total |
| Public debt | 6 241 | 6 221 | - 69 | - 341 | - 410 | 4 874 | 5 009 | 98 | - 185 | - 87 |
| Portugal | 5 238 | 5 163 | - 122 | - 210 | - 332 | 4 369 | 4 463 | 50 | - 114 | - 64 |
| Of which | | | | | | | | | | |
| TBonds | 1 809 | 1 681 | - 130 | - 210 | - 340 | 904 | 956 | 42 | - 114 | - 72 |
| TBills | 3 429 | 3 483 | 8 | | 8 | 3 465 | 3 507 | 8 | | 8 |
| Italy | 1 004 | 1 058 | 53 | - 131 | - 78 | 505 | 546 | 48 | - 71 | - 23 |
| Corporate Bonds | 747 | 794 | 23 | - 65 | - 42 | 594 | 631 | 22 | - 50 | - 28 |
| Equities | 133 | 104 | 17 | | 17 | 133 | 109 | 21 | | 21 |
| Other | 310 | 291 | - 2 | | - 2 | 311 | 285 | - 5 | | - 5 |
| Total | 7 432 | 7 411 | - 31 | - 406 | - 437 | 5 912 | 6 034 | 136 | - 235 | - 99 |

1) Fair value reserve before deferred taxes. Includes the impact of interest rate hedging.

Liquidity

At the close of March 2014, the resources raised by BPI from the European Central Bank (ECB) amounted to 4.0 Bi.€ and the Bank had a deposit balance of 0.5 Bi.€ with the ECB, so that the net total funding was 3.5 Bi.€. This amount is close to the value of the Treasury Bills portfolio held (balance sheet value of 3.5 Bi.€).

On the same date, BPI still had 5.8 Bi.€ of additional assets (net of haircuts) capable of being transformed into liquidity via operations with the ECB.

It must also be noted that the refinancing needs for medium and long-term debt up till the end of 2018, net of the maturities of bonds held (excluding the Treasury Bills portfolio previously mentioned), are low (1.1 Bi.€) while in 2019 1.4 Bi.€ of the MLT Eurozone sovereign debt held by BPI in portfolio will be redeemed.

Additionally, BPI has the intention to reimburse the 420 M.€ of CoCo currently held by the State until the end of the 1st half of 2014. Banco BPI's Board of Directors decided to request to the competent authorities the approval of the corresponding redemption request.

Net operating revenue

Net operating revenue generated by domestic operations decreased by 265.3 M.€, from 270.5 M.€ in the 1st quarter of 2013 to 5.3 M.€ in the 1st quarter of 2014. This reduction is mainly explained by the fall in profits from financial operations from 137.3 M.€ in the 1st quarter of 2013 to -120.1 M.€ in the 1st quarter of 2014 (change of 257.3 M.€), as in the 1st quarter of 2013 it includes capital gains of 129.3 M.€ with the sale of Treasury Bonds acquired in 2012 and in the 1st quarter of the current year it includes losses of 132 M.€ with the sale of 50% of the position in Portuguese and Italian medium and long term public debt.

Net interest income decreased by 13.6% (-10 M.€) yoy. The fall in net interest income mainly reflects:

- the reduction in interest income from the portfolio of T-Bills and the portfolio of T-Bonds (acquired in 2012 and sold until the end of January 2013) by 15 M.€;
- the reduction of the cost with CoCo by 5.8 M.€

Net interest income remains pressured by the following factors:

- cost of the contingent convertible subordinated bonds. In the 1st quarter of 2014 were recorded 18.2 M.€ of interest costs relating to those bonds (24.0 M.€ in the 1st quarter of 2013). It should be noted that the impact of the repayment of 500 M.€ of CoCo carried out in 19 March 2014 has a residual impact in 1st quarter 2014 net interest income;
- Euribor interest rates at historical minimums, as it is directly reflected in the contraction in the average margin on sight deposits (average Euribor 3M in the 1st quarter 2014 stood at 0.30%);
- cost of term deposits. It is worth mentioning that the (negative) margin on term deposits records an improvement, from 1.90% in the 1st quarter of 2013 to 1.71% in the 1st quarter of 2014.

Commissions (net) were stable (decrease of 0.8% or -0.5 M.€) year-on-year, since the reduction in Commercial Banking commissions by 2.3 M.€ (-5.2%) was roughly offset by the increase in Investment Banking commissions by 1.3 M.€ (+32%) and Asset Management commissions by 0.5 M.€ (+5.1%).

Net commissions and fees

Amounts in M.€

| | 31 Mar. 13 | 31 Mar. 14 | Chg. M.€ | Chg.% |
|----------------------------------|-------------|-------------|--------------|---------------|
| Commercial banking ¹⁾ | 44,9 | 42,6 | - 2,3 | (5,2%) |
| Asset management | 9,8 | 10,3 | +0,5 | 5,1% |
| Investment banking ¹⁾ | 4,2 | 5,5 | +1,3 | 32,1% |
| Total | 58,9 | 58,4 | - 0,5 | (0,8%) |

1) Excluding commissions from unit trust, pension funds and Private Banking, which are presented, in aggregate terms, in the caption "Asset management".

Profits from financial operations in domestic operations decreased from 137.3 M.€ in the 1st quarter of 2013 to -120.1 M.€ in the 1st quarter of 2014 (change of -257.3 M.€) as in the 1st quarter of 2013 it included gains of 129.3 M.€ with the sale of Treasury Bonds acquired in 2012 and in the 1st quarter of 2014 it includes losses of 132 M.€ with the sale of 50% of the position in Portuguese and Italian medium and long term public debt.

Equity-accounted results of subsidiaries

The equity-accounted results of subsidiaries in domestic operations amounted to 3.6 M.€, which corresponds to a year-on-year increase of +1.0 M.€. The contribution of the subsidiaries from the insurance sector amounted to 3.1 M.€ (contribution of 1.9 M.€ from Allianz Portugal and 1.2 M.€ from Cosec).

Equity-accounted earnings

| | Amounts in M.€ | | |
|---------------------|----------------|------------|-------------|
| | 31 Mar. 13 | 31 Mar. 14 | Chg. M.€ |
| Insurance companies | 2,8 | 3,1 | +0,4 |
| Allianz Portugal | 2,3 | 1,9 | - 0,3 |
| Cosec | 0,5 | 1,2 | +0,7 |
| Finangeste | (0,2) | (0,1) | +0,0 |
| Unicre | (0,0) | 0,6 | +0,6 |
| Other | 0,0 | 0,0 | +0,0 |
| Total | 2,6 | 3,6 | +1,0 |

Operating costs

Recurring operating costs decreased by 1.1% relative to the 1st quarter 2013 (-1.4 M.€).

Recurring personnel costs were down 1.9% (-1.4 M.€) relative to 1st quarter 2013, which chiefly resulted from the 1.9 % reduction (y-o-y) in the average headcount engaged in domestic operations, reflecting in part the execution of early retirement programmes.

Third-party supplies and services registered a 1.4% increase (+0.6 M.€), while depreciation and amortization decreased 12% (-0.6 M.€) yoy.

Operating costs

Amounts in M.€

| | 31 Mar. 13 | 31 Mar. 14 | Chg. M.€ | Chg.% |
|--|--------------|--------------|--------------|---------------|
| Personnel costs, excluding non-recurring costs | 76,2 | 74,8 | - 1,4 | (1,9%) |
| Outside supplies and services | 45,1 | 45,7 | +0,6 | 1,4% |
| Depreciation of fixed assets | 4,8 | 4,2 | - 0,6 | (12,0%) |
| Operating costs, excluding non-recurring costs | 126,1 | 124,7 | - 1,4 | (1,1%) |
| Non-recurring costs ¹⁾ | -3,3 | | +3,3 | 100,0% |
| Operating costs | 122,8 | 124,7 | +1,9 | 1,6% |
| Operating costs as a % of net operating revenue (last 12 months) ²⁾ | 70,9% | 87,0% | | |

1) A gain of 3.3 M.€ booked in the 1st quarter 2013 resulting from changes in the calculation of the death subsidy following the publication of Decree-Law 13/2013 of 25 January, which gave rise to a decrease in pension liabilities.

2) Excluding non-recurring impacts in costs and revenues.

The efficiency ratio in domestic operations – operating costs as a percentage of net operating revenue –, excluding non-recurring impact in income and costs, was situated at 87.0% in the 12 month period ending in March 2014.

Cost of credit risk

In 1st quarter 2014 loan impairment charges of 42.1 M.€ were recorded in the domestic activity accounts. The indicator loan impairment allowances as a percentage of the loan portfolio's average balance was situated at 0.69% in the 1st quarter of 2014, in annualised terms (1.05% in the 1st quarter of 2013).

On the other hand, arrear loans and interest of 3.9 M.€ previously written off were recovered (0.06% of the loan portfolio in annualised terms), with the result that impairments after deducting the abovementioned recoveries amounted to 38.2 M.€ in the 1st quarter of 2014, which represents 0.62% of the loan portfolio in annualised terms.

Credit risk cost

Amounts in M.€

| | 1st Q. 13 | | 1st Q. 14 | |
|--|-------------|-----------------------------------|-------------|-----------------------------------|
| | M.€ | % of loan portfolio ¹⁾ | M.€ | % of loan portfolio ¹⁾ |
| Loan impairments | 67,7 | 1,05% | 42,1 | 0,69% |
| Recovery of loans and interest in arrears written-off | 4,6 | 0,07% | 3,9 | 0,06% |
| Loan impairments, after deducting the recovery of loans and interest in arrears written-off | 63,1 | 0,98% | 38,2 | 0,62% |

1) As percentage of the average balance of the performing loans portfolio. Annualised figure.

Quality of the loan portfolio

At 31 March 2014, the ratio of **Customer loans in arrears for more than 90 days** stood at 3.6% in the domestic operations' accounts.

Cover for loans in arrears for more than 90 days by accumulated impairment allowances in the balance sheet (without considering cover from associated guarantees) was situated at 102% in March 2014.

The **credit at risk** ratio, calculated in accordance with Bank of Portugal¹⁾ Instruction 23/2011 was 5.2% on that date. The accumulated impairment allowances in the balance sheet represented 78% of the credit at risk.

Loans in arrears for more than 90 days, falling due loans associated, credit at risk and loan impairments

| | Mar. 13 | | Dec. 13 | | Mar. 14 | |
|--|----------|-----------------------------------|----------|-----------------------------------|----------|-----------------------------------|
| | M.€ | % of loan portfolio ¹⁾ | M.€ | % of loan portfolio ¹⁾ | M.€ | % of loan portfolio ¹⁾ |
| Loans in arrears (+90 days) | 870,8 | 3,2% | 925,9 | 3,6% | 930,7 | 3,6% |
| Credit at risk (Instruction 23/2011 BoP) | 1 164,1 | 4,6% | 1 203,3 | 5,0% | 1 219,0 | 5,2% |
| Loans impairments (in the balance sheet) | 813,1 | 3,0% | 904,0 | 3,5% | 945,0 | 3,7% |
| Write offs (in the period) | | | 84,8 | | 0,6 | |
| Note: | | | | | | |
| Gross loan portfolio | 26 866,9 | | 25 755,9 | | 25 574,5 | |

1) As % of the gross loan portfolio

The following table details by major credit segments the credit at risk ratio, calculated in accordance with Bank of Portugal Instruction 23/2011.

The increase in credit at risk in absolute value relative to March 2013 was explained by the deterioration in the corporate segment and in the loans in the Madrid branch. In the individuals and small businesses segment the credit at risk registers a reduction.

Credit at risk ratios (according to the Bank of Portugal Instruction 23/2011)

| | Mar.13 | | Dec. 13 | | Mar.14 | |
|----------------------------|----------------|-----------------------------------|----------------|-----------------------------------|----------------|-----------------------------------|
| | M.€ | % of loan portfolio ¹⁾ | M.€ | % of loan portfolio ¹⁾ | M.€ | % of loan portfolio ¹⁾ |
| Corporate banking | 535,6 | 5,2% | 618,4 | 6,7% | 633,8 | 7,1% |
| Individuals Banking | 621,8 | 4,2% | 580,1 | 4,1% | 580,7 | 4,1% |
| Mortgage loans | 401,8 | 3,4% | 382,1 | 3,3% | 385,9 | 3,3% |
| Other loans to individuals | 47,6 | 4,5% | 40,5 | 4,2% | 43,2 | 4,7% |
| Small businesses | 172,4 | 10,3% | 157,5 | 10,1% | 151,6 | 10,0% |
| Other | 6,7 | 1,4% | 4,8 | 0,8% | 4,5 | 0,7% |
| Domestic activity | 1 164,1 | 4,6% | 1 203,3 | 5,0% | 1 219,0 | 5,2% |

1) As % of the gross loan portfolio

¹⁾ For purposes of calculating the credit at risk ratio (non-performing ratio), the perimeter of the Group subject to the Bank of Portugal supervision is taken into account which results, in the case of BPI, in the recognition of BPI Vida e Pensões using the equity method (whereas in accounting reporting, in accordance with IAS / IFRS, that subsidiary is consolidated in full).

Impairments for foreclosure properties

In the 4th quarter 2013, following the request of Bank of Portugal, BPI assessed the valuation of all its foreclosed properties. In that assets assessment exercise, BPI identified an excess coverage of 30.M.€, having adjusted in that quarter that excess of impairments.

At 31 March 2014, foreclosed properties amounted to 172.7 M.€ in terms of gross balance sheet value. The accumulated amount of impairment allowances for foreclosed properties of 33.6 M.€, covered 19.4% of their gross balance sheet value. The net value of these properties was therefore 139.1 M.€, which compared to a market value of these properties of 169.1 M.€.

Real estate loans recovery

| | Amounts in M.€ | | |
|--------------------------------|----------------|--------------|--------------|
| | Mar.13 | Dec.13 | Mar. 14 |
| Mortgage | | | |
| Gross value | 63,0 | 66,6 | 68,0 |
| Impairments | 28,0 | 2,7 | 2,5 |
| Coverage by impairments | 44,4% | 4,0% | 3,7% |
| Net value | 35,1 | 63,9 | 65,5 |
| Appraisal | 77,2 | 78,5 | 81,3 |
| Other | | | |
| Gross value | 99,3 | 99,9 | 104,6 |
| Impairments | 38,1 | 30,5 | 31,0 |
| Coverage by impairments | 38,4% | 30,6% | 29,6% |
| Net value | 61,2 | 69,4 | 73,6 |
| Appraisal | 93,0 | 81,9 | 87,7 |
| Total | | | |
| Gross value | 162,3 | 166,5 | 172,7 |
| Impairments | 66,1 | 33,2 | 33,6 |
| Coverage by impairments | 40,7% | 19,9% | 19,4% |
| Net value | 96,2 | 133,3 | 139,1 |
| Appraisal | 170,2 | 160,4 | 169,1 |

Employee pension liabilities

At 31 March 2014 BPI's pension liabilities amounted to 1088.6 M.€ and are 110% covered by the pension fund.

Financing of pension liabilities

| | Amounts in M.€ | | |
|--|----------------|---------------|---------------|
| | 31 Mar. 13 | 31 Dec.13 | 31 Mar. 14 |
| Pension obligations | 939,9 | 1 082,4 | 1 088,6 |
| Pension funds | 1 033,3 | 1 131,9 | 1 202,1 |
| Financing surplus | 93,4 | 49,6 | 113,5 |
| Cover of pension obligations | 109,9% | 104,6% | 110,4% |
| Total actuarial deviations ¹⁾ | (50,7) | (92,4) | (28,8) |
| Pension fund return | 5,0% | 16,2% | 6,6% |

1) Recognized directly in Shareholders' equity (OCI - Other Comprehensive Income), in accordance with the revision of IAS19 which became mandatory from 1 Jan. 2013.

Pension funds' income

In the 1st quarter of 2014, the Bank's pension funds posted a non-annualised return of 6.6%.

It should be pointed out that, up till the end of March 2014, the actual return achieved by Banco BPI's pension fund since its creation in 1991 was 9.2% per year, and that in the last ten, five and three years, the actual annual returns were 7.3%, 10.8% and 11.8%, respectively.

Change in actuarial assumptions

At the end of 2013, BPI reduced the discount rates by 0.5 p.p. (from 4.83% to 4.33% for current employees and from 4.00% to 3.50% in the case of retirees¹) and the pension fund's assumed return from 4.50% to 4.00%. On the other side, a longer life expectancy began to be considered for the population covered by virtue of, maintaining the mortality tables, considering 2 years / 3 years less than the actual age of the beneficiaries men / women, whereas 1 year less than the actual age was previously considered. In the 1st quarter of 2014 there has been no change in actuarial assumptions.

Actuarial assumptions

| | Dec.12 | Jun.13 | Dec.13 | Mar. 14 |
|--------------------------------------|--|--------|---|---------|
| Discount rate - current employees | 4,83% | 4,83% | 4,33% | 4,33% |
| Discount rate - retirees | 4,00% | 4,00% | 3,50% | 3,50% |
| Salary growth rate | 1,50% | 1,50% | 1,50% | 1,50% |
| Pensions growth rate | 1,00% | 1,00% | 1,00% | 1,00% |
| Expected pension fund rate of return | 5,50% | 4,50% | 4,00% | 4,00% |
| Mortality table | (M): TV 73/77 – 1 year ⁽¹⁾ | | (M): TV 73/77 – 2 years ⁽²⁾ | |
| | (W): TV 88/ 90 – 1 year ⁽¹⁾ | | (W): TV 88/ 90 – 3 years ⁽²⁾ | |

1) Beneficiaries were assumed to be one year younger than their actual age, that procedure translating into a higher life expectancy.

2) Men (M) and Women (W) were assumed to be two years and three years younger than their actual age, respectively, that procedure translating into a higher life expectancy.

1) The amount of pension liabilities that result from the use of discount rates for current and retirees employees of 4.33% and 3.50%, respectively, is similar to the one obtained in the case a unique global discount rate of 4.0% was used for the total population (5.5% in December 2012 and 4.5% in June 2013).

Reputation and recognition

BPI's performance was publicly recognised in a very varied array of distinctions in the most diverse areas of financial activity, bestowed by prestigious independent institutions, both national and international. The following distinctions attributed to the Bank in the 1st quarter 2014 merit special mention:

Trusted Brand

BPI was voted the banking sector's Trusted Brand in the 2014 edition of the Trusted Brands poll published annually by the Reader's Digest Selections. BPI's trust rating climbed from 20% to 40%, registering the only rise throughout the Portuguese financial system.

Best Portuguese Private Banking

BPI received the award Best Local Private Bank for the 5th time since 2008 in the Euromoney Private Banking Survey 2014. This classification is the result of a survey conducted by the magazine Euromoney, a renowned publication in the financial sector on the global stage. The winners are selected on the basis of an appraisal effected by their own peers.

Winner in the Capital Market

In the 3rd edition of the NYSE Euronext Lisbon Awards, an event that rewards the performance of those entities that most contributed actively to the development of the Portuguese capital market BPI collected 3 prizes in the categories Most Active Research House; Most Active Trading House in Shares – Compartments B and C and Market Member – Most Active Trading House in Bonds.

INTERNATIONAL ACTIVITY RESULTS

Net income

The international activity's **net profit** stood at 24.4 M.€ in the 1st quarter of 2014 (+26.4% over the 19.3 M.€ obtained in the same period last year).

BFA's contribution to the Group's consolidated profit, which corresponds to a 50.1% appropriation of BFA's net profit by BPI, has totalled 23.4 M.€¹⁾, 37.4% higher than the contribution in the same period last year (6.4 M.€). Minority interests of 24.5 M.€ were recognised in BFA's net profit (18.1 M.€ in the 1st quarter of 2013).

The contribution to the consolidated net profit of the 30% participating interest in BCI (Mozambique), which is equity-accounted, stood at 1.5 M.€ (2.8 M.€ in the 1st quarter of 2013).

BFA's **return on the average Shareholders' equity** (individual accounts) stood at 29.9% in the 1st quarter of 2014 and BCI's return on the average Shareholders' equity reached 14.9%.

The return on the average Shareholders' equity allocated to the international activity, after consolidation adjustments, stood at 26.9% in the 1st quarter of 2014.

Income statement

Amounts in M.€

| | 2013 | 2014 | Chg. 1Q.13 / 1Q.14 | |
|--|-------------|-------------|--------------------|---------------|
| | 1Q | 1Q | Chg.M.€ | Chg.% |
| Net interest income | 42,7 | 48,6 | 5,8 | 13,6% |
| Technical results of insurance contracts | | | | |
| Commissions and other similar income (net) | 13,0 | 13,3 | 0,4 | 2,7% |
| Gains and losses in financial operations | 18,3 | 28,4 | 10,0 | 54,8% |
| Operating income and charges | (0,0) | (0,7) | (0,7) | |
| Net operating revenue | 74,0 | 89,5 | 15,5 | 21,0% |
| Personnel costs | 16,3 | 15,0 | (1,3) | (7,9%) |
| Outside supplies and services | 13,4 | 13,7 | 0,3 | 2,1% |
| Depreciation of fixed assets | 3,3 | 3,4 | 0,1 | 3,9% |
| Operating costs | 33,0 | 32,1 | (0,9) | (2,7%) |
| Operating profit before provisions | 41,0 | 57,4 | 16,4 | 40,0% |
| Recovery of loans written-off | 0,7 | 0,4 | (0,3) | (42,8%) |
| Loan provisions and impairments | 2,0 | 3,2 | 1,1 | 55,6% |
| Other impairments and provisions | 0,8 | 0,7 | (0,0) | (3,8%) |
| Profits before taxes | 38,9 | 53,9 | 15,0 | 38,6% |
| Corporate income tax | 4,5 | 6,6 | 2,1 | 45,6% |
| Equity-accounted results of subsidiaries | 3,1 | 1,6 | (1,4) | (46,8%) |
| Minority shareholders' share of profit | 18,1 | 24,5 | 6,4 | 35,4% |
| Net Profit | 19,3 | 24,4 | 5,1 | 26,4% |

1) Contribution of BFA to the Group's consolidated profit, net of taxes on dividends.

Customer resources and loans

Total Customer resources in the international activity, measured in euro (consolidation currency), have increased by 10.1%¹, reaching 5 781.3 M.€ in March 2014.

| Customers resources | | | | Amounts in M.€ |
|---------------------|----------------|----------------|----------------|-------------------------|
| | Mar.13 | Dec.13 | Mar.14 | Chg.% Mar.13/ Mar.14 |
| Sight deposits | 2 784,9 | 3 028,6 | 3 152,8 | 13,2% |
| Term deposits | 2 463,9 | 2 616,0 | 2 628,5 | 6,7% |
| Total | 5 248,8 | 5 644,6 | 5 781,3 | 10,1% |

BFA's market share in deposits reached 15.4% in February 2014, granting it the third post in the Angolan market ranking.

The loans to Customers portfolio, expressed in euro, decreased 1.0%¹, from 1 097.9 M.€ in March 2013, to 1 087.0 M.€ in March 2014.

| Loans to Customers | | | | Amounts in M.€ |
|---------------------|----------------|----------------|----------------|-------------------------|
| | Mar.13 | Dec.13 | Mar.14 | Chg.% Mar.13/ Mar.14 |
| Performing loans | 1 105,8 | 1 081,5 | 1 098,7 | (0,6%) |
| Loans in arrears | 60,8 | 52,0 | 52,9 | (13,0%) |
| Loan impairments | (77,4) | (69,5) | (71,3) | (8,0%) |
| Interests and other | 8,8 | 7,7 | 6,8 | (23,1%) |
| Total | 1 097,9 | 1 071,6 | 1 087,0 | (1,0%) |
| Guarantees | 216,5 | 227,6 | 263,0 | 21,5% |

Securities portfolio

At 31 March 2014, BFA's securities portfolio totalled 2 708 M.€, or 41% of the Bank's assets. The portfolio of short-term securities, comprising Treasury Bills, amounted to 548 M.€ at the end of March (+149 M.€ relative to March 2013) and the Treasury Bonds portfolio amounted to 2 156 M.€ (+619 M.€ relative to the 1st quarter 2013).

Customers

The number of Customers has increased by 10.4%, from 1.1 million Customers in March 2013 to close to 1.2 million Customers in March 2014.

1) When expressed in American dollars, Customer resources increased 18.4% yoy and the loan portfolio increased 6.4% yoy. When analysing the evolution of BFA's commercial activity, one considers the financial figures translated to US dollars, since the largest share of Customer resources and loans is denominated in U.S. dollars, hence changes expressed in that currency are more representative of the business evolution in Angola.

Physical distribution network

The **distribution network in Angola** increased 2.9% over the 1st quarter 2013. Five new branches were opened over the last 12 months. At the end of March 2014, the distribution network comprised 152 branches, 8 investment centres and 16 corporate centres, representing a market share of 17.0% as regards the number of branches.

BFA has been implementing an expansion programme, involving the opening of branches, an expressive increase in the headcount and staff skills, the launching of innovative products and services onto the market, and a segmented approach to Customers aiming at meeting and harnessing the huge potential for growth in the Angolan market.

Cards

BFA holds a prominent position in the **debit and credit cards** with a 22.5% market share in March 2014 in terms of valid debit cards. At the end of March 2014, BFA had 847 thousand valid debit cards (Multicaixa cards) and 16 402 active credit cards (Gold and Classic cards).

Automatic and virtual channels

As regards the **automatic and virtual channels**, we emphasize the growing use of electronic banking (434 thousand subscribers of BFA NET in March 2014, of which 424 thousand are individuals) and an extensive terminal network with 350 ATM and 5 058 active point-of-sale (POS) terminals connected to the EMIS network, corresponding to market shares of 15.7% (ranking 2nd) and 24.5% (ranking 1st), respectively.

Number of employees

BFA's workforce at the end of March 2014 stood at 2 443 employees, which represents an increase in staff of 123 (+5.3%) relative to the staff complement in March 2013. At the end of March 2014, BFA's workforce represented approximately 28% of the Group's total number of Employees.

Revenues and costs

Net operating revenue in the international activity reached 89.5 M.€ in the 1st quarter 2014 (+21.0% over the 1st quarter 2013).

This growth was mainly explained by the increase in net interest income (+5.8 M.€) and in profits from financial operations (+10.0 M.€).

Operating costs have decreased by 2.7% (-0.9 M.€) over the 1st quarter 2013.

Personnel costs decrease by 7.9% (-1.3 M.€) yoy.

The ratio "operating costs as percentage of net operating revenue" stood at 37.7% in from March 2013 to March 2014 (12 months).

Cost of credit risk

In the international activity, **loan provision charges** were 3.2 M.€ in 1st quarter 2014, which corresponded to 1.77% of the average performing loan portfolio in annualised terms.

On the other hand, 0.4 M.€ of loans and interests in arrears, previously written-off, were recovered.

Loan provisions, deducted from recoveries of loans in arrears, have thus reached 2.8 M.€ in the 1st quarter of 2014, corresponding to 1.03% of the average performing loan portfolio in annualised terms.

Loan impairments and recoveries

| | | Amounts in M.€ | | | |
|--|--|----------------|-----------------------------------|------------|-----------------------------------|
| | | 1st Q. 13 | | 1st Q. 14 | |
| | | M.€ | % of loan portfolio ¹⁾ | M.€ | % of loan portfolio ¹⁾ |
| Loan impairments | | 2,0 | 0,76% | 3,2 | 1,17% |
| Recovery of loans and interest in arrears written-off | | 0,7 | 0,24% | 0,4 | 0,14% |
| Loan impairments, after deducting the recovery of loans and interest in arrears written-off | | 1,4 | 0,52% | 2,8 | 1,03% |

1) As percentage of the average balance of the performing loans portfolio. Annualised figure.

At 31 March 2014, the ratio of Customer loans in arrears for more than 90 days stood at 4.4%. The provisioning coverage of loans in arrears for more than 90 days stood, at the end of March 2014, at 153%.

Loans in arrears for more than 90 days and impairments

| | Mar. 13 | | Dec. 13 | | Mar. 14 | |
|--|---------|-----------------------------------|---------|-----------------------------------|---------|-----------------------------------|
| | M.€ | % of loan portfolio ¹⁾ | M.€ | % of loan portfolio ¹⁾ | M.€ | % of loan portfolio ¹⁾ |
| Loans in arrears (+90 days) | 57,2 | 4,9% | 50,4 | 4,4% | 51,0 | 4,4% |
| Credit a risk (Instruction 23/2011 BoP) | 89,3 | 7,6% | 73,8 | 6,5% | 72,9 | 6,3% |
| Loans impairments (in the balance sheet) | 83,4 | 7,1% | 74,7 | 6,5% | 77,8 | 6,7% |
| Write offs (in the period) | | | | | | |
| Note: | | | | | | |
| Gross loan portfolio | 1 175,4 | | 1 141,1 | | 1 158,3 | |

1) As % of the gross loan portfolio

Equity-accounted results of subsidiaries

In the international activity, the equity-accounted earnings of subsidiaries amounted to 1.6 M.€ in the 1st quarter of 2014 (-1.4 M.€ over the 1st quarter of 2013)¹, and refer to the appropriation of 30% of the net profit earned by **BCI**, a commercial bank operating in Mozambique and in which BPI holds a 30% participating interest.

BCI recorded a 5.7% yoy increase in net total assets. Customer deposits have grown by 2.5% year-on-year, to 1 426 M.€ at the end of March 2014, while the Customer loan portfolio has expanded by 12.3% year-on-year, to 1 095 M.€. BCI market shares in deposits and loans, at the end of March 2014, reached 29.0% and 30.2%, respectively.

At the end of March 2014, BCI served 827 thousand clients (+39% relative to the 1st quarter 2013) through a network of 134 branches (+5 than one year before), representing 28.5% of the total Mozambican banking system distribution network. The staff complement reached 2 157 Employees at 31 March 2014 (+11.2% than in the 1st quarter 2013).

1) BCI's total contribution to consolidated net profit was of 2.8 M.€ in the 1st quarter 2013 and 1.5 M.€ in the 1st quarter 2014, given that, besides the equity-accounted results, deferred tax relating to the distributable earnings of BCI is recorded in the caption "Corporate income tax" (0.3 M.€ in the 1st quarter 2013 and 0.1 M.€ in the 1st quarter 2014).

Banco BPI, S.A.

**Consolidated financial statements as of
March 31, 2014 and 2013**

BANCO BPI, S.A.

CONSOLIDATED BALANCE SHEETS AS OF MARCH 31, 2014 AND DECEMBER 31, 2013

(Translation of balance sheets originally issued in Portuguese - Note 5)

(Amounts expressed in thousands of Euro)

| | Notes | 31 Mar. 14 | | | 31 Dec. 13 | | | Notes | 31 Mar. 14 | | 31 Dec. 13 | |
|---|----------|---|--|-------------------|-------------------|---|------------------|-------------------|-------------------|------------|------------|--|
| | | Amounts before impairment, depreciation and amortisation | Impairment, depreciation and amortisation | Net | Net | | | | 31 Mar. 14 | 31 Dec. 13 | | |
| | | | | | | | | | | | | |
| ASSETS | | | | | | LIABILITIES | | | | | | |
| Cash and deposits at central banks | 4.1 | 1 278 122 | | 1 278 122 | 1 372 211 | Resources of central banks | 4.14 | 4 078 083 | 4 140 068 | | | |
| Deposits at other credit institutions | 4.2 | 368 657 | | 368 657 | 466 859 | Financial liabilities held for trading | 4.15/4.4 | 317 197 | 255 245 | | | |
| Financial assets held for trading and at fair value through profit or loss | 4.3/4.4 | 1 560 611 | | 1 560 611 | 1 295 780 | Resources of other credit institutions | 4.16 | 952 233 | 1 453 249 | | | |
| Financial assets available for sale | 4.5 | 8 625 623 | 90 682 | 8 534 941 | 9 694 229 | Resources of customers and other debts | 4.17 | 25 639 029 | 25 494 961 | | | |
| Loans and advances to credit institutions | 4.6 | 2 576 826 | 2 | 2 576 824 | 1 886 070 | Debt securities | 4.18 | 2 511 940 | 2 598 455 | | | |
| Loans and advances to customers | 4.7 | 26 732 821 | 976 319 | 25 756 502 | 25 965 133 | Financial liabilities relating to transferred assets | 4.19 | 1 329 143 | 1 387 296 | | | |
| Held to maturity investments | 4.8 | 126 778 | | 126 778 | 136 877 | Hedging derivatives | 4.4 | 358 401 | 548 458 | | | |
| Hedging derivatives | 4.4 | 172 728 | | 172 728 | 194 043 | Provisions | 4.20 | 121 478 | 123 780 | | | |
| Other tangible assets | 4.9 | 699 251 | 506 099 | 193 152 | 197 337 | Technical provisions | 4.21 | 2 897 565 | 2 689 768 | | | |
| Intangible assets | 4.10 | 107 630 | 88 999 | 18 631 | 19 149 | Tax liabilities | 4.22 | 54 733 | 57 577 | | | |
| Investments in associated companies and jointly controlled entities | 4.11 | 234 128 | | 234 128 | 221 992 | Contingent convertible subordinated bonds | 4.23 | 429 094 | 920 433 | | | |
| Tax assets | 4.12 | 460 891 | | 460 891 | 539 692 | Other subordinated debt and participating bonds | 4.24 | 135 844 | 136 931 | | | |
| Other assets | 4.13 | 722 272 | 36 328 | 685 944 | 710 378 | Total Liabilities | 4.25 | 586 555 | 587 199 | | | |
| | | | | | | | | 39 411 295 | 40 393 420 | | | |
| SHAREHOLDERS' EQUITY | | | | | | SHAREHOLDERS' EQUITY | | | | | | |
| | | | | | | Subscribed share capital | 4.26 | 1 190 000 | 1 190 000 | | | |
| | | | | | | Other equity instruments | 4.27 | 2 714 | 3 414 | | | |
| | | | | | | Revaluation reserves | 4.28 | (125 601) | (362 280) | | | |
| | | | | | | Other reserves and retained earnings | 4.29 | 1 164 527 | 1 041 005 | | | |
| | | | | | | (Treasury shares) | 4.27 | (10 353) | (17 090) | | | |
| | | | | | | Consolidated net income of the BPI Group | 4.43 | (104 824) | 66 839 | | | |
| | | | | | | Shareholders' equity attributable to the shareholders of BPI | 2 116 463 | 1 921 888 | | | | |
| | | | | | | Minority interests | 4.30 | 440 151 | 384 442 | | | |
| | | | | | | Total Shareholders' Equity | 2 556 614 | 2 306 330 | | | | |
| Total do Activo | | 43 666 338 | 1 698 429 | 41 967 909 | 42 699 750 | Total Liabilities and Shareholders' Equity | | 41 967 909 | 42 699 750 | | | |
| OFF BALANCE SHEET ITEMS | | | | | | | | | | | | |
| Guarantees given and other contingent liabilities | 4.7/4.31 | | | | 1 994 584 | 2 106 771 | | | | | | |
| Of which: | | | | | | | | | | | | |
| [Guarantees and sureties] | | | | | [1 693 964] | [1 832 700] | | | | | | |
| [Others] | | | | | [300 621] | [274 071] | | | | | | |
| Commitments | 4.31 | | | | 2 928 428 | 3 020 342 | | | | | | |

The accompanying notes form an integral part of these balance sheets.

The Accountant

The Executive Committee of the Board of Directors

BANCO BPI, S.A.**CONSOLIDATED STATEMENTS OF INCOME
FOR THE PERIODS ENDED MARCH 31, 2014 AND 2013**(Translation of statements originally issued in Portuguese - Note 5)
(Amounts expressed in thousands of Euro)

| | Notes | 31 Mar. 14 | 31 Mar. 13 |
|--|----------|-------------------|-------------------|
| Interest and similar income | | 359 692 | 368 935 |
| Interest and similar expenses | | (254 061) | (260 013) |
| Financial margin (narrow sense) | 4.32 | 105 631 | 108 922 |
| Gross margin on unit links | 4.33 | 927 | 650 |
| Income from equity instruments | | 77 | 64 |
| Net commission relating to amortised cost | 4.34 | 5 405 | 6 531 |
| Financial margin | | 112 040 | 116 167 |
| Technical result of insurance contracts | 4.35 | 6 889 | 5 668 |
| Commissions received | | 72 695 | 70 785 |
| Commissions paid | | (9 521) | (9 552) |
| Other income, net | | 8 512 | 10 591 |
| Net commission income | 4.36 | 71 686 | 71 824 |
| Gain and loss on operations at fair value | | 40 564 | 23 419 |
| Gain and loss on assets available for sale | | (132 672) | 131 145 |
| Interest and financial gain and loss with pensions | | 417 | 1 042 |
| Net income on financial operations | 4.37 | (91 691) | 155 606 |
| Operating income | | 3 905 | 2 367 |
| Operating expenses | | (6 290) | (5 505) |
| Other taxes | | (1 741) | (1 570) |
| Net operating income | 4.38 | (4 126) | (4 708) |
| Operating income from banking activity | | 94 798 | 344 557 |
| Personnel costs | 4.39 | (89 764) | (89 160) |
| General administrative costs | 4.40 | (59 430) | (58 533) |
| Depreciation and amortisation | 4.9/4.10 | (7 617) | (8 065) |
| Overhead costs | | (156 811) | (155 758) |
| Recovery of loans, interest and expenses | | 4 260 | 5 269 |
| Impairment losses and provisions for loans and guarantees, net | 4.20 | (45 315) | (69 765) |
| Impairment losses and other provisions, net | 4.20 | (3 371) | (46 543) |
| Net income before income tax | | (106 439) | 77 760 |
| Income tax | 4.41 | 22 746 | (24 433) |
| Earnings of associated companies (equity method) | 4.42 | 5 258 | 5 672 |
| Global consolidated net income | | (78 435) | 58 999 |
| Income attributable to minority interests | 4.30 | (26 389) | (18 488) |
| Consolidated net income of the BPI Group | 4.43 | (104 824) | 40 511 |
| Earnings per share (in Euro) | | | |
| Basic | | -0.076 | 0.029 |
| Diluted | | -0.075 | 0.029 |

The accompanying notes form an integral part of these statements.

The Accountant

The Executive Committee of the Board of Directors

BANCO BPI, S.A.

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE PERIODS ENDED MARCH 31, 2014 AND 2013**

(Translation of statements originally issued in Portuguese - Note 5)
(Amounts expressed in thousands of Euro)

| | 31 Mar. 14 | | | 31 Mar. 13 | | |
|--|--|---------------------------------------|----------------|--|---------------------------------------|----------------|
| | Attributable to shareholders' of the BPI Group | Attributable to minority interests | Total | Attributable to shareholders' of the BPI Group | Attributable to minority interests | Total |
| Consolidated net income | (104 824) | 26 389 | (78 435) | 40 511 | 18 488 | 58 999 |
| Income not included in the consolidated statements of income: | | | | | | |
| Items that will not be reclassified to net income: | | | | | | |
| Actuarial deviations | 63 580 | | 63 580 | 39 238 | | 39 238 |
| Tax effect | (14 455) | | (14 455) | (12 155) | | (12 155) |
| | 49 125 | 0 | 49 125 | 27 083 | 0 | 27 083 |
| Items that may be reclassified subsequently to net income: | | | | | | |
| Foreign exchange translation differences | (2 030) | (35) | (2 065) | 9 064 | 8 781 | 17 845 |
| Revaluation reserves of financial assets available for sale | 338 242 | | 338 242 | (1 554) | | (1 554) |
| Tax effect | (99 533) | | (99 533) | 674 | | 674 |
| Valuation of assets of associated companies | 13 551 | | 13 551 | 2 943 | | 2 943 |
| Tax effect | (4 214) | | (4 214) | (506) | | (506) |
| | 246 016 | (35) | 245 981 | 10 621 | 8 781 | 19 402 |
| Income not included in the consolidated statements of income | 295 141 | (35) | 295 106 | 37 704 | 8 781 | 46 485 |
| Consolidated comprehensive income | 190 317 | 26 354 | 216 671 | 78 215 | 27 269 | 105 484 |

The accompanying notes form an integral part of these statements.

The Accountant

The Executive Committee of the Board of Directors

BANCO BPI, S.A.

**STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE PERIODS
ENDED MARCH 31, 2014 AND 2013**

(Translation of statements originally issued in Portuguese - Note 5)

(Amounts expressed in thousands of Euro)

| | Subscribed share capital | Other equity instruments | Revaluation reserves | Other reserves and retained earnings | Treasury shares | Net income | Minority interests | Shareholders ' equity |
|---|-----------------------------|-----------------------------|-------------------------|---|--------------------|-------------------|-----------------------|--------------------------|
| Balance at December 31, 2012 | 1 190 000 | 8 558 | (507 614) | 786 175 | (18 272) | 249 135 | 352 662 | 2 060 644 |
| Net profit for 2012 | | | | 249 135 | | (249 135) | (231) | (231) |
| Dividends paid on preference shares | | | | 3 603 | | | | (1 086) |
| Variable Remuneration Program (RVA) | | (5 474) | | | 785 | | | |
| Consolidation of BPI Alternative Fund | | | | | | | 443 | 443 |
| Comprehensive income for the first quarter of 2013 | | | 8 184 | 29 520 | | 40 511 | 27 269 | 105 484 |
| Others | | | | 7 | | | | 7 |
| Balance at March 31, 2013 | 1 190 000 | 3 084 | (499 430) | 1 068 440 | (17 487) | 40 511 | 380 143 | 2 165 261 |
| Dividends paid to minority interests | | | | | | | (857) | (857) |
| Dividends paid on preference shares | | | | | | | (50 626) | (50 626) |
| Variable Remuneration Program (RVA) | | | 330 | | | 397 | | 727 |
| Sale / purchase of own shares | | | | (207) | | | | (207) |
| Sale / purchase of preference shares | | | | (3) | | | 42 | 39 |
| Consolidation of BPI Alternative Fund | | | | (36) | | | (8 654) | (8 690) |
| Consolidation of BPI Alternative Fund Luxemburgo | | | | | | | 18 288 | 18 288 |
| Comprehensive income for the last nine months of 2013 | | | 137 150 | (27 141) | | 26 328 | 46 071 | 182 408 |
| Others | | | | (48) | | | 35 | (13) |
| Balance at December 31, 2013 | 1 190 000 | 3 414 | (362 280) | 1 041 005 | (17 090) | 66 839 | 384 442 | 2 306 330 |
| Net profit for 2013 | | | | 66 839 | | (66 839) | | |
| Dividends paid on preference shares | | | | | | | (361) | (361) |
| Variable Remuneration Program (RVA) | | (700) | | | | 6 737 | | 6 037 |
| Sale / purchase of own shares | | | | (1 779) | | | | (1 779) |
| Consolidation of BPI Alternative Fund Luxemburgo | | | | | | | 29 718 | 29 718 |
| Comprehensive income for the first quarter of 2014 | | | 236 679 | 58 462 | | (104 824) | 26 354 | 216 671 |
| Others | | | | | | | (2) | (2) |
| Balance at March 31, 2014 | 1 190 000 | 2 714 | (125 601) | 1 164 527 | (10 353) | (104 824) | 440 151 | 2 556 614 |

The accompanying notes form an integral part of these statements.

BANCO BPI, S.A.**CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE PERIODS ENDED MARCH 31, 2014 AND 2013**

(Translation of statements originally issued in Portuguese - Note 5)

(Amounts expressed in thousands of Euro)

| | 31 Mar 14 | 31 Mar. 13 |
|--|-------------------|-------------------|
| Operating activities | | |
| Interest, commissions and similar income received | 748 219 | 567 469 |
| Interest, commissions and similar expenses paid | (550 125) | (324 726) |
| Recovery of loans and interest in arrears | 4 261 | 5 269 |
| Payments to personnel and suppliers | (135 208) | (136 796) |
| Net cash flow from income and expenses | 67 147 | 111 216 |
| Decrease (increase) in: | | |
| Financial assets held for trading, available for sale and held to maturity | 1 146 813 | 1 447 771 |
| Loans and advances to credit institutions | (690 490) | (23 096) |
| Loans and advances to customers | 177 811 | 88 749 |
| Other assets | 117 081 | (79 448) |
| Net cash flow from operating assets | 751 215 | 1 433 976 |
| Increase (decrease) in: | | |
| Resources of central banks and other credit institutions | (564 564) | (1 161 397) |
| Resources of customers | 365 568 | 378 604 |
| Financial liabilities held for trading | 61 952 | (32 787) |
| Other liabilities | (185 780) | (56 029) |
| Net cash flow from operating liabilities | (322 824) | (871 609) |
| Contributions to the Pension Funds | (5 492) | (2 974) |
| Income tax paid | (15 468) | (818) |
| 474 578 | 669 791 | |
| Investing activities | | |
| Purchase of other tangible assets and intangible assets | (3 777) | (4 031) |
| Sale of other tangible assets | 61 | 32 |
| Dividends received and other income | 77 | 64 |
| (3 639) | (3 935) | |
| Financing activities | | |
| Liability for assets not derecognised | (58 305) | (39 181) |
| Issuance of contingent convertible subordinated bonds | | 12 823 |
| Redemption of contingent convertible subordinated bonds | (500 000) | (200 000) |
| Issuance of debt securities and subordinated debt | 70 687 | |
| Redemption of debt securities | (164 928) | (505 358) |
| Purchase and sale of own debt securities and subordinated debt | 30 627 | 111 938 |
| Interest on contingent convertible subordinated bonds | (9 518) | (23 961) |
| Interest on debt securities and subordinated debt | (35 704) | (23 583) |
| Dividends paid on preference shares | (361) | (231) |
| Purchase and sale of treasury shares | 4 258 | (1 086) |
| (663 244) | (668 639) | |
| Net increase (decrease) in cash and equivalents | (192 305) | (2 783) |
| Cash and equivalents at the beginning of the period | 1 839 039 | 1 722 717 |
| Cash and equivalents at the end of the period | 1 646 734 | 1 719 934 |

The accompanying notes form an integral part of these statements.

The Accountant

Alberto Pitôrra

The Executive Committee of the Board of Directors

Presidente Fernando Ulrich

Vice-Presidente António Domingues

Vogais José Pena do Amaral

Maria Celeste Hagatong

Manuel Ferreira da Silva

Pedro Barreto

Banco BPI, S.A.

Notes to the consolidated financial statements as of March 31, 2014 and 2013

(Unless otherwise indicated, all amounts are expressed in thousands of Euro – t. euro)

1. THE FINANCIAL GROUP

Banco BPI is the central entity of a multi-specialised financial group dedicated to banking, which provides a broad range of banking services and products to companies, institutional investors and private individuals. Banco BPI has been listed on the Stock Exchange since 1986.

The BPI Group started operating in 1981 with the foundation of SPI – Sociedade Portuguesa de Investimentos, S.A.R.L.. By public deed dated December 1984, SPI – Sociedade Portuguesa de Investimentos, S.A.R.L. changed its corporate name to BPI – Banco Português de Investimento, S.A., which was the first private investment bank created after the re-opening, in 1984, of the Portuguese banking sector to private investment. On November 30, 1995 BPI – Banco Português de Investimento, S.A. (BPI Investimentos) was transformed into BPI - SGPS, S.A., which operated exclusively as the BPI Group's holding company, and BPI Investimentos was founded to act as the BPI Group's investment banking company. On December 20, 2002, BPI SGPS, S.A. incorporated, by merger, the net assets and operations of Banco BPI and changed its corporate name to Banco BPI, S.A..

At March 31, 2014 the Group's banking operations were carried out principally through Banco BPI in the commercial banking area and through BPI Investimentos in the investment banking area. The BPI Group is also the holder of a 50.1% participation in Banco de Fomento, S.A. which operates as a commercial bank in Angola.

The vehicles through which the Bank's loan securitisation is carried out are recorded in the consolidated financial statements in accordance with the BPI Group's continuing involvement in these operations, based on the percentage held of the equity piece of the corresponding vehicles.

In January 2013, the BPI Alternative Fund: Iberian Equities Long/Short Fund (Luxemburgo) was established. On March 31, 2014 the BPI Group held 61.7% of the fund's participating units through Banco BPI and BPI Vida, the financial statements of the fund being fully consolidated in the financial statements of the BPI Group.

In 2013 the BPI Group increased its participation to 100% of the share capital of BPI Dealer – Sociedade Financeira de Corretagem (Mozambique), through the acquisition of 10.5% of the share capital of that company, previously owned by Banco Comercial e de Investimentos (Mozambique). The corporate name of BPI Dealer – Sociedade Financeira de Corretagem (Mozambique) was changed to BPI Moçambique – Sociedade de Investimento, S.A.

At March 31, 2014 the BPI Group was made up of the following companies:

| | Head Office | Sharehol-ders' equity | Total assets | Net income (loss) for the period | Direct participa-tion | Effective participa-tion | Consolidation / Recognition method |
|--|----------------|-----------------------|--------------|----------------------------------|-----------------------|--------------------------|------------------------------------|
| Banks | | | | | | | |
| Banco BPI, S.A. | Portugal | 1 470 861 | 39 929 022 | (138 962) | | | |
| Banco Português de Investimento, S.A. | Portugal | 64 227 | 1 518 794 | 2 418 | 100.00% | 100.00% | Full Consolidation |
| Banco Comercial e de Investimentos, S.A.R.L. | Mozambique | 149 240 | 2 020 306 | 5 813 | 29.70% | 30.00% | Equity Method |
| Banco de Fomento Angola, S.A. | Angola | 678 955 | 6 644 600 | 48 852 | 50.08% | 50.10% | Full Consolidation |
| Banco BPI Cayman, Ltd. | Cayman Islands | 158 633 | 210 777 | 513 | | 100.00% | Full Consolidation |
| Asset management companies | | | | | | | |
| BPI Gestão de Activos - Sociedade Gestora de Fundos de Investimento Mobiliários, S.A | Portugal | 19 146 | 24 752 | 1 685 | 100.00% | 100.00% | Full Consolidation |
| BPI – Global Investment Fund Management Company, S.A. | Luxembourg | 1 548 | 4 922 | 281 | 100.00% | 100.00% | Full Consolidation |
| BPI (Suisse), S.A. | Switzerland | 9 969 | 10 985 | 850 | | 100.00% | Full Consolidation |
| BPI Alternative Fund: Iberian Equities Long/Short Fund (Lux) | Luxembourg | 131 002 | 147 321 | 4 532 | 56.01% | 61.74% | Full Consolidation |
| Venture capital companies | | | | | | | |
| BPI Private Equity - Sociedade de Capital de Risco, S.A. | Portugal | 26 066 | 28 013 | (6) | 100.00% | 100.00% | Full Consolidation |
| Inter-Risco – Sociedade de Capital de Risco, S.A. | Portugal | 1 097 | 2 364 | 137 | | 49.00% | Equity Method |
| Insurance companies | | | | | | | |
| BPI Vida e Pensões – Companhia de Seguros, S.A. | Portugal | 127 759 | 3 691 092 | 5 609 | 100.00% | 100.00% | Full Consolidation |
| Cosec – Companhia de Seguros de Crédito, S.A. | Portugal | 50 951 | 114 328 | 2 359 | 50.00% | 50.00% | Equity Method |
| Companhia de Seguros Allianz Portugal, S.A. | Portugal | 303 917 | 1 263 883 | 5 554 | 35.00% | 35.00% | Equity Method |
| Other | | | | | | | |
| BPI Capital Finance Ltd. ¹ | Cayman Islands | 53 650 | 53 658 | 374 | 100.00% | 100.00% | Full Consolidation |
| BPI Capital Africa (Proprietary) Limited | South Africa | (2 654) | 2 044 | (351) | 100.00% | 100.00% | Full Consolidation |
| BPI, Inc. | U.S.A. | 1 131 | 4 547 | (7) | 100.00% | 100.00% | Full Consolidation |
| BPI Locação de Equipamentos, Lda | Portugal | 1 110 | 1 356 | (456) | 100.00% | 100.00% | Full Consolidation |
| BPI Madeira, SGPS, Unipessoal, S.A. | Portugal | 152 926 | 157 851 | (4) | 100.00% | 100.00% | Full Consolidation |
| BPI Moçambique – Sociedade de Investimento, S.A. | Mozambique | (469) | 499 | (196) | 96.54% | 100.00% | Full Consolidation |
| Finangeste – Empresa Financeira de Gestão e Desenvolvimento, S.A. | Portugal | 62 169 | 64 200 | (366) | 32.78% | 32.78% | Equity Method |
| Unicre - Instituição Financeira de Crédito, S.A. | Portugal | (87 132) | 304 807 | (2 835) | 20.65% | 21.01% | Equity Method |

Note: Unless otherwise indicated, all amounts are as of March 31, 2014 (accounting balances before consolidation adjustments).

¹ Share capital is made up of 5 000 ordinary shares of 1 Euro each, and 53 427 000 non-voting preference shares of 1 euro each. The BPI Group's effective participation corresponds to 0.009% considering the preference shares.

2. BASIS OF PRESENTATION AND MAIN ACCOUNTING POLICIES

A) BASIS OF PRESENTATION

The consolidated financial statements were prepared from the accounting records of Banco BPI and its subsidiary and associated companies in conformity with International Accounting Standards/International Financial Reporting Standards (IAS/IFRS), as endorsed by the European Union in accordance with Regulation (EC) 1606/2002 of July 19 of the European Parliament and Council, incorporated into Portuguese legislation through Bank of Portugal Notice 1/2005 of February 21.

B) MAIN ACCOUNTING POLICIES

The accounting policies adopted by the BPI Group are consistent with those used in the preparation of the consolidated financial statements for the period ended December 31, 2013.

3. SEGMENT REPORTING

The BPI Group's segment reporting is made up as follows:

- Domestic operations: corresponds to commercial banking business in Portugal, the provision overseas of banking services to non-residents - namely to emigrant Portuguese communities and services provided in the Madrid branch - and investment banking, private equity, asset management and insurance operations. Thus, domestic operations are divided into:
 - Commercial Banking
 - Investment Banking
 - Equity investments and others
- International operations: Consist of the operations in Angola carried out by Banco de Fomento Angola, S.A, in Mozambique by Banco Comercial de Investimentos, S.A.R.L. and BPI Moçambique – Sociedade de Investimento, S.A. and in South Africa by BPI Capital Africa (Proprietary) Limited.

Commercial banking

The BPI Group's operations are focused mainly on commercial banking. Commercial banking includes:

- Retail Banking – includes commercial operations with private clients, sole traders and businesses with turnover of up to 5 million euro through a multi-channel distribution network made up of traditional branches, investment centres, home banking services and telephone banking.
- Corporate Banking, Project Finance and Institutional Banking – includes commercial operations with companies with a turnover of more than 2 million euro and operates in coordination with the Retail Banking segment for operations up to 5 million euro. Also includes project finance services and relationships with entities of the Public Sector, Public and Municipal Companies, the State Business Sector, Foundations and Associations. This segment operates through a network of business centres, institutional centres and homebanking services adapted to the business needs.

Investment banking

Investment banking covers the following business areas:

- Brokerage – includes brokerage (purchase and sale of securities) on account of customers;
- Private Banking – Private Banking is responsible for implementing strategies and investment proposals presented to customers and managing all or part of their financial assets under management mandates given to the Bank. In addition, Private Banking provides asset management, tax information and business consulting services.
- Corporate finance – This includes rendering consultancy services relating to the analysis of investment projects and decisions, market privatisation operations and the structuring of merger and acquisition processes.

Equity investments and others

This segment includes essentially Financial Investments and Private Equity activities. The BPI Group Private Equity area invests essentially in unlisted companies with the following objectives: the development of new products and technologies, financing of investments in working capital, acquisitions and the strengthening of financial autonomy.

This segment also includes the Bank's residual activity, such segments representing individually less than 10% of total income, net profit and the Group's assets.

Inter-segment operations are presented based on the effective conditions of the operations and application of the accounting policies used to prepare the BPI Group's consolidated financial statements.

The reports used by Management consist essentially of accounting information based on IFRS.

The BPI Group's balance sheet as of March 31, 2014 and investments made in tangible and intangible assets during the period, by segment, are as follows:

| | Domestic operations | | | | | International operations | | | Inter segment operations | BPI Group |
|--|---------------------|--------------------|-------------------------------|--------------------------|-------------------|--------------------------|---------------|------------------|--------------------------|-------------------|
| | Commercial banking | Investment banking | Equity investments and others | Inter segment operations | Total | Angola | Others | Total | | |
| ASSETS | | | | | | | | | | |
| Cash and deposits at Central Banks | 273 055 | 139 | | | 273 194 | 1 004 927 | 1 | 1 004 928 | | 1 278 122 |
| Loans and advances to other credit institutions repayable on demand | 385 552 | 88 606 | 4 021 | (148 177) | 330 002 | 51 709 | 9 | 51 718 | (13 063) | 368 657 |
| Financial assets held for trading and at fair value through profit or loss | 1 238 589 | 182 208 | | (64 366) | 1 356 431 | 204 125 | 55 | 204 180 | | 1 560 611 |
| Financial assets available for sale | 5 959 447 | 17 829 | 52 683 | 1 307 | 6 031 266 | 2 503 675 | | 2 503 675 | | 8 534 941 |
| Loans and advances to credit institutions | 2 493 816 | 1 329 285 | 2 895 | (1 923 489) | 1 902 507 | 1 592 819 | 1 827 | 1 594 646 | (920 329) | 2 576 824 |
| Loans and advances to customers | 24 467 782 | 209 712 | | (8 024) | 24 669 470 | 1 087 032 | | 1 087 032 | | 25 756 502 |
| Held to maturity investments | 155 894 | 11 555 | | (40 671) | 126 778 | | | | | 126 778 |
| Hedging derivatives | 175 101 | 226 | | (2 599) | 172 728 | | | | | 172 728 |
| Other tangible assets | 64 109 | 1 583 | | | 65 692 | 127 026 | 434 | 127 460 | | 193 152 |
| Intangible assets | 16 060 | 96 | | | 16 156 | 2 471 | 4 | 2 475 | | 18 631 |
| Investment in associated companies and jointly controlled entities | 106 372 | | 83 103 | | 189 475 | | 44 653 | 44 653 | | 234 128 |
| Tax assets | 453 104 | 6 389 | (1 818) | | 457 675 | 3 137 | 79 | 3 216 | | 460 891 |
| Other assets | 746 371 | 21 954 | 112 | (89 607) | 678 830 | 12 429 | 241 | 12 670 | (5 556) | 685 944 |
| TOTAL ASSETS | 36 535 252 | 1 869 582 | 140 996 | (2 275 626) | 36 270 204 | 6 589 350 | 47 303 | 6 636 653 | (938 948) | 41 967 909 |
| LIABILITIES | | | | | | | | | | |
| Resources of central banks | 4 078 083 | | | | 4 078 083 | | | | | 4 078 083 |
| Financial liabilities held for trading | 317 637 | 19 205 | | (21 110) | 315 732 | 1 465 | | 1 465 | | 317 197 |
| Resources of other credit institutions | 3 289 123 | (5 362) | 31 439 | (1 440 805) | 1 874 395 | 11 172 | | 11 230 | (933 392) | 952 233 |
| Resources of customers and other debts | 19 059 933 | 1 400 003 | | (656 072) | 19 803 864 | 5 835 165 | | 5 835 165 | | 25 639 029 |
| Debt securities | 2 584 290 | | | (72 350) | 2 511 940 | | | | | 2 511 940 |
| Financial liabilities relating to transferred assets | 1 329 143 | | | | 1 329 143 | | | | | 1 329 143 |
| Hedging derivatives | 359 958 | | | (1 557) | 358 401 | | | | | 358 401 |
| Provisions | 97 633 | 203 | | | 97 836 | 23 642 | | 23 642 | | 121 478 |
| Technical provisions | 2 697 621 | 199 944 | | | 2 897 565 | | | | | 2 897 565 |
| Tax liabilities | 40 405 | 2 748 | (3 058) | | 40 095 | 11 216 | 3 422 | 14 638 | | 54 733 |
| Contingent convertible subordinated bonds | 429 094 | | | | 429 094 | | | | | 429 094 |
| Other subordinated debt and participating bonds | 197 556 | 4 146 | | (65 858) | 135 844 | | | | | 135 844 |
| Other liabilities | 536 539 | 32 370 | 1 947 | (17 874) | 552 982 | 33 414 | 5 715 | 39 129 | (5 556) | 586 555 |
| TOTAL LIABILITIES | 35 017 015 | 1 653 257 | 30 328 | (2 275 626) | 34 424 974 | 5 916 074 | 9 195 | 5 925 269 | (938 948) | 39 411 295 |
| SHAREHOLDERS' EQUITY | | | | | | | | | | |
| Shareholders' equity attributable to the shareholders of BPI | 1 467 007 | 166 202 | 110 668 | | 1 743 877 | 334 478 | 38 108 | 372 586 | | 2 116 463 |
| Minority interest | 51 230 | 50 123 | | | 101 353 | 338 798 | | 338 798 | | 440 151 |
| TOTAL SHAREHOLDERS' EQUITY | 1 518 237 | 216 325 | 110 668 | | 1 845 230 | 673 276 | 38 108 | 711 384 | | 2 556 614 |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | 36 535 252 | 1 869 582 | 140 996 | (2 275 626) | 36 270 204 | 6 589 350 | 47 303 | 6 636 653 | (938 948) | 41 967 909 |
| Investments made in: | | | | | | | | | | |
| Property | | | | | | 366 | | 366 | | 366 |
| Equipment and other tangible assets | 618 | 24 | | | 642 | 2 127 | | 2 127 | | 2 769 |
| Intangible assets | 37 | | | | 37 | 601 | 4 | 605 | | 642 |

The BPI Group's income statement for the period ended March 31, 2014, by segment, is as follows:

| | Domestic operations | | | | | International operations | | | Inter segment operations | BPI Group |
|--|---------------------|--------------------|-------------------------------|--------------------------|-------------------|--------------------------|---------------|------------------|--------------------------|-------------------|
| | Commercial banking | Investment banking | Equity investments and others | Inter segment operations | Total | Angola | Others | Total | | |
| Financial margin (narrow sense) | 57 148 | 324 | (378) | | 57 094 | 48 597 | (60) | 48 537 | | 105 631 |
| Gross margin on unit links | 245 | 682 | | | 927 | | | | | 927 |
| Income from equity instruments | 75 | 2 | | | 77 | | | | | 77 |
| Net commission relating to amortised cost | 5 371 | | | | 5 371 | 34 | | 34 | | 5 405 |
| Financial margin | 62 839 | 1 008 | (378) | | 63 469 | 48 631 | (60) | 48 571 | | 112 040 |
| Technical result of insurance contracts | 6 765 | 124 | | | 6 889 | | | | | 6 889 |
| Commissions received | 57 936 | 15 758 | | (10 840) | 62 854 | 10 061 | 93 | 10 154 | (313) | 72 695 |
| Commissions paid | (13 169) | (5 756) | | 10 840 | (8 085) | (1 748) | (1) | (1 749) | 313 | (9 521) |
| Other income, net | 3 590 | 24 | | | 3 614 | 4 898 | | 4 898 | | 8 512 |
| Net commission income | 48 357 | 10 026 | | | 58 383 | 13 211 | 92 | 13 303 | | 71 686 |
| Gain and loss on operations at fair value | 5 169 | 7 005 | | | 12 174 | 28 390 | | 28 390 | | 40 564 |
| Gain and loss on assets available for sale | (132 890) | 218 | | | (132 672) | | | | | (132 672) |
| Interest and financial gain and loss with pensions | 420 | (3) | | | 417 | | | | | 417 |
| Net income on financial operations | (127 301) | 7 220 | | | (120 081) | 28 390 | | 28 390 | | (91 691) |
| Operating income | 3 735 | 2 | | | 3 737 | 131 | 37 | 168 | | 3 905 |
| Operating expenses | (5 926) | (106) | | | (6 032) | (258) | | (258) | | (6 290) |
| Other taxes | (979) | (128) | | | (1 107) | (613) | (21) | (634) | | (1 741) |
| Net operating income | (3 170) | (232) | | | (3 402) | (740) | 16 | (724) | | (4 126) |
| Operating income from banking activity | (12 510) | 18 146 | (378) | | 5 258 | 89 492 | 48 | 89 540 | | 94 798 |
| Personnel costs | (69 432) | (5 283) | (43) | | (74 758) | (14 589) | (417) | (15 006) | | (89 764) |
| General administrative costs | (42 727) | (3 002) | (9) | | (45 738) | (13 546) | (146) | (13 692) | | (59 430) |
| Depreciation and amortisation | (3 913) | (310) | | | (4 223) | (3 368) | (26) | (3 394) | | (7 617) |
| Overhead costs | (116 072) | (8 595) | (52) | | (124 719) | (31 503) | (589) | (32 092) | | (156 811) |
| Resultado operacional | | | | | | | | | | |
| Recovery of loans, interest and expenses | 3 886 | | | | 3 886 | 374 | | 374 | | 4 260 |
| Impairment losses and provisions for loans and guarantees, net | (42 269) | 134 | | | (42 135) | (3 180) | | (3 180) | | (45 315) |
| Impairment losses and other provisions, net | (2 576) | (63) | | | (2 639) | (732) | | (732) | | (3 371) |
| Net income before income tax | (169 541) | 9 622 | (430) | | (160 349) | 54 451 | (541) | 53 910 | | (106 439) |
| Income tax | 31 525 | (2 360) | 201 | | 29 366 | (6 489) | (131) | (6 620) | | 22 746 |
| Earnings of associated companies (equity method) | 1 945 | | 1 676 | | 3 621 | | 1 637 | 1 637 | | 5 258 |
| Global consolidated net income | (136 071) | 7 262 | 1 447 | | (127 362) | 47 962 | 965 | 48 927 | | (78 435) |
| Income attributable to minority interest | (359) | (1 482) | | | (1 841) | (24 548) | | (24 548) | | (26 389) |
| Consolidated net income of the BPI Group | (136 430) | 5 780 | 1 447 | | (129 203) | 23 414 | 965 | 24 379 | | (104 824) |
| Cash flow after taxes | (87 672) | 6 019 | 1 447 | | (80 206) | 30 694 | 991 | 31 685 | | (48 521) |

The BPI Group's balance sheet as of December 31, 2013 and investments in tangible and intangible assets during the year, by segment, are as follows:

| | Domestic operations | | | | | International operations | | | Inter segment operations | BPI Group |
|--|---------------------|--------------------|-------------------------------|--------------------------|-------------------|--------------------------|---------------|------------------|--------------------------|-------------------|
| | Commercial banking | Investment banking | Equity investments and others | Inter segment operations | Total | Angola | Others | Total | | |
| ASSETS | | | | | | | | | | |
| Cash and deposits at Central Banks | 314 551 | 209 | | | 314 760 | 1 057 451 | | 1 057 451 | | 1 372 211 |
| Loans and advances to other credit institutions repayable on demand | 509 980 | 70 902 | 4 204 | (127 300) | 457 786 | 18 289 | 33 | 18 322 | (9 249) | 466 859 |
| Financial assets held for trading and at fair value through profit or loss | 1 076 874 | 142 461 | | (63 910) | 1 155 425 | 140 297 | 58 | 140 355 | | 1 295 780 |
| Financial assets available for sale | 7 330 725 | 23 870 | 52 426 | 1 291 | 7 408 312 | 2 285 917 | | 2 285 917 | | 9 694 229 |
| Loans and advances to credit institutions | 1 770 142 | 1 111 651 | 2 894 | (1 600 519) | 1 284 168 | 1 689 984 | 575 | 1 690 559 | (1 088 657) | 1 886 070 |
| Loans and advances to customers | 24 717 196 | 195 865 | | (19 565) | 24 893 496 | 1 071 637 | | 1 071 637 | | 25 965 133 |
| Held to maturity investments | 166 530 | 11 667 | | (41 320) | 136 877 | | | | | 136 877 |
| Hedging derivatives | 196 410 | 222 | | (2 589) | 194 043 | | | | | 194 043 |
| Other tangible assets | 67 706 | 1 616 | 1 | | 69 323 | 127 456 | 558 | 128 014 | | 197 337 |
| Intangible assets | 16 770 | 101 | | | 16 871 | 2 278 | | 2 278 | | 19 149 |
| Investment in associated companies and jointly controlled entities | 95 875 | | 81 150 | | 177 025 | | 44 967 | 44 967 | | 221 992 |
| Tax assets | 532 275 | 5 030 | (816) | | 536 489 | 3 133 | 70 | 3 203 | | 539 692 |
| Other assets | 766 884 | 32 123 | 135 | (98 554) | 700 588 | 12 686 | 225 | 12 911 | (3 121) | 710 378 |
| TOTAL ASSETS | 37 561 918 | 1 595 717 | 139 994 | (1 952 466) | 37 345 163 | 6 409 128 | 46 486 | 6 455 614 | (1 101 027) | 42 699 750 |
| LIABILITIES | | | | | | | | | | |
| Resources of central banks | 4 140 068 | | | | 4 140 068 | | | | | 4 140 068 |
| Financial liabilities held for trading | 256 022 | 17 140 | | (19 150) | 254 012 | 1 233 | | 1 233 | | 255 245 |
| Resources of other credit institutions | 3 707 139 | 4 551 | 27 416 | (1 203 664) | 2 535 442 | 14 992 | 721 | 15 713 | (1 097 906) | 1 453 249 |
| Resources of customers and other debts | 19 139 977 | 1 205 637 | | (549 114) | 19 796 500 | 5 698 461 | | 5 698 461 | | 25 494 961 |
| Debt securities | 2 688 097 | | | (89 642) | 2 598 455 | | | | | 2 598 455 |
| Financial liabilities relating to transferred assets | 1 387 296 | | | | 1 387 296 | | | | | 1 387 296 |
| Hedging derivatives | 549 991 | (1) | | (1 532) | 548 458 | | | | | 548 458 |
| Provisions | 101 876 | 186 | | | 102 062 | 21 718 | | 21 718 | | 123 780 |
| Technical provisions | 2 513 660 | 176 108 | | | 2 689 768 | | | | | 2 689 768 |
| Tax liabilities | 39 529 | 1 386 | (1 775) | | 39 140 | 15 153 | 3 284 | 18 437 | | 57 577 |
| Contingent convertible subordinated bonds | 920 433 | | | | 920 433 | | | | | 920 433 |
| Other subordinated debt and participating bonds | 198 857 | 3 934 | | (65 860) | 136 931 | | | | | 136 931 |
| Other liabilities | 536 941 | 39 146 | 2 145 | (23 504) | 554 728 | 32 194 | 3 398 | 35 592 | (3 121) | 587 199 |
| TOTAL LIABILITIES | 36 179 886 | 1 448 087 | 27 786 | (1 952 466) | 35 703 293 | 5 783 751 | 7 403 | 5 791 154 | (1 101 027) | 40 393 420 |
| SHAREHOLDERS' EQUITY | | | | | | | | | | |
| Shareholders' equity attributable to the shareholders of BPI | 1 330 799 | 128 707 | 112 208 | | 1 571 714 | 311 091 | 39 083 | 350 174 | | 1 921 888 |
| Minority interest | 51 233 | 18 923 | | | 70 156 | 314 286 | | 314 286 | | 384 442 |
| TOTAL SHAREHOLDERS' EQUITY | 1 382 032 | 147 630 | 112 208 | | 1 641 870 | 625 377 | 39 083 | 664 460 | | 2 306 330 |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | 37 561 918 | 1 595 717 | 139 994 | (1 952 466) | 37 345 163 | 6 409 128 | 46 486 | 6 455 614 | (1 101 027) | 42 699 750 |
| Investments made in: | | | | | | | | | | |
| Property | | 207 | | | 207 | 1 052 | | 1 052 | | 1 259 |
| Equipment and other tangible assets | 6 539 | 166 | | | 6 705 | 17 473 | 217 | 17 690 | | 24 395 |
| Intangible assets | 7 897 | 78 | | | 7 975 | 1 742 | | 1 742 | | 9 717 |

The BPI Group's income statement for the period ended March 31, 2013, by segment, is as follows:

| | Domestic operations | | | | | International operations | | | Inter segment operations | BPI Group |
|--|---------------------|--------------------|-------------------------------|--------------------------|-------------------|--------------------------|---------------|------------------|--------------------------|-------------------|
| | Commercial banking | Investment banking | Equity investments and others | Inter segment operations | Total | Angola | Others | Total | | |
| Financial margin (narrow sense) | 65 332 | 1 353 | (348) | | 66 337 | 42 653 | (68) | 42 585 | | 108 922 |
| Gross margin on unit links | 187 | 463 | | | 650 | | | | | 650 |
| Income from equity instruments | 64 | | | | 64 | | | | | 64 |
| Net commission relating to amortised cost | 6 375 | | | | 6 375 | 156 | | 156 | | 6 531 |
| Financial margin | 71 958 | 1 816 | (348) | | 73 426 | 42 809 | (68) | 42 741 | | 116 167 |
| Technical result of insurance contracts | 5 604 | 64 | | | 5 668 | | | | | 5 668 |
| Commissions received | 59 646 | 10 067 | | (6 791) | 62 922 | 8 120 | 56 | 8 176 | (313) | 70 785 |
| Commissions paid | (12 303) | (2 698) | | 6 791 | (8 210) | (1 655) | | (1 655) | 313 | (9 552) |
| Other income, net | 4 133 | 25 | | | 4 158 | 6 433 | | 6 433 | | 10 591 |
| Net commission income | 51 476 | 7 394 | | | 58 870 | 12 898 | 56 | 12 954 | | 71 824 |
| Gain and loss on operations at fair value | 2 580 | 2 494 | | | 5 074 | 18 345 | | 18 345 | | 23 419 |
| Gain and loss on assets available for sale | 131 145 | | | | 131 145 | | | | | 131 145 |
| Interest and financial gain and loss with pensions | 1 025 | 17 | | | 1 042 | | | | | 1 042 |
| Net income on financial operations | 134 750 | 2 511 | | | 137 261 | 18 345 | | 18 345 | | 155 606 |
| Operating income | 1 615 | 126 | | | 1 741 | 623 | 3 | 626 | | 2 367 |
| Operating expenses | (5 068) | (215) | | | (5 283) | (222) | | (222) | | (5 505) |
| Other taxes | (1 037) | (103) | | | (1 140) | (426) | (4) | (430) | | (1 570) |
| Net operating income | (4 490) | (192) | | | (4 682) | (25) | (1) | (26) | | (4 708) |
| Operating income from banking activity | 259 298 | 11 593 | (348) | | 270 543 | 74 027 | (13) | 74 014 | | 344 557 |
| Personnel costs | (67 480) | (5 348) | (43) | | (72 871) | (15 896) | (393) | (16 289) | | (89 160) |
| General administrative costs | (42 191) | (2 920) | (7) | | (45 118) | (13 270) | (145) | (13 415) | | (58 533) |
| Depreciation and amortisation | (4 469) | (328) | | | (4 797) | (3 236) | (32) | (3 268) | | (8 065) |
| Overhead costs | (114 140) | (8 596) | (50) | | (122 786) | (32 402) | (570) | (32 972) | | (155 758) |
| Recovery of loans, interest and expenses | 4 615 | | | | 4 615 | 654 | | 654 | | 5 269 |
| Impairment losses and provisions for loans and guarantees, net | (67 328) | (393) | | | (67 721) | (2 044) | | (2 044) | | (69 765) |
| Impairment losses and other provisions, net | (45 787) | 5 | | | (45 782) | (761) | | (761) | | (46 543) |
| Net income before income tax | 36 658 | 2 609 | (398) | | 38 869 | 39 474 | (583) | 38 891 | | 77 760 |
| Income tax | (18 836) | (1 176) | 126 | | (19 886) | (4 284) | (263) | (4 547) | | (24 433) |
| Earnings of associated companies (equity method) | 2 281 | | 313 | | 2 594 | | 3 078 | 3 078 | | 5 672 |
| Global consolidated net income | 20 103 | 1 433 | 41 | | 21 577 | 35 190 | 2 232 | 37 422 | | 58 999 |
| Income attributable to minority interest | (234) | (120) | | | (354) | (18 151) | 17 | (18 134) | | (18 488) |
| Consolidated net income of the BPI Group | 19 869 | 1 313 | 41 | | 21 223 | 17 039 | 2 249 | 19 288 | | 40 511 |
| Cash flow after taxes | 137 453 | 2 029 | 41 | | 139 523 | 23 080 | 2 281 | 25 361 | | 164 884 |

4. NOTES

4.1. Cash and deposits at Central Banks

This caption is made up as follows:

| | 31 Mar. 14 | 31 Dec. 13 |
|--|------------------|------------------|
| Cash | 314 979 | 369 451 |
| Demand deposits at the Bank of Portugal | 104 162 | 109 939 |
| Demand deposits at foreign Central Banks | 858 945 | 892 793 |
| Accrued interest | 36 | 28 |
| | 1 278 122 | 1 372 211 |

4.2. Deposits at other Credit Institutions

This caption is made up as follows:

| | 31 Mar. 14 | 31 Dec. 13 |
|------------------------------|----------------|----------------|
| Domestic Credit Institutions | | |
| Demand deposits | 2 957 | 3 476 |
| Cheque for collection | 62 460 | 65 779 |
| Other | 597 | 1 042 |
| Foreign Credit Institutions | | |
| Demand deposits | 295 757 | 392 447 |
| Cheque for collection | 6 877 | 4 112 |
| Accrued interest | 9 | 3 |
| | 368 657 | 466 859 |

Cheques for collection from domestic Credit Institutions correspond to cheques drawn by third parties against domestic credit institutions, which in general do not remain in this account for more than one business day.

4.3. Financial assets held for trading and at fair value through profit or loss

This caption is made up as follows:

| | 31 Mar. 14 | 31 Dec. 13 |
|---|------------------|------------------|
| Financial assets held for trading | | |
| Debt Instruments | | |
| Bonds issued by Portuguese government entities | 21 608 | 4 104 |
| Bonds issued by foreign government entities | 202 382 | 138 851 |
| Bonds issued by other Portuguese entities | | |
| Non-subordinated debt | 18 128 | 13 160 |
| Bonds issued by other foreign entities | | |
| Non-subordinated debt | 7 863 | 5 309 |
| Subordinated debt | 107 | |
| | 250 088 | 161 424 |
| Equity instruments | | |
| Shares issued by Portuguese entities | 194 219 | 148 901 |
| Shares issued by foreign entities | 79 782 | 59 114 |
| | 274 001 | 208 015 |
| Other securities | | |
| Participating units issued by Portuguese entities | 156 | 156 |
| Participating units issued by foreign entities | 95 | 92 |
| | 251 | 248 |
| | 524 340 | 369 687 |
| Financial assets at fair value through profit or loss | | |
| Debt Instruments | | |
| Bonds issued by Portuguese government entities | 107 923 | 99 301 |
| Bonds issued by foreign government entities | 183 850 | 239 513 |
| Bonds issued by other Portuguese entities | | |
| Non-subordinated debt | 199 931 | 71 240 |
| Bonds issued by other foreign entities | | |
| Non-subordinated debt | 47 486 | 43 351 |
| Subordinated debt | 1 875 | 1 589 |
| | 541 065 | 454 994 |
| Equity instruments | | |
| Shares issued by Portuguese entities | 671 | 1 349 |
| Shares issued by foreign entities | 17 517 | 24 667 |
| | 18 188 | 26 016 |
| Other securities | | |
| Participating units issued by Portuguese entities | 9 099 | 11 347 |
| Participating units issued by foreign entities | 222 841 | 210 239 |
| | 231 940 | 221 586 |
| | 791 193 | 702 596 |
| Derivative instruments with positive fair value (Note 4.4) | 245 078 | 223 497 |
| | 1 560 611 | 1 295 780 |

This caption includes the following assets hedging capitalisation insurance products issued by BPI Vida:

| | 31 Mar. 14 | 31 Dec. 13 |
|--|----------------|----------------|
| Debt Instruments | | |
| Of public entities | | |
| Other entities | 291 773 | 338 814 |
| Other entities | 249 291 | 116 179 |
| Equity Instruments | 1 581 | 9 628 |
| Other securities | 231 940 | 221 586 |
| Derivative instruments with positive fair value | 5 | |
| | 774 590 | 686 207 |

4.4. Derivatives

The caption "Derivative instruments held for trading" (Notes 4.3 and 4.14) is made up as follows:

| | 31 Mar. 14 | | | 31 Dec. 13 | | |
|--|--------------------------------|----------------|----------------|--------------------------------|----------------|----------------|
| | Notional value ¹ | Book value | | Notional value ¹ | Book value | |
| | Assets | Liabilities | Assets | Liabilities | | |
| Exchange rate contracts | | | | | | |
| Futures | 500 | 6 | | | | |
| Options | 2 489 | 6 | 8 | | | |
| Exchange forwards and swaps | 1 454 481 | 1 470 | 1 489 | 1 623 706 | 1 250 | 1 244 |
| Interest rate contracts | | | | | | |
| Futures | 8 621 | | 14 | 66 597 | 11 | 10 |
| Options | 455 510 | 2 763 | 2 950 | 473 833 | 3 051 | 3 284 |
| Swaps | 6 241 377 | 214 048 | 221 361 | 6 356 628 | 191 182 | 195 972 |
| Contracts over shares | | | | | | |
| Futures | 9 063 | | 369 | 12 509 | 162 | 222 |
| Swaps | 310 563 | 540 | 65 077 | 264 030 | 55 | 27 008 |
| Options | 31 217 | 281 | 52 | 31 225 | 614 | 19 |
| Contracts over other underlying items | | | | | | |
| Futures | 58 809 | | | 51 737 | | |
| Other | | | | | | |
| Options ² | 641 041 | 25 776 | 25 830 | 643 635 | 26 932 | 27 360 |
| Other ³ | 1 915 433 | | 47 | 1 951 222 | | 126 |
| Overdue derivatives | | | | | | |
| | | 188 | | | 240 | |
| | 11 129 104 | 245 078 | 317 197 | 11 475 122 | 223 497 | 255 245 |

¹ In the case of swaps and forwards only the asset amounts were considered.

² Parts of operations that are autonomous for accounting purposes, commonly referred to as "embedded derivatives".

³ Corresponds to derivatives associated to Financial liabilities relating to transferred assets (Note 4.19).

The caption "Derivative instruments held for hedging" is made up as follows:

| | 31 Mar. 14 | | | 31 Dec. 13 | | |
|--|-----------------------------|----------------|----------------|-----------------------------|----------------|----------------|
| | Notional value ¹ | Book value | | Notional value ¹ | Book value | |
| | | Assets | Liabilities | | Assets | Liabilities |
| Interest rate contracts | | | | | | |
| Futures | 142 896 | 8 | 20 | 172 541 | 51 | 29 |
| Swaps | 13 554 699 | 142 342 | 323 078 | 15 187 052 | 169 642 | 518 152 |
| Contracts over shares | | | | | | |
| Swaps | 277 768 | 156 | 5 171 | 204 758 | 146 | 6 124 |
| Contracts over credit events | | | | | | |
| Swaps | 9 240 | 63 | | 9 240 | 33 | |
| Contracts over other underlying items | | | | | | |
| Swaps | 12 758 | 334 | 307 | 12 758 | 334 | 316 |
| Other | | | | | | |
| Options ² | 719 409 | 29 825 | 29 825 | 570 583 | 23 837 | 23 837 |
| | 14 716 770 | 172 728 | 358 401 | 16 156 932 | 194 043 | 548 458 |

¹ In the case of swaps and forwards only the asset amounts were considered.

² Parts of operations that are autonomous for accounting purposes, commonly referred to as "embedded derivatives".

The BPI Group's operations include carrying out derivative transactions to manage its own positions based on expectations regarding market evolution (trading), meet the needs of its customers or hedge positions of a structural nature (hedging).

All derivatives (embedded or autonomous) are recorded at market value.

Derivatives are also recorded as off balance sheet items by their theoretical value (notional value). Notional value is the reference value for purposes of calculating the flow of payments and receipts resulting from the operation.

Market value (fair value) corresponds to the value of the derivatives if they were traded on the market on the reference date. Changes in the market value of derivatives are recognised in the appropriate balance sheet accounts and have an immediate effect on net income.

4.5. Financial assets available for sale

This caption is made up as follows:

| | 31 Mar. 14 | 31 Dec. 13 |
|---|------------------|------------------|
| Debt instruments | | |
| Bonds issued by Portuguese government entities | 4 463 071 | 5 163 311 |
| Bonds issued by foreign government entities | 3 047 761 | 3 341 475 |
| Bonds issued by other Portuguese entities | | |
| Non-subordinated debt | 489 | 477 |
| Bonds issued by other foreign entities | | |
| Non-subordinated debt | 146 642 | 149 002 |
| Subordinated debt | 483 700 | 644 639 |
| | 8 141 663 | 9 298 904 |
| Equity instruments | | |
| Shares issued by Portuguese entities | 77 118 | 72 494 |
| Impairment | (27 997) | (27 997) |
| Quotas | 44 971 | 44 971 |
| Shares issued by foreign entities | 32 542 | 32 570 |
| Impairment | (18 108) | (18 108) |
| | 108 526 | 103 930 |
| Other securities | | |
| Participating units issued by Portuguese entities | 302 931 | 306 085 |
| Impairment | (22 145) | (18 188) |
| Participating units issued by foreign entities | 2 574 | 2 122 |
| | 283 360 | 290 019 |
| Loans and other receivables | | |
| Impairment | 22 189 | 22 119 |
| | (20 797) | (20 743) |
| | 1 392 | 1 376 |
| Overdue securities | 1 635 | 1 635 |
| Impairment | (1 635) | (1 635) |
| | 8 534 941 | 9 694 229 |

The caption "Loans and other receivables" corresponds to shareholders' loans to, and supplementary capital contributions in, companies classified as financial assets available for sale.

In the review made by the Bank, no impaired securities were identified, other than the amounts already recognised.

The changes in impairment losses and provisions in the first quarter of 2014 and 2013 are presented in Note 4.20.

4.6. Loans and advances to credit institutions

This caption is made up as follows:

| | 31 Mar. 14 | 31 Dec. 13 |
|--|------------------|------------------|
| Loans and advances to Bank of Portugal | 500 000 | |
| Loans and advances to other Portuguese credit institutions | | |
| Deposits | 221 802 | 346 060 |
| Other loans | 61 100 | 59 100 |
| Securities purchased with resale agreements | 76 571 | 4 670 |
| Other advances | 17 853 | 9 491 |
| Accrued interest | 622 | 843 |
| | 377 948 | 420 164 |
| Loans and advances to other foreign Central Banks | 469 150 | 327 540 |
| Loans and advances to other foreign credit institutions | | |
| Very short term loans and advances | 452 014 | 309 416 |
| Deposits | 277 000 | 105 131 |
| Loans | 44 | 44 |
| Securities purchased with resale agreements | 28 881 | |
| Other loans and advances | 499 019 | 693 730 |
| Accrued interest | 1 672 | 1 187 |
| | 1 698 899 | 1 465 929 |
| Commission relating to amortised cost (net) | (21) | (21) |
| | 2 576 826 | 1 886 072 |
| Impairment | (2) | (2) |
| | 2 576 824 | 1 886 070 |

The changes in impairment losses and provisions in the first quarter of 2014 and 2013 are presented in Note 4.20.

4.7. Loans and advances to customers

This caption is made up as follows:

| | 31 Mar. 14 | 31 Dec. 13 |
|---|-------------------|-------------------|
| Loans | | |
| Domestic loans | | |
| Companies | | |
| Discount | 84 859 | 91 484 |
| Loans | 5 041 961 | 5 123 437 |
| Commercial lines of credit | 866 063 | 852 796 |
| Demand deposits - overdrafts | 169 637 | 134 342 |
| Invoices received - factoring | 351 064 | 375 189 |
| Finance leasing | 203 921 | 215 594 |
| Real estate leasing | 362 765 | 373 626 |
| Other loans | 18 229 | 18 328 |
| Loans to individuals | | |
| Housing | 11 308 793 | 11 390 108 |
| Consumer | 686 659 | 717 098 |
| Other loans | 484 576 | 498 513 |
| Foreign loans | | |
| Companies | | |
| Discount | 421 | 622 |
| Loans | 2 240 751 | 2 245 142 |
| Commercial lines of credit | 269 413 | 144 305 |
| Demand deposits - overdrafts | 22 151 | 22 259 |
| Invoices received - factoring | 605 | 826 |
| Finance leasing | 146 | 171 |
| Real estate leasing | 858 | 884 |
| Other loans | 321 280 | 301 621 |
| Loans to individuals | | |
| Housing | 98 552 | 210 177 |
| Consumer | 224 904 | 223 910 |
| Other loans | 81 210 | 87 326 |
| Accrued interest | 72 329 | 63 544 |
| | 22 911 147 | 23 091 302 |
| Securities | | |
| Issued by Portuguese government entities | 99 968 | 99 963 |
| Issued by other Portuguese entities | | |
| Non subordinated debt securities | | |
| Bonds | 1 270 120 | 1 267 965 |
| Commercial paper | 944 395 | 986 755 |
| Issued by foreign government entities | | |
| Issued by other foreign entities | | |
| Non subordinated debt securities | 415 012 | 374 443 |
| Bonds | 7 000 | |
| Subordinated debt securities | 24 720 | 24 720 |
| Accrued interest | 24 158 | 19 213 |
| Deferred interest | (662) | (911) |
| | 2 784 711 | 2 772 148 |
| Correction of the amount of hedged assets | 36 623 | 33 922 |
| Commission relating to amortised cost (net) | 2 255 | 2 467 |
| | 25 734 736 | 25 899 839 |
| Overdue loans and interest | 998 085 | 997 229 |
| Loan impairment | (976 319) | (931 935) |
| | 25 756 502 | 25 965 133 |

The caption "Loans to customers" includes the following non-derecognised securitised assets:

| | 31 Mar. 14 | 31 Dec. 13 |
|--|------------------|------------------|
| Non-derecognised securitised assets ¹ | | |
| Loans | | |
| Housing | 4 555 001 | 4 618 430 |
| Loans to SME's | 3 195 938 | 3 101 221 |
| Accrued interest | 18 717 | 18 500 |
| | 7 769 656 | 7 738 151 |

¹ Excludes overdue loans and interest.

The loans subject to securitisation operations carried out by Banco BPI were not derecognised from the Bank's balance sheet and are recorded under the caption "Loans". The amounts received by Banco BPI from these operations are recorded under the caption "Liabilities relating to assets not derecognised in securitisation operations" (Note 4.19).

At March 31, 2014 and December 31, 2013 the caption "Loans to Customers" also included operations allocated to the Cover Pool given as collateral for Covered Bonds issued by Banco BPI (Note 4.18), namely:

- 5 748 431 t. euro and 5 729 852 t. euro, respectively, allocated as collateral to mortgage bonds,
- 676 772 t. euro and 673 149 t. euro, respectively, allocated as collateral to public sector bonds.

The securities portfolio includes the following assets to cover capitalization insurance contracts issued by BPI Vida:

| | 31 Mar. 14 | 31 Dec. 13 |
|--|------------------|------------------|
| Debt instruments | | |
| Issued by Portuguese government entities | 99 968 | 99 963 |
| Issued by other Portuguese entities | 1 387 666 | 1 238 859 |
| Issued by other foreign entities | 419 634 | 377 812 |
| | 1 907 268 | 1 716 634 |

The changes in impairment losses and provisions in the first quarter of 2014 and 2013 are presented in Note 4.20.

4.8 Held to maturity investments

This caption is made up as follows:

| | 31 Mar. 14 | 31 Dec. 13 |
|---|----------------|----------------|
| Debt Instruments | | |
| Bonds issued by other Portuguese entities | | |
| Non-subordinated debt | 14 608 | 24 457 |
| Bonds issued by foreign government entities | 59 972 | 59 965 |
| Bonds issued by other foreign entities | | |
| Non-subordinated debt | 50 005 | 49 980 |
| Subordinated debt | 1 900 | 1 900 |
| Accrued interest | 293 | 575 |
| | 126 778 | 136 877 |

The portfolio of held to maturity investments includes assets to cover capitalization insurance contracts issued by BPI Vida.

4.9. Other tangible assets

The changes in other tangible assets in the first quarter of 2014 were as follows:

| | Gross | | | | | | Amortizações | | | | | | Net | Net |
|-----------------------------|---------------------------|----------------|-----------------------------|-------------------------|---|---------------------------|---------------------------|--------------------------------|-------------------------|-------------------------|-------------------------------------|---------------------------|---------------------------|---------------------------|
| | Balance at Dec. 31, 13 | Purcha- ses | Sales and write- offs | Transfers and others | Foreign exchange differen- ces | Balance at Mar. 31, 14 | Balance at Dec. 31, 13 | Depreciation for the period | Sales and write-offs | Transfers and others | Foreign exchange differen-ces | Balance at Mar. 31, 14 | Balance at Mar. 31, 14 | Balance at Dec. 31, 13 |
| Property | | | | | | | | | | | | | | |
| Property for own use | 138 126 | 337 | | 343 | 33 | 138 839 | 28 082 | 652 | | (152) | 1 | 28 583 | 110 256 | 110 044 |
| Other property | 104 | | (92) | | | 12 | 36 | | (34) | | | 2 | 10 | 68 |
| Leasehold improvements | 110 139 | 29 | (1 298) | 1 015 | 4 | 109 889 | 96 484 | 653 | (1 298) | | 8 | 95 847 | 14 042 | 13 655 |
| | 248 369 | 366 | (1 390) | 1 358 | 37 | 248 740 | 124 602 | 1 305 | (1 332) | (152) | 9 | 124 432 | 124 308 | 123 767 |
| Equipment | | | | | | | | | | | | | | |
| Furniture and fixtures | 52 820 | 130 | (3 127) | 3 | 6 | 49 832 | 45 141 | 443 | (3 122) | | 2 | 42 464 | 7 368 | 7 679 |
| Machinery and tools | 14 056 | 114 | (1 028) | | 1 | 13 143 | 12 447 | 151 | (1 026) | | | 11 572 | 1 571 | 1 609 |
| Computer hardware | 185 432 | 282 | (2 498) | 301 | 13 | 183 530 | 175 381 | 1 563 | (2 489) | | 7 | 174 462 | 9 068 | 10 051 |
| Interior installations | 155 561 | 179 | (13 293) | 176 | 5 | 142 628 | 121 952 | 2 206 | (12 774) | | 2 | 111 386 | 31 242 | 33 609 |
| Vehicles | 11 722 | 261 | (533) | | (2) | 11 448 | 8 327 | 495 | (532) | | 1 | 8 291 | 3 157 | 3 395 |
| Security equipment | 26 907 | 90 | (256) | 5 | 2 | 26 748 | 23 363 | 246 | (251) | | | 23 358 | 3 390 | 3 544 |
| Other equipment | 583 | 1 | | | | 584 | 139 | 2 | | | | 141 | 443 | 444 |
| | 447 081 | 1 057 | (20 735) | 485 | 25 | 427 913 | 386 750 | 5 106 | (20 194) | | 12 | 371 674 | 56 239 | 60 331 |
| Tangible assets in progress | 10 674 | 1 712 | | (2 306) | 10 | 10 090 | | | | | | | 10 090 | 10 674 |
| Other tangible assets | 12 570 | | (62) | | | 12 508 | 10 005 | 50 | (62) | | | 9 993 | 2 515 | 2 565 |
| | 23 244 | 1 712 | (62) | (2 306) | 10 | 22 598 | 10 005 | 50 | (62) | | 9 993 | 12 605 | 13 239 | |
| | 718 694 | 3 135 | (22 187) | (463) | 72 | 699 251 | 521 357 | 6 461 | (21 588) | (152) | 21 | 506 099 | 193 152 | 197 337 |

The changes in other tangible assets in the first quarter of 2013 were as follows:

| | Gross | | | | | | Depreciation | | | | | Net | Net |
|-----------------------------|------------------------|--------------|----------------------|----------------------|------------------------------|------------------------|------------------------|-----------------------------|----------------------|------------------------------|------------------------|------------------------|------------------------|
| | Balance at Dec. 31, 12 | Purchases | Sales and write-offs | Transfers and others | Foreign exchange differences | Balance at Mar. 31, 13 | Balance at Dec. 31, 12 | Depreciation for the period | Sales and write-offs | Foreign exchange differences | Balance at Mar. 31, 13 | Balance at Mar. 31, 13 | Balance at Dec. 31, 12 |
| Property | | | | | | | | | | | | | |
| Property for own use | 136 800 | 72 | (74) | 3 075 | 2 685 | 142 558 | 26 172 | 667 | 270 | 27 109 | 115 449 | 110 628 | |
| Other property | 104 | | | | | 104 | 35 | | | 35 | 69 | 69 | |
| Leasehold improvements | 112 360 | 215 | (4) | 185 | 1 179 | 113 935 | 97 543 | 604 | (3) | 804 | 98 948 | 14 987 | 14 817 |
| | 249 264 | 287 | (78) | 3 260 | 3 864 | 256 597 | 123 750 | 1 271 | (3) | 1 074 | 126 092 | 130 505 | 125 514 |
| Equipment | | | | | | | | | | | | | |
| Furniture and fixtures | 52 835 | 122 | (143) | 21 | 327 | 53 162 | 44 001 | 482 | (142) | 152 | 44 493 | 8 669 | 8 834 |
| Machinery and tools | 14 203 | 77 | (263) | 7 | 106 | 14 130 | 12 405 | 162 | (262) | 67 | 12 372 | 1 758 | 1 798 |
| Computer hardware | 187 920 | 681 | (1 509) | 69 | 663 | 187 824 | 178 735 | 1 803 | (1 499) | 534 | 179 573 | 8 251 | 9 185 |
| Interior installations | 160 475 | 261 | (1 140) | 29 | 202 | 159 827 | 116 553 | 2 603 | (574) | 92 | 118 674 | 41 153 | 43 922 |
| Vehicles | 10 758 | 219 | (158) | 70 | 259 | 11 148 | 7 301 | 509 | (128) | 181 | 7 863 | 3 285 | 3 457 |
| Security equipment | 27 692 | 107 | (32) | 17 | 163 | 27 947 | 22 704 | 281 | (29) | 63 | 23 019 | 4 928 | 4 988 |
| Other equipment | | 620 | | | 15 | 635 | 133 | 2 | | 1 | 136 | 499 | 487 |
| | 454 503 | 1 467 | (3 245) | 213 | 1 735 | 454 673 | 381 832 | 5 842 | (2 634) | 1 090 | 386 130 | 68 543 | 72 671 |
| Tangible assets in progress | 9 624 | 1 267 | | (3 851) | 207 | 7 247 | | | | | | 7 247 | 9 624 |
| Other tangible assets | 12 991 | | (4) | | | 12 987 | 10 111 | 63 | (3) | | 10 171 | 2 816 | 2 880 |
| | 22 615 | 1 267 | (4) | (3 851) | 207 | 20 234 | 10 111 | 63 | (3) | 10 171 | 10 063 | 12 504 | |
| | 726 382 | 3 021 | (3 327) | (378) | 5 806 | 731 504 | 515 693 | 7 176 | (2 640) | 2 164 | 522 393 | 209 111 | 210 689 |

4.10. Intangible assets

The changes in other tangible assets in the first quarter of 2014 were as follows:

| | Gross | | | | | Depreciation | | | | | Net | | |
|-------------------------------|------------------------|------------|----------------------|----------------------|------------------------------|------------------------|------------------------|-----------------------------|----------------------|------------------------------|------------------------|------------------------|------------------------|
| | Balance at Dec. 31, 13 | Purchases | Sales and write-offs | Transfers and others | Foreign exchange differences | Balance at Mar. 31, 14 | Balance at Dec. 31, 13 | Depreciation for the period | Sales and write-offs | Foreign exchange differences | Balance at Mar. 31, 14 | Balance at Mar. 31, 14 | Balance at Dec. 31, 13 |
| Software | 71 044 | 608 | (13) | 90 | (1) | 71 728 | 62 581 | 1 153 | (13) | (1) | 63 720 | 8 008 | 8 463 |
| Other intangible assets | 28 735 | | (788) | | 1 | 27 948 | 26 063 | 3 | (788) | 1 | 25 279 | 2 669 | 2 672 |
| | 99 779 | 608 | (801) | 90 | | 99 676 | 88 644 | 1 156 | (801) | | 88 999 | 10 677 | 11 135 |
| Intangible assets in progress | 8 014 | 34 | | (94) | | 7 954 | | | | | | 7 954 | 8 014 |
| | 107 793 | 642 | (801) | (4) | | 107 630 | 88 644 | 1 156 | (801) | | 88 999 | 18 631 | 19 149 |

The changes in other tangible assets in the first quarter of 2013 were as follows:

| | Gross | | | | | Depreciation | | | | | Net | | |
|-------------------------------|------------------------|--------------|----------------------|----------------------|------------------------------|------------------------|------------------------|-----------------------------|----------------------|------------------------------|------------------------|------------------------|------------------------|
| | Balance at Dec. 31, 12 | Purchases | Sales and write-offs | Transfers and others | Foreign exchange differences | Balance at Mar. 31, 13 | Balance at Dec. 31, 12 | Depreciation for the period | Sales and write-offs | Foreign exchange differences | Balance at Mar. 31, 13 | Balance at Mar. 31, 13 | Balance at Dec. 31, 12 |
| Software | 65 116 | 600 | | 790 | 154 | 66 660 | 59 089 | 886 | | 79 | 60 054 | 6 606 | 6 027 |
| Other intangible assets | 30 144 | | (303) | | 43 | 29 884 | 27 460 | 3 | (303) | 43 | 27 203 | 2 681 | 2 684 |
| | 95 260 | 600 | (303) | 790 | 197 | 96 544 | 86 549 | 889 | (303) | 122 | 87 257 | 9 287 | 8 711 |
| Intangible assets in progress | 5 306 | 410 | | (681) | | 5 035 | | | | | | 5 035 | 5 306 |
| | 100 566 | 1 010 | (303) | 109 | 197 | 101 579 | 86 549 | 889 | (303) | 122 | 87 257 | 14 322 | 14 017 |

4.11. Investments in associated companies and jointly controlled entities

Investments in associated companies and jointly controlled entities, recorded in accordance with the equity method, are as follows:

| | Effective participation (%) | | Book value | |
|---|-----------------------------|----------------|------------|------------|
| | 31 Mar. 14 | 31 Dec. 13 | 31 Mar. 14 | 31 Dec. 13 |
| Banco Comercial e de Investimentos, S.A.R.L. | 30.0 | 30.0 | 44 653 | 44 967 |
| Companhia de Seguros Allianz Portugal, S.A. | 35.0 | 35.0 | 106 371 | 95 875 |
| Cosec – Companhia de Seguros de Crédito, S.A. | 50.0 | 50.0 | 29 379 | 27 935 |
| Finangeste – Empresa Financeira de Gestão e Desenvolvimento, S.A. | 32.8 | 32.8 | 20 381 | 20 507 |
| Inter-Risco - Sociedade de Capital de Risco, S.A. | 49.0 | 49.0 | 709 | 669 |
| Unicre - Instituição Financeira de Crédito, S.A. | 21.0 | 21.0 | 32 635 | 32 039 |
| | 234 128 | 221 992 | | |

4.12. Tax assets

This caption is made up as follows:

| | 31 Mar 14 | 31 Dec 13 |
|-----------------------------------|----------------|----------------|
| Current tax assets | | |
| Corporate income tax recoverable | 20 306 | 20 234 |
| Others | 2 031 | 2 003 |
| | 22 337 | 22 237 |
| Deferred tax assets | | |
| Due to temporary differences | 330 976 | 430 568 |
| Due to tax losses carried forward | 107 578 | 86 887 |
| | 438 554 | 517 455 |
| | 460 891 | 539 692 |

Details of deferred tax assets are presented in Note 4.41.

4.13. Other assets

This caption is made up as follows:

| | 31 Mar. 14 | 31 Dez. 13 |
|--|----------------|----------------|
| Debtors, other applications and other assets | | |
| Debtors for future operations | 4 471 | 11 609 |
| Collateral accounts | 6 800 | 5 289 |
| Other applications | 8 760 | 12 592 |
| VAT recoverable | 170 | 173 |
| Debtors for loan interest subsidy receivable | 6 410 | 5 429 |
| Other debtors | 84 872 | 86 374 |
| Overdue debtors and other applications | 629 | 571 |
| Impairments for debtors and other applications | (370) | (308) |
| Other assets | | |
| Gold | 34 | 51 |
| Other available funds and other assets | 384 | 807 |
| | 112 160 | 122 587 |
| Tangible assets available for sale | | |
| Impairment | 180 361 | 174 361 |
| | (35 958) | (35 781) |
| | 144 403 | 138 580 |
| Accrued income | | |
| For irrevocable commitments assumed in relation to third parties | 261 | 263 |
| For banking services rendered to third parties | 2 385 | 2 428 |
| Other accrued income | 32 331 | 31 551 |
| | 34 977 | 34 242 |
| Deferred expenses | | |
| Insurance | 228 | 14 |
| Rent | 3 410 | 3 456 |
| Other deferred expenses | 12 398 | 8 459 |
| | 16 036 | 11 929 |
| Liability for pensions and other benefits | | |
| Pension Fund Asset Value | | |
| Pensioners and employees | 1 202 102 | 1 129 067 |
| Directors | 38 690 | 35 262 |
| Past Service Liabilities | | |
| Pensioners and employees | (1 088 586) | (1 082 369) |
| Directors | (39 673) | (39 137) |
| Others | (1 211) | (1 143) |
| | 111 322 | 41 680 |
| Other accounts | | |
| Stock exchange transactions pending settlement | 2 452 | 6 837 |
| Operations on assets pending settlement | 264 594 | 354 523 |
| | 267 046 | 361 360 |
| | 685 944 | 710 378 |

The caption "Other debtors" at March 31, 2014 and December 31, 2013 includes 72 527 t. euro and 72 511 t. euro, respectively, relating to instalments receivable from the sale in 2008 of 49.9% of the share capital of Banco de Fomento (Angola). The selling price was 365 671 t. euro, part of the proceeds from the sale being paid in eight annual instalments, from 2009 to 2016, plus compensation due to monetary correction.

The changes in tangible assets available for sale in the first quarter of 2014 were as follows:

| | Balance at 31 Dec. 13 | | | Aquisi- | | Sales and write- | | Increase / | | Foreign | | Balance at 31 Mar. 14 | | |
|--|-----------------------|------------------|----------------|-----------|---------------|------------------|------------|--------------|---------------|----------|----------------|-----------------------|----------------|-----|
| | Gross | Impair- | Net | tions and | transfers | Gross | Impair- | Reversals of | impairment | diffe- | rences | Gross | Impair- | Net |
| Assets received in settlement of defaulting loans | | | | | | | | | | | | | | |
| Real estate | 168 251 | (33 214) | 135 037 | | 13 637 | (7 481) | 607 | | (947) | 1 | 174 408 | (33 554) | 140 854 | |
| Equipment | 2 129 | (1 308) | 821 | | 761 | (1 106) | 204 | | (41) | | 1 784 | (1 145) | 639 | |
| Others | 61 | (61) | | | | | | | | | 61 | (61) | | |
| Other tangible assets | | | | | | | | | | | | | | |
| Real estate | 3 920 | (1 198) | 2 722 | | 188 | | | | | | 4 108 | (1 198) | 2 910 | |
| | 174 361 | (35 781) | 138 580 | | 14 586 | (8 587) | 811 | | (988) | 1 | 180 361 | (35 958) | 144 403 | |

The changes in tangible assets available for sale in the first quarter of 2013 were as follows:

| | Balance at 31 Dec. 12 | | | Aquisi- | | Sales and write- | | Increase / | | Foreign | | Balance at 31 Mar. 13 | | |
|--|-----------------------|------------------|----------------|-----------|---------------|------------------|--------------|--------------|-----------------|-----------|----------------|-----------------------|----------------|-----|
| | Gross | Impair- | Net | tions and | transfers | Gross | Impair- | Reversals of | impairment | diffe- | rences | Gross | Impair- | Net |
| Assets received in settlement of defaulting loans | | | | | | | | | | | | | | |
| Real estate | 162 320 | (63 418) | 98 902 | | 10 527 | (8 739) | 1 265 | | (3 903) | 54 | 164 162 | (66 056) | 98 106 | |
| Equipment | 2 701 | (1 025) | 1 676 | | 1 025 | (1 574) | 169 | | (120) | 5 | 2 157 | (976) | 1 181 | |
| Others | 61 | (61) | | | | | | | | | 61 | (61) | | |
| Other tangible assets | | | | | | | | | | | | | | |
| Real estate | 4 315 | (203) | 4 112 | | | (395) | 197 | | | | 3 920 | (6) | 3 914 | |
| | 169 397 | (64 707) | 104 690 | | 11 552 | (10 708) | 1 631 | | (4 023) | 59 | 170 300 | (67 099) | 103 201 | |

The caption "Operations on assets pending settlement" at March 31, 2014 and December 31, 2013 includes 32 508 t. euro and 32 576 t. euro, respectively, relating to taxes to be settled, of which 8 568 t. euro and 8 631 t. euro, respectively, relate to taxes in litigation, paid under Decree-Law 248-A / 02 of November 14. The balance at March 31, 2014 and December 31, 2013 also includes, respectively, 19 916 t. euro and 19 921 t. euro relating to taxes in litigation paid under Decree-Law 151-A / 13 of October 31;

In addition, at March 31, 2014 and December 31, 2013 this caption also includes 198 341 t. euro and 282 640 t. euro, respectively, relating to securitisation operations carried out by the BPI Group (Notes 4.7 and 4.19), resulting from temporary differences between settlement of the securitised loans and settlement of the liability for assets not derecognized.

The caption "Stock exchange transactions pending settlement" refer to the sale of securities only settled in the following month.

The changes in impairment losses and provisions in the first quarter of 2014 and 2013 are presented in Note 4.20.

4.14. Resources of Central Banks

This caption is made up as follows:

| | 31 Mar. 14 | 31 Dec. 13 |
|-----------------------------------|------------------|------------------|
| Resources of the Bank of Portugal | | |
| Deposits | 4 009 428 | 4 073 961 |
| Accrued interest | 58 000 | 55 501 |
| Resources of other Central Banks | | |
| Deposits | 10 579 | 10 579 |
| Accrued interest | 76 | 27 |
| | 4 078 083 | 4 140 068 |

During the first quarter of 2014 and in 2013, Banco BPI took funds from the EuroSystem, using part of its portfolio of eligible assets for this purpose (Note 4.31).

4.15. Financial liabilities held for trading

This caption is made up as follows:

| | 31 Mar. 14 | 31 Dec. 13 |
|--|----------------|----------------|
| Derivative instruments with negative fair value (Note 4.4) | 317 197 | 255 245 |
| | 317 197 | 255 245 |

4.16. Resources of other credit institutions

This caption is made up as follows:

| | 31 Mar. 14 | 31 Dec. 13 |
|--|----------------|------------------|
| Resources of Portuguese credit institutions | | |
| Very short term resources | 36 263 | |
| Deposits | 239 693 | 152 118 |
| Other resources | 7 502 | 6 061 |
| Accrued interest | 498 | 699 |
| | 283 956 | 158 878 |
| Resources of foreign credit institutions | | |
| Deposits of international financial organisations | 163 327 | 163 332 |
| Very short term resources | 3 272 | 924 |
| Deposits | 146 644 | 159 683 |
| Debt securities sold with repurchase agreements | 286 566 | 865 667 |
| Other resources | 59 206 | 96 201 |
| Accrued interest | 337 | 1 195 |
| | 659 352 | 1 287 002 |
| Correction of the amount of hedged liabilities | 8 925 | 7 444 |
| Commission relating to amortised cost | (75) | |
| | 952 233 | 1 453 249 |

4.17. Resources of customers and other debts

This caption is made up as follows:

| | 31 Mar. 14 | 31 Dec. 13 |
|---|-------------------|-------------------|
| Demand deposits | 8 134 193 | 8 050 286 |
| Term deposits | 16 439 166 | 16 375 651 |
| Savings deposits | 102 661 | 117 349 |
| Compulsory deposits | 6 927 | 6 795 |
| Cheques and orders payable | 43 663 | 60 662 |
| Debt securities sold with repurchase agreements | 89 731 | 106 798 |
| Other resources of customers | 53 141 | 50 015 |
| Capitalisation insurance products - Unit links | 486 590 | 430 206 |
| Capitalisation insurance products - Guaranteed Rate and Guaranteed Retirement | 79 701 | 85 782 |
| Accrued interest | 171 740 | 185 447 |
| | 25 607 513 | 25 468 991 |
| Correction of the amount of hedged liabilities | 31 516 | 25 973 |
| Commission relating to amortised cost (net) | (3) | |
| | 25 639 029 | 25 494 961 |

The caption “Resources of customers” at March 31, 2014 included 288 071 t. euro and 177 796 t. euro, respectively, relating to deposits of investment funds and pension funds managed by the BPI Group (205 652 t. euro and 153 918 t. euro, respectively, at December 31, 2013).

4.18. Debt securities

This caption is made up as follows:

| | 31 Mar. 14 | | | Average interest rate | 31 Dec. 13 | | | Average interest rate | | |
|--|------------------|--------------------|------------------|-----------------------|------------------|--------------------|------------------|-----------------------|--|--|
| | Issued | Repurchased | Balance | | Issued | Repurchased | Balance | | | |
| | | | | | | | | | | |
| Commercial Paper | | | | | | | | | | |
| EUR | 11 346 | | 11 346 | 1.3% | | | | | | |
| | 11 346 | | 11 346 | | | | | | | |
| Covered Bonds | | | | | | | | | | |
| EUR | 4 325 000 | (2 805 500) | 1 519 500 | 1.7% | 4 325 000 | (2 805 600) | 1 519 400 | 1.6% | | |
| | 4 325 000 | (2 805 500) | 1 519 500 | | | | | | | |
| Fixed rate cash bonds | | | | | | | | | | |
| EUR | 754 189 | (188 867) | 565 322 | 4.2% | 842 580 | (201 091) | 641 489 | 4.2% | | |
| USD | 6 139 | (1 984) | 4 155 | 3.4% | 11 333 | (2 871) | 8 462 | 3.4% | | |
| JPY | 28 086 | | 28 086 | 2.5% | 27 640 | | 27 640 | 2.5% | | |
| | 788 414 | (190 851) | 597 563 | | 881 553 | (203 962) | 677 591 | | | |
| Variable rate cash bonds | | | | | | | | | | |
| EUR | 130 000 | (22 992) | 107 008 | 0.8% | 142 000 | (42 000) | 100 000 | 0.9% | | |
| | 130 000 | (22 992) | 107 008 | | 142 000 | (42 000) | 100 000 | | | |
| Variable income cash bonds | | | | | | | | | | |
| EUR | 295 866 | (87 613) | 208 253 | | 295 866 | (87 127) | 208 739 | | | |
| USD | 31 350 | (8 526) | 22 824 | | 31 343 | (8 513) | 22 830 | | | |
| | 327 216 | (96 139) | 231 077 | | 327 209 | (95 640) | 231 569 | | | |
| | 5 581 976 | (3 115 482) | 2 466 494 | | 5 675 762 | (3 147 202) | 2 528 560 | | | |
| Accrued interest | | | 14 261 | | | | | 33 430 | | |
| Correction of the amount of hedged liabilities | | | 38 434 | | | | | 45 031 | | |
| Premiums and commission (net) | | | (7 249) | | | | | (8 566) | | |
| | | | 45 446 | | | | | 69 895 | | |
| | | | 2 511 940 | | | | | 2 598 455 | | |

The changes in the bonds issued by the BPI Group during the first quarter of 2013 were as follows:

| | Commercial Paper | Covered Bonds | Fixed rate bonds | Variable rate bonds | Variable income bonds | Total |
|------------------------------|------------------|---------------|------------------|---------------------|-----------------------|-----------|
| Balance at December 31, 2013 | | 1 519 400 | 677 591 | 100 000 | 231 569 | 2 528 560 |
| Bonds issued during the year | 11 346 | | 29 341 | 30 000 | | 70 687 |
| Bonds redeemed | | | (122 928) | (42 000) | | (164 928) |
| Repurchases (net of resales) | | 100 | 13 112 | 19 008 | (497) | 31 723 |
| Exchange difference | | | 447 | | 5 | 452 |
| Balance at March 31, 2014 | 11 346 | 1 519 500 | 597 563 | 107 008 | 231 077 | 2 466 494 |

The changes in the bonds issued by the BPI Group during 2013 were as follows:

| | Deposit certificates | Commercial Paper | Covered Bonds | Fixed rate bonds | Variable rate bonds | Variable income bonds | Total |
|------------------------------|----------------------|------------------|---------------|------------------|---------------------|-----------------------|--------------|
| Balance at December 31, 2012 | 9 | 19 889 | 1 572 400 | 1 512 486 | 115 444 | 438 675 | 3 658 903 |
| Bonds issued during the year | | | | 86 685 | | 108 648 | 195 333 |
| Bonds redeemed | (9) | (19 889) | | (1 059 255) | (77 579) | (506 207) | (1 662 939) |
| Repurchases (net of resales) | | | (53 000) | 145 660 | 62 135 | 190 726 | 345 521 |
| Exchange difference | | | | (7 985) | | (273) | (8 258) |
| Balance at December 31, 2013 | | | 1 519 400 | 677 591 | 100 000 | 231 569 | 2 528 560 |

Bonds issued by the BPI Group at March 31, 2013, by maturity date, are as follows:

| | 2014 | 2015 | 2016 | 2017-2020 | > 2020 | Total |
|-----------------------------------|---------|---------|---------|-----------|--------|-----------|
| Commercial Paper | | | | | | |
| EUR | | 11 346 | | | | 11 346 |
| | | 11 346 | | | | 11 346 |
| Covered Bonds | | | | | | |
| EUR | | 794 500 | 325 000 | 400 000 | | 1 519 500 |
| | | 794 500 | 325 000 | 400 000 | | 1 519 500 |
| Fixed rate cash bonds | | | | | | |
| EUR | 260 995 | 145 017 | 138 890 | 420 | 20 000 | 565 322 |
| USD | | 4 155 | | | | 4 155 |
| JPY | | | | | 28 086 | 28 086 |
| | 265 150 | 145 017 | 138 890 | 420 | 48 086 | 597 563 |
| Variable rate cash bonds | | | | | | |
| EUR | | 100 000 | | 7 008 | | 107 008 |
| | | 100 000 | | 7 008 | | 107 008 |
| Variable income cash bonds | | | | | | |
| EUR | 117 927 | 13 969 | 75 727 | 630 | | 208 253 |
| USD | | 5 983 | 16 841 | | | 22 824 |
| | 117 927 | 19 952 | 92 568 | 630 | | 231 077 |
| Total | 483 077 | 970 815 | 563 466 | 401 050 | 48 086 | 2 466 494 |

Bonds issued by the BPI Group at December 31, 2013, by maturity date, are as follows:

| | 2014 | 2015 | 2016-2019 | > 2019 | Total |
|-----------------------------------|----------------|----------------|----------------|---------------|------------------|
| Covered Bonds | | | | | |
| EUR | | 794 400 | 725 000 | | 1 519 400 |
| | | 794 400 | 725 000 | | 1 519 400 |
| Fixed rate cash bonds | | | | | |
| EUR | 364 879 | 146 191 | 110 419 | 20 000 | 641 489 |
| USD | | 8 462 | | | 8 462 |
| JPY | | | | 27 640 | 27 640 |
| | 373 341 | 146 191 | 110 419 | 47 640 | 677 591 |
| Variable rate cash bonds | | | | | |
| EUR | 100 000 | | | | 100 000 |
| | 100 000 | | | | 100 000 |
| Variable income cash bonds | | | | | |
| EUR | 118 203 | 14 122 | 76 414 | | 208 739 |
| USD | | 5 989 | 16 841 | | 22 830 |
| | 118 203 | 20 111 | 93 255 | | 231 569 |
| Total | 591 544 | 960 702 | 928 674 | 47 640 | 2 528 560 |

4.19. Financial liabilities relating to transferred assets

This caption is made up as follows:

| | 31 Mar. 14 | 31 Dec. 13 |
|--|------------------|------------------|
| Liabilities relating to assets not derecognised in securitisation operations (Note 4.7) | | |
| Loans | | |
| Housing loans | 4 722 272 | 4 787 212 |
| Loans to SME's | 3 330 900 | 3 339 300 |
| Liabilities held by the BPI Group | (6 723 079) | (6 738 114) |
| Accrued costs | 1 489 | 1 457 |
| Commission relating to amortised cost (net) | (2 439) | (2 559) |
| | 1 329 143 | 1 387 296 |

4.20. Provisions and impairment losses

The changes in provisions and impairment losses of the Group during the first quarter of 2014 were as follows:

| | Balance at Dec. 31, 13 | Increases | Decreases and reversals | Utilisation | Exchange differences and others | Balance at Mar. 31, 14 |
|--|---------------------------|---------------|----------------------------|-----------------|---------------------------------------|---------------------------|
| Impairment losses on loans and advances to credit institutions (Note 4.6) | 2 | | | | | 2 |
| Impairment losses on loans and advances to customers (Note 4.7) | 931 935 | 50 491 | (5 049) | (1 084) | 26 | 976 319 |
| Impairment losses on financial assets available for sale (Note 4.5) | | | | | | |
| Debt instruments | 1 635 | | | | | 1 635 |
| Equity instruments | 46 105 | | | | | 46 105 |
| Other securities | 18 188 | 3 957 | | | | 22 145 |
| Loans and other receivables | 20 743 | 54 | | | | 20 797 |
| Impairment losses on other assets (Note 4.13) | | | | | | |
| Tangible assets held for sale | 35 781 | 1 271 | (283) | (811) | | 35 958 |
| Debtors, other applications and other assets | 308 | 62 | | | | 370 |
| Impairment losses and provisions for guarantees and commitments | 46 766 | 1 453 | (1 580) | | (135) | 46 504 |
| Other provisions | 77 014 | 1 337 | (3 027) | (240) | (110) | 74 974 |
| | 1 178 477 | 58 625 | (9 939) | (2 135) | (219) | 1 224 809 |

The changes in provisions and impairment losses of the Group during the first quarter of 2013 were as follows:

| | Balance at Dec. 31, 12 | Increases | Decreases and reversals | Utilisation | Exchange differences and others | Balance at Mar. 31, 13 |
|--|---------------------------|----------------|----------------------------|------------------|---------------------------------------|---------------------------|
| Impairment losses on loans and advances to credit institutions | 952 | | (538) | (394) | (17) | 3 |
| Impairment losses on loans and advances to customers (Note 4.7) | 783 157 | 68 682 | (1 868) | (3 002) | 2 234 | 849 203 |
| Impairment losses on financial assets available for sale | | | | | | |
| Debt instruments | 2 588 | 45 | | | 1 022 | 3 655 |
| Equity instruments | 46 089 | 7 | | | 25 | 46 121 |
| Other securities | 15 068 | 489 | | | | 15 557 |
| Loans and other receivables | 19 976 | 62 | | | (1 022) | 19 016 |
| Impairment losses on other assets | | | | | | |
| Tangible assets held for sale | 64 707 | 7 857 | (3 834) | (1 631) | | 67 099 |
| Debtors, other applications and other assets | 395 | | (5) | | | 390 |
| Impairment losses and provisions for guarantees and commitments | 48 106 | 3 321 | (370) | | 163 | 51 220 |
| Other provisions | 90 292 | 45 133 | (2 673) | (19 616) | 8 808 | 121 944 |
| | 1 071 330 | 125 596 | (9 288) | (24 643) | 11 213 | 1 174 208 |

4.21. Technical provisions

This caption is made up as follows:

| | 31 Mar. 14 | 31 Dec. 13 |
|-------------------------------------|------------------|------------------|
| Immediate Life Annuity / Individual | 5 | 5 |
| Immediate Life Annuity / Group | 25 | 26 |
| Family Savings | 25 | 26 |
| BPI New Family Savings | 1 644 834 | 1 481 043 |
| BPI Retirement Guaranteed | 146 612 | 143 920 |
| BPI Retirement Savings | 911 496 | 892 927 |
| BPI Non Resident Savings | 185 446 | 162 780 |
| Planor | 5 416 | 5 333 |
| PPR BBI Life | 2 603 | 2 542 |
| Savings Investment Plan / Youths | 1 042 | 1 080 |
| South PPR | 61 | 86 |
| | 2 897 565 | 2 689 768 |

The technical provisions were computed on a prospective actuarial basis, contract by contract, in accordance with the technical bases of the products.

Immediate income

| | |
|------------|--------------------------|
| Individual | Interest Rate 6% |
| | Mortality Table PF 60/64 |
| Group | Interest Rate 6% |
| | Mortality Table PF 60/64 |

Deferred capital with Counterinsurance with Participation in Results

| | |
|-------|---|
| Group | Interest Rate 4% and 0% |
| | Mortality Table PF 60/64, TV 73-77 and GRF 80 |

The technical provisions also include a provision for rate commitments, which is recorded when the effective profitability of the assets that represent the mathematical provisions of a determined product is lower than the technical interest rate used to calculate the mathematical provisions.

The BPI New Family Savings, BPI Retirement Savings PPR and BPI Non Resident Savings are capitalisation products with guaranteed capital and participation in the results.

4.22. Tax liabilities

This caption is made up as follows:

| | 31 Mar. 14 | 31 Dec. 13 |
|-------------------------------|---------------|---------------|
| Current Tax Liability | | |
| Corporate income tax payable | 17 585 | 19 532 |
| Other | 68 | 68 |
| | 17 653 | 19 600 |
| Deferred Tax Liability | | |
| On temporary differences | 37 080 | 37 977 |
| | 37 080 | 37 977 |
| | 54 733 | 57 577 |

Details of the deferred tax liability are presented in Note 4.41.

4.23. Contingent convertible subordinated bonds

This caption is made up as follows:

| | 31 Mar. 14 | | | 31 Dec. 13 | | | Average interest rate | |
|--|----------------|-------------------|----------------|------------|------------------|-------------------|-----------------------|------|
| | Issued | Repurcha-sed | Balance | Issued | Repurcha-sed | Balance | | |
| Contingent convertible subordinated bonds | | | | | | | | |
| EUR | 920 000 | (500 000) | 420 000 | 8.8% | 1 200 000 | (280 000) | 920 000 | 8.8% |
| | 920 000 | (500 000) | 420 000 | | 1 200 000 | (280 000) | 920 000 | |
| Accrued interest | | | 9 094 | | | | 433 | |
| | | | 429 094 | | | | 920 433 | |

In the beginning of June, 2012 Banco BPI's Board of Directors approved the Recapitalisation Plan for reinforcing Core Tier 1 own funds, in order to comply with the minimum ratios defined by the European Banking Authority and the Bank of Portugal.

The Recapitalisation Plan, in the amount of 1 500 000 t. euro, includes:

- a share capital increase of 200 000 t. euro, with shareholders' preemptive rights;
- the issuance of debt instruments eligible for own funds, subscribed for by the Portuguese State, in the amount of 1 300 000 t. euro.

On June 29, 2012 the Portuguese State subscribed for debt instruments eligible for Core Tier 1 own funds (contingent convertible subordinated bonds), in the amount of 1 500 000 t. euro. The features of these instruments are defined in Law 63 – A/2008 of November 24, as republished by Law 4/2012 of January 11 (Bank Recapitalisation Law), in Ministerial Order 150-A/2012 of May 17 and in the Terms and Conditions established in Order 8840-A/2012 of the Portuguese Minister of State and Finance of June 28, 2012. The investment period of the instrument is five years from the date of issue, and the Recapitalisation Plan of the Bank establishes partial repayments over the period of the instrument. On August 10, 2012 the Bank completed the capital increase of 200 000 t. euro, with shareholders' preemptive rights (Note 4.27). The amount received was used in August 13, 2012 by the Bank to repay part of the contingent convertible subordinated bonds, the par value of which was reduced to 1 300 000 t. euro. Since then, Banco BPI reimbursed 880 000 t. euro relating to contingent convertible subordinated bonds, reducing the nominal amount to 420 000 t. euro:

- 100 000 t. euro on December 4, 2012,
- 200 000 t. euro on March 13, 2013,
- 80 000 t. euro on July 16, 2013, and
- 500 000 t. euro on March 19, 2014.

The contingent convertible subordinated bonds bear interest payable half yearly, at an effective annual interest rate of 8.5% in the first year, increasing 0.25% per year in the first two years and 0.5% in each of the following years.

These instruments are convertible into Banco BPI shares on the occurrence of any one of the events listed in the Terms and Conditions established in Order 8840-A/2012 of the Portuguese Minister of State and Finance of June 28, 2012. Briefly the conversion events are as follows:

- termination of the term of 5 years without the instruments having been fully repurchased (under Section 8.5. of the Terms and Conditions);
- occurrence of an event qualified as a material breach under Section 8.3. of the Terms and Conditions;
- occurrence of the event defined in Section 9.1. of the Terms and Conditions (viability event);
- occurrence of the event defined in Section 10 of the Terms and Conditions (regulatory event – the instrument is no longer qualified as Core Tier I) and the other alternatives provided for under this Section are not possible;
- occurrence of an event qualified as change in control under Section 9.2. of the Terms and Conditions;
- exclusion of Banco BPI shares from listing on a regulated market, under Section 9.2. of the Terms and Conditions.

If the conversion into Banco BPI shares referred to above occurs, it will be made through delivery of a number of shares that cannot be determined prior to the occurrence of the event that determines the conversion, since (i) the definition of the Conversion Price contained in Section 1.1. of the Terms and Conditions states that the price depends on the price / market value of the shares in the period prior to the occurrence of the event and (ii) the determination of the number of shares is made based on the Conversion Price.

The Terms and Conditions included an additional conversion event (if on October 1, 2012 the amount of instruments issued exceeds 1 300 000 t. euro), which will no longer occur because, as mentioned above, in August, 2012, Banco BPI repurchased 200 000 t. euro of these instruments, reducing on that date the amount to 1 300 000 t. euro.

4.24. Other Subordinated debt and participating bonds

This caption is made up as follows:

| | 31 Mar. 14 | | | Average interest rate | 31 Dec. 13 | | | Average interest rate | | |
|--------------------------------|----------------|-------------------|----------------|-----------------------|----------------|-------------------|----------------|-----------------------|--|--|
| | Issued | Repurchased | Balance | | Issued | Repurchased | Balance | | | |
| Other subordinated debt | | | | | | | | | | |
| Perpetual bonds | | | | | | | | | | |
| EUR | 420 000 | (360 000) | 60 000 | 2.5% | 420 000 | (360 000) | 60 000 | 2.5% | | |
| JPY | 52 661 | (52 661) | | 2.9% | 51 824 | (51 824) | | 2.9% | | |
| | 472 661 | (412 661) | 60 000 | | 471 824 | (411 824) | 60 000 | | | |
| Other Bonds | | | | | | | | | | |
| EUR | 400 000 | (327 997) | 72 003 | 1.8% | 400 000 | (327 025) | 72 975 | 1.8% | | |
| JPY | 122 876 | (122 876) | | 2.8% | 120 923 | (120 923) | | 2.8% | | |
| | 522 876 | (450 873) | 72 003 | | 520 923 | (447 948) | 72 975 | | | |
| | 995 537 | (863 534) | 132 003 | | 992 747 | (859 772) | 132 975 | | | |
| Participating bonds | | | | | | | | | | |
| EUR | 28 081 | (24 409) | 3 672 | 0.8% | 28 081 | (24 285) | 3 796 | 0.8% | | |
| | 28 081 | (24 409) | 3 672 | | 28 081 | (24 285) | 3 796 | | | |
| Accrued interest | | | 169 | | | | 160 | | | |
| | | | 169 | | | | 160 | | | |
| | | | 135 844 | | | | | 136 931 | | |

The changes in debt issued by the BPI Group during the first quarter of 2014 were as follows:

| | Perpetual bonds | Other bonds | Participating bonds | Total |
|------------------------------|-----------------|-------------|---------------------|----------|
| Balance at December 31, 2013 | 60 000 | 72 975 | 3 796 | 136 771 |
| Repurchases (net of resales) | | (972) | (124) | (1 096) |
| Balance at March 31, 2014 | 60 000 | 72 003 | 3 672 | 135 675 |

The changes in debt issued by the BPI Group during 2013 were as follows:

| | Perpetual bonds | Other bonds | Participating bonds | Total |
|---------------------------------|-----------------|-------------|---------------------|-----------|
| Saldo em 31 de Dezembro de 2012 | 60 000 | 91 963 | 4 119 | 156 082 |
| Bonds redeemed | | (4 200) | | (4 200) |
| Repurchases (net of resales) | | (14 788) | (323) | (15 111) |
| Balance at December 31, 2013 | 60 000 | 72 975 | 3 796 | 136 771 |

Debt issued by the BPI Group at March 31, 2014 is made up as follows, by residual term to maturity:

| | 2014 | 2015 | 2016 | 2017-2020 | > 2020 | Total |
|------------------------|------|--------|--------|-----------|--------|---------|
| Perpetual bonds | | | | | | |
| EUR ¹ | | 60 000 | | | | 60 000 |
| Other bonds | | | | | | |
| EUR | | | 72 003 | | | 72 003 |
| Total | | 60 000 | | 72 003 | | 132 003 |

¹ In September 2012 the call option was not exercised, so these bonds now have a quarterly call option. In September 2012 the remuneration had a step-up due to the fact that the option was not exercised.

Debt issued by the BPI Group at December 31, 2013 is made up as follows, by residual term to maturity:

| | 2013 | 2014 | 2015 | 2016-2019 | > 2019 | Total |
|------------------------|------|--------|------|-----------|--------|---------|
| Perpetual bonds | | | | | | |
| EUR ¹ | | 60 000 | | | | 60 000 |
| Other bonds | | | | | | |
| EUR | | | | 72 975 | | 72 975 |
| Total | | 60 000 | | 72 975 | | 132 975 |

¹ In September 2012 the call option was not exercised, so these bonds now have a quarterly call option. In September 2012 the remuneration had a step-up due to the fact that the option was not exercised.

The participating bonds can be redeemed at par at the request of the participants with the approval of the Bank or at the initiative of the Bank with six months notice.

4.25. Other liabilities

This caption is made up as follows:

| | 31 Mar. 14 | 31 Dec. 13 |
|--|----------------|----------------|
| Creditors and other resources | | |
| Creditors for futures operations | 3 984 | 9 927 |
| Consigned resources | 16 478 | 18 672 |
| Captive account resources | 7 160 | 7 088 |
| Subscription account resources | 199 | |
| Guarantee account resources | 10 738 | 10 665 |
| State administrative sector | | |
| Value Added Tax (VAT) payable | 3 389 | 3 869 |
| Tax withheld at source | 21 678 | 21 170 |
| Social Security contributions | 4 435 | 4 696 |
| Other | 334 | 547 |
| Contributions to other health systems | 1 395 | 1 410 |
| Creditors for factoring contracts | 18 606 | 19 859 |
| Creditors for the supply of assets | 7 934 | 7 553 |
| Contributions owed to the Pension Fund | | |
| Pensioners and employees | 2 853 | |
| Directors | 2 805 | |
| Other creditors | 127 382 | 138 051 |
| Deferred costs | (383) | (89) |
| | 223 130 | 249 275 |
| Accrued costs | | |
| Creditors and other resources | 300 | 226 |
| Personnel costs | 116 345 | 103 928 |
| General administrative costs | 39 441 | 37 871 |
| Contributions to the Investors Indemnity System | 782 | |
| Periodic contribution to the Resolution Fund | 669 | |
| Others | 6 516 | 2 296 |
| | 164 053 | 144 321 |
| Deferred income | | |
| On guarantees given and other contingent liabilities | 4 494 | 4 637 |
| Others | 4 903 | 4 511 |
| | 9 397 | 9 148 |
| Other accounts | | |
| Foreign exchange transactions pending settlement | 2 959 | 6 539 |
| Non stock exchange transactions pending settlement | 1 084 | 3 247 |
| Liabilities pending settlement | 70 946 | 100 697 |
| Other operations pending settlement | 114 986 | 73 972 |
| | 189 975 | 184 455 |
| | 586 555 | 587 199 |

As of March 31, 2014 and December 31, 2013 the amounts recorded under the caption "Non stock exchange transactions pending settlement" correspond to securities purchased which were only settled in the following month.

4.26. Capital

The Shareholders' General Meeting held on May 31, 2012 authorised Banco BPI's Board of Directors to do the following (valid for 18 months):

- a) to purchase treasury shares of up to 10% of Banco BPI's share capital, provided that:
 - i) the treasury shares are purchased on a market registered by the Securities Market Commission (Comissão do Mercado de Valores Mobiliários - CMVM), at a price between 120% and 80% of the weighted daily average prices of Banco BPI shares on the 10 official price market sessions managed by Euronext Lisboa - Sociedade Gestora de Mercados Regulamentados, S.A. (Euronext) preceding the date of purchase; or
 - ii) the purchases result from assets received in payment agreements, to settle obligations emerging from contracts entered into by Banco BPI, provided that the value attributed, for that purpose, to the shares does not exceed the value determined by application of the criteria defined in (i) above, with reference to the settlement agreement date;
- b) to sell Banco BPI shares provided that:
 - i) the shares and options to purchase shares of Banco BPI are sold to employees and Directors of Banco BPI and subsidiaries, as share-based payments under the terms and conditions established in the Variable Remuneration Program (RVA) regulations; or
 - ii) the shares are sold to third parties under the following conditions:
 1. the shares are sold in a market registered at the Securities Market Commission (CMVM); and
 2. the shares are sold at a price not less than 80% of the weighted average of the daily weighted average prices of Banco BPI shares on the 10 official price market sessions managed by Euronext preceding the date of sale;
- c) Carry out repurchase or resale agreements or the loan of shares of Banco BPI, provided that such operations are conducted with qualified investors that meet the requirements to be eligible counterparties of Banco BPI, in accordance with articles 30 and 317-D of the Securities Code (Código dos Valores Mobiliários).

On June 27, 2012, the Shareholders' General Meeting approved the conversion of Banco BPI shares into shares with no par value.

On July 10, 2012, under the authority introduced into Banco BPI's Statutes at the Shareholders' General Meeting of June 27, 2012, the Board of Directors decided to increase share capital from 990 000 t. euro to 1 190 000 t. euro, in cash and with shareholders' pre-emptive rights, which decision was taken considering the Recapitalisation Plan approved in that Shareholders' General Meeting, aimed at reinforcing Core Tier 1 own funds, in order to comply with the minimum ratios defined by the European Banking Authority and the Bank of Portugal (Notes 4.23 and 4.50). The share capital increase was made through the issuance of 400 million ordinary shares with no par value, at an issue price of 0.5 euro. The share capital increase was concluded on August 10, 2012, all the shares offered for subscription being fully subscribed for and so Banco BPI's share capital is now 1 190 000 t. euro represented by 1 390 000 000 nominative dematerialized ordinary shares, with no par value.

Also at the Shareholders' General Meeting held on June 27, 2012:

- iii) Under the framework of approval of the issuance of financial instruments eligible for Core Tier 1 own funds (Contingent Convertible Subordinated bonds), with a total par value of 1 500 000 t. euro, approval was given for the share capital increases deemed necessary on the occurrence of any conversion event established in the related Terms and Conditions (in accordance with Order 8840-A/2012, of the Portuguese Minister of State and Finance of June 28);
- iv) Authority was given to the Board of Directors to decide the capital increases necessary to realize the matter established in Section 6.4 of those Terms and Conditions relating to the payment in shares of the remuneration of the above mentioned instruments;
- v) It was decided to suppress shareholders' pre-emptive rights in the subscription for the instruments referred to in a) and in the share capital increases referred to in b);
- vi) Authorisation was given to the Board of Directors to use Banco BPI's treasury shares to pay remuneration of the instruments referred to above.

4.27. Other equity instruments and treasury shares

These captions are made up as follows:

| | 31 Mar. 14 | 31 Dec. 13 |
|--|------------|------------|
| Other equity instruments | | |
| Cost of shares to be made available to Group employees | | |
| RVA 2010 | 132 | 124 |
| RVA 2011 | 1 | 1 |
| RVA 2012 | 17 | 15 |
| RVA 2013 | 28 | 23 |
| RVA 2014 | 5 | |
| Costs of options not exercised (premiums) | | |
| RVA 2008 | 828 | |
| RVA 2009 | 798 | 806 |
| RVA 2010 | 606 | 590 |
| RVA 2011 | 52 | 55 |
| RVA 2012 | 506 | 587 |
| RVA 2013 | 482 | 385 |
| RVA 2014 | 87 | |
| | 2 714 | 3 414 |
| Treasury shares | | |
| Shares to be made available to Group employees | | |
| RVA 2010 | 2 | 2 |
| RVA 2011 | 2 | 2 |
| RVA 2012 | 26 | 26 |
| Shares hedging RVA options | | |
| RVA 2008 | 3 045 | |
| RVA 2009 | 3 086 | 3 147 |
| RVA 2010 | 646 | 95 |
| RVA 2011 | 2 309 | 2 391 |
| RVA 2012 | 4 282 | 8 382 |
| | 10 353 | 17 090 |

The caption "Other equity instruments" includes accrued share-based payment program (RVA) costs relating to shares to be made available and options not yet exercised.

4.28. Revaluation reserves

This caption is made up as follows:

| | 31 Mar. 14 | 31 Dec. 13 |
|--|-------------------|-------------------|
| Revaluation reserves | | |
| Reserves resulting from valuation to fair value of financial assets available for sale | | |
| (Note 4.5): | | |
| Debt Instruments | | |
| Securities | 120 142 | (45 822) |
| Hedging derivatives | (234 840) | (405 990) |
| Equity Instruments | 21 196 | 16 691 |
| Other | (5 108) | (1 731) |
| Reserve for foreign exchange difference on investments in foreign entities | | |
| Subsidiary or associated companies | (59 854) | (57 824) |
| Equity instruments available for sale | (5) | (6) |
| Legal revaluation reserve | 703 | 703 |
| | (157 766) | (493 979) |
| Deferred tax reserve | | |
| Resulting from valuation to fair value of financial assets available for sale: | | |
| Tax assets | 38 710 | 136 795 |
| Tax liabilities | (6 545) | (5 096) |
| | 32 165 | 131 699 |
| | (125 601) | (362 280) |

Deferred taxes have been calculated in accordance with current legislation and correspond to the best estimate of the impact of recognising the unrealized gains and losses included in the caption "Revaluation Reserves".

4.29. Other reserves and retained earnings

This caption is made up as follows:

| | 31 Mar. 14 | 31 Dec. 13 |
|---|------------------|------------------|
| Legal reserve | | |
| Merger reserve | | |
| Consolidation reserves and retained earnings | 642 406 | 558 984 |
| Other reserves | 597 690 | 606 346 |
| Actuarial deviations | | |
| Associated with the transferred liabilities | (193 538) | (193 538) |
| Associated with the liabilities that remain with the Bank | (31 811) | (95 959) |
| Taxes related to actuarial deviations | 68 360 | 82 998 |
| Loss on treasury shares | (3 597) | (2 102) |
| Taxes relating to gain on treasury shares | 1 356 | 615 |
| | 1 164 527 | 1 041 005 |

In accordance with Article 97 of the General Regime for Credit Institutions and Financial Companies, approved by Decree-Law 298/91 of December 31 and amended by Decree-Law 201/2002 of September 25, Banco BPI must appropriate at least 10% of its net income each year to a legal reserve until the amount of the reserve equals the greater of the amount of share capital or the sum of the free reserves plus retained earnings.

4.30. Minority interests

This caption is made up as follows:

| | Balance sheet | | Statement of income | |
|--|----------------|----------------|---------------------|---------------|
| | 31 Mar. 14 | 31 Dec. 13 | 31 Mar. 14 | 31 Mar. 13 |
| Minority shareholders in: | | | | |
| Banco de Fomento Angola, S.A. | 338 798 | 314 286 | 24 548 | 18 151 |
| BPI Capital Finance Ltd | 51 230 | 51 233 | 359 | 234 |
| BPI Alternative Fund | | | | 119 |
| BPI Alternative Fund Luxemburgo | 50 123 | 18 923 | 1 482 | |
| BPI Dealer - Sociedade financeira de Corretagem (Moçambique), S.A.R.L. | | | | (17) |
| BPI (Suisse), S.A. | | | | 1 |
| | 440 151 | 384 442 | 26 389 | 18 488 |

Minority interests in BPI Capital Finance at March 31, 2014 and December 31, 2013 include 51 021 t. euro relating to preference shares:

| | 31 Mar. 14 | | | 31 Dec. 13 | | |
|----------------|------------|-------------|---------|------------|-------------|---------|
| | Issued | Repurchased | Balance | Issued | Repurchased | Balance |
| Acções Série C | 250 000 | (198 979) | 51 021 | 250 000 | (198 979) | 51 021 |
| | 250 000 | (198 979) | 51 021 | 250 000 | (198 979) | 51 021 |

4.31. Off balance sheet items

This caption is made up as follows:

| | 31 Mar. 14 | 31 Dec. 13 |
|--|-------------------|-------------------|
| Guarantees given and other contingent liabilities | | |
| Guarantees and sureties | 1 693 964 | 1 832 700 |
| Stand-by letters of credit | 70 917 | 71 565 |
| Documentary credits | 216 398 | 189 201 |
| Sureties and indemnities | 105 | 105 |
| Other guarantees given and other contingent liabilities | 13 200 | 13 200 |
| | 1 994 584 | 2 106 771 |
| Assets given as collateral | 9 117 252 | 9 841 209 |
| Commitments to third parties | | |
| Irrevocable commitments | | |
| Options on assets | 6 843 | 10 359 |
| Irrevocable credit lines | 1 748 | 1 960 |
| Securities subscription | 327 363 | 326 625 |
| Term commitment to make annual contributions to the Deposit Guarantee Fund | 38 714 | 38 714 |
| Commitment to the Investor Indemnity System | 9 625 | 10 262 |
| Other irrevocable commitments | 293 | 293 |
| Revocable commitments | 2 543 842 | 2 632 129 |
| | 2 928 428 | 3 020 342 |
| Responsibility for services provided | | |
| Deposit and safeguard of assets | 29 173 602 | 25 409 651 |
| Amounts for collection | 70 559 | 72 501 |
| Assets managed by the institution | 5 298 135 | 5 054 700 |
| | 34 542 296 | 30 536 852 |

The caption "Assets given as collateral" at March 31, 2014 includes:

- 139 942 t. euro relating to captive credit and 8 104 375 t. euro relating to securities eligible for funding from the European Central Bank (ECB);
- 612 200 t. euro relating to securities and 177 931 t. euro relating to loans given in guarantee to the European Investment Bank;
- 10 728 t. euro relating to securities given in guarantee to the Securities Market Commission (Comissão do Mercado de Valores Mobiliários - CMVM) under the Investor Indemnity System (Sistema de Indemnização aos Investidores);
- 54 562 t. euro relating to securities given in guarantee to the Deposit Guarantee Fund.

At March 31, 2014 the BPI Group managed the following third party assets:

| | |
|----------------------------|-----------|
| Investment Funds and PPRs | 2 090 313 |
| Pension Funds ¹ | 2 227 307 |

¹ Includes the Group companies' Pension Funds.

4.32. Financial margin (narrow sense)

This caption is made up as follows:

| | 31 Mar. 14 | 31 Mar. 13 |
|---|----------------|----------------|
| Interest and similar income | | |
| Interest on deposits with banks | 137 | 484 |
| Interest on placements with credit institutions | 6 356 | 8 312 |
| Interest on loans to customers | 124 443 | 136 507 |
| Interest on credit in arrears | 2 193 | 1 738 |
| Interest on securities held for trading and available for sale | 85 671 | 101 789 |
| Interest on securitised assets not derecognised | 43 790 | 43 238 |
| Interest on derivatives | 95 521 | 73 387 |
| Interest on securities held to maturity | | 61 |
| Interest on debtors and other applications | 605 | 850 |
| Other interest and similar income | 976 | 2 569 |
| | 359 692 | 368 935 |
| Interest and similar expense | | |
| Interest on resources | | |
| Of central banks | 2 573 | 7 864 |
| Of other credit institutions | 1 609 | 3 699 |
| Deposits and other resources of customers | 100 800 | 107 782 |
| Debt securities | 17 068 | 26 578 |
| Interest from short selling | 689 | 106 |
| Interest on derivatives | 108 482 | 83 438 |
| Interest on liabilities relating to assets not derecognised or securitised operations | 3 955 | 5 751 |
| Interest on contingent convertible subordinated debt | 18 179 | 23 961 |
| Interest on subordinated debt | 670 | 752 |
| Other interest and similar expenses | 36 | 82 |
| | 254 061 | 260 013 |

4.33. Gross margin on unit links

This caption is made up as follows:

| | 31 Mar. 14 | 31 Mar. 13 |
|---|------------|------------|
| Income from financial instruments | | |
| Interest | 637 | 773 |
| Gains and losses on financial instruments | 7 083 | 6 757 |
| Gains and losses on capitalisation insurance - unit links | (7 720) | (7 530) |
| Management and redemption commission | 927 | 650 |
| | 927 | 650 |

4.34. Net commission relating to amortised cost

This caption is made up as follows:

| | 31 Mar. 14 | 31 Mar. 13 |
|---|--------------|--------------|
| Commission received relating to amortised cost | | |
| Loans to customers | 6 866 | 7 905 |
| Others | 268 | 346 |
| Commission paid relating to amortised cost | | |
| Loans to customers | (1 426) | (1 433) |
| Others | (303) | (287) |
| | 5 405 | 6 531 |

4.35. Technical result of insurance contracts

This caption is made up as follows::

| | 31 Mar. 14 | 31 Mar. 13 |
|---|--------------|--------------|
| Premiums | 265 315 | 67 842 |
| Income from financial instruments | 21 941 | 17 092 |
| Imparidade (Nota 4.20) | | |
| Cost of claims, net of reinsurance | (79 392) | (127 467) |
| Changes in technical provisions, net of reinsurance | (186 104) | 59 710 |
| Participation in results | (14 871) | (11 508) |
| | 6 889 | 5 668 |

This caption includes the result of capitalisation insurance with a discretionary participation feature (IFRS 4). Participation in the results of capitalisation insurance is attributed at the end of each year and is calculated in accordance with the technical bases of each product, duly approved by the Portuguese Insurance Institute.

4.36. Net commission income

This caption is made up as follows:

| | 31 Mar. 14 | 31 Mar. 13 |
|---|---------------|---------------|
| Commissions received | | |
| On guarantees provided | 5 530 | 5 988 |
| On commitments to third parties | 615 | 408 |
| On banking services rendered | 61 183 | 60 348 |
| On operations realised on behalf of third parties | 4 746 | 3 358 |
| Other | 621 | 683 |
| | 72 695 | 70 785 |
| Commissions paid | | |
| On guarantees received | 18 | 7 |
| On financial instrument operations | 13 | 63 |
| On banking services rendered by third parties | 8 428 | 9 024 |
| On operations realised by third parties | 995 | 680 |
| Other | 67 | (222) |
| | 9 521 | 9 552 |
| Other income, net | | |
| Refund of expenses | 5 964 | 6 452 |
| Income from banking services | 5 326 | 6 619 |
| Charges similar to fees | (2 778) | (2 480) |
| | 8 512 | 10 591 |

4.37. Net income on financial operations

This caption is made up as follows:

| | 31 Mar. 14 | 31 Mar. 13 |
|--|-------------------|----------------|
| Gain and loss on operations at fair value | | |
| Foreign exchange gain, net | 28 768 | 19 864 |
| Gain and loss on financial assets held for trading | | |
| Debt instruments | 3 194 | 1 331 |
| Equity instruments | 53 036 | 3 782 |
| Other securities | 2 | 3 |
| Gain and loss on trading derivative instruments | (48 163) | (4 637) |
| Gain and loss on other financial assets valued at fair value through profit and loss account | 218 | 687 |
| Gain and loss on financial liabilities held for trading | (333) | 751 |
| Gain and loss on the revaluation of assets and liabilities hedged by derivatives | 36 719 | (27 244) |
| Gain and loss on hedging derivative instruments | (37 106) | 28 310 |
| Other gain and loss on financial operations | 4 229 | 572 |
| | 40 564 | 23 419 |
| Gain and loss on assets available for sale | | |
| Gain and loss on the sale of loans and advances to customers | 3 452 | |
| Gain and loss on financial assets available for sale | | |
| Debt instruments | (132 672) | 127 693 |
| | (132 672) | 131 145 |
| Interest and financial gain and loss with pensions | | |
| Interest cost relating to the liabilities | (10 844) | (10 538) |
| Income on plan assets computed with the discount rate | 11 261 | 11 580 |
| | 417 | 1 042 |

At March 31, 2014 and 2013 the caption "Gain and loss on financial assets available for sale – debt instruments" includes, respectively, losses of 100 973 t. euro and gains of 129 389 t. euro relating to the sale of Treasury Bonds and Treasury Bills issued by the Portuguese State. At March 31, 2014, this caption also includes losses of 28 550 t. euro relating to the sale of public debt issued by the Italian State.

4.38. Net operating expenses

This caption is made up as follows:

| | 31 Mar. 14 | 31 Mar. 13 |
|---|--------------|--------------|
| Operating income | | |
| Gain on tangible assets held for sale | 147 | 157 |
| Gain on other tangible assets | 2 700 | 807 |
| Other operating income | 1 058 | 1 403 |
| | 3 905 | 2 367 |
| Operating expenses | | |
| Subscriptions and donations | 1 374 | 879 |
| Contributions to the Deposit Guarantee Fund | 782 | 1 951 |
| Contributions to the Resolution Fund | 669 | |
| Contribution to the Investor Indemnity System | 8 | 8 |
| Loss on tangible assets held for sale | 576 | 1 009 |
| Loss on other tangible and intangible assets | 2 589 | 985 |
| Other operating expenses | 292 | 673 |
| | 6 290 | 5 505 |
| Other taxes | | |
| Indirect taxes | 1 506 | 1 366 |
| Direct taxes | 235 | 204 |
| | 1 741 | 1 570 |

4.39. Personnel costs

This caption is made up as follows:

| | 31 Mar. 14 | 31 Mar. 13 |
|--------------------------------|---------------|---------------|
| Remuneration | 68 620 | 71 623 |
| Long service premium | 852 | 834 |
| Pension costs | 1 545 | 17 505 |
| Early retirements | 26 | |
| Death subsidy | | (3 317) |
| Other mandatory social charges | 15 965 | |
| Other personnel costs | 2 756 | 2 515 |
| | 89 764 | 89 160 |

4.40. Administrative Costs

This caption is made up as follows:

| | 31 Mar. 14 | 31 Mar. 13 |
|------------------------------------|---------------|---------------|
| Administrative costs | | |
| Supplies | | |
| Water, energy and fuel | 3 298 | 3 429 |
| Consumable material | 1 261 | 1 297 |
| Other | 241 | 226 |
| Services | | |
| Rent and leasing | 12 234 | 12 624 |
| Communications and computer costs | 9 802 | 10 383 |
| Travel, lodging and representation | 1 840 | 1 887 |
| Publicity | 4 623 | 4 269 |
| Maintenance and repairs | 5 009 | 5 050 |
| Insurance | 1 191 | 1 237 |
| Fees | 1 117 | 1 175 |
| Legal expenses | 1 206 | 1 080 |
| Security and cleaning | 2 919 | 2 860 |
| Information services | 1 416 | 1 256 |
| Temporary labour | 968 | 1 041 |
| Studies, consultancy and auditing | 1 845 | 1 362 |
| SIBS | 4 953 | 4 585 |
| Other services | 5 507 | 4 772 |
| | 59 430 | 58 533 |

4.41. Income tax

At March 31, 2014 and 2013, the income tax recognised in the statements of income, as well as the tax burden, measured by the relationship between the tax charge and profit before tax, are as follows:

| | 31 Mar. 14 | 31 Mar. 13 |
|---|------------------|---------------|
| Current income tax | | |
| For the period | 8 727 | 17 802 |
| Correction of prior years | (22) | (11) |
| | 8 705 | 17 791 |
| Deferred tax | | |
| Recognition and reversal of temporary differences | (14 665) | (22 798) |
| On tax losses carried forward | (20 691) | 26 169 |
| | (35 355) | 3 371 |
| Contribution over the banking sector | 3 904 | 3 271 |
| Total tax charged to the statement of income | (22 746) | 24 433 |
| Net income before income tax ¹ | (106 439) | 77 760 |
| Tax burden | 21.4% | 31.4% |

¹ Considering net income of the BPI Group plus income tax and income attributable to minority interests less the earnings of associated companies (equity method).

Reconciliation between the nominal rate of income tax and the tax burden on the first quarters of 2014 and 2013, as well as between the tax cost/income and the product of the accounting profit times the nominal tax rate are as follows:

| | 31 Mar. 14 | 31 Mar. 13 | | |
|---|--------------|------------------|--------------|---------------|
| | Tax rate | Amount | Tax rate | Amount |
| Net income before income tax | | (106 439) | | 77 760 |
| Income tax computed based on the nominal tax rate | 17.1% | (18 154) | 32.6% | 25 356 |
| Effect of tax rates applicable to foreign branches | 0.0% | 15 | 0.0% | (18) |
| Capital gain and impairment of investments (net) | 0.0% | 49 | 0.6% | 435 |
| Capital gain of tangible assets (net) | 0.1% | (101) | 0.0% | 10 |
| Income on Angolan public debt | 13.2% | (14 027) | -15.0% | (11 631) |
| Tax on dividends of subsidiary and associated companies | -1.3% | 1 371 | 1.9% | 1 446 |
| Tax benefits | 0.3% | (277) | -0.5% | (409) |
| Impairments and provisions for loans | 0.0% | 7 | 3.9% | 3 016 |
| Non tax deductible pension costs | -0.4% | 477 | 0.9% | 738 |
| Interest recognised on minority interests | 0.1% | (88) | -0.1% | (69) |
| Correction of prior year taxes | 0.0% | (22) | 0.0% | (11) |
| Use of tax losses | -3.5% | 3 750 | | |
| Contribution over the financial sector | -3.7% | 3 904 | 4.2% | 3 271 |
| Autonomous taxation | -0.5% | 514 | 0.4% | 312 |
| Other non taxable income and expenses | 0.2% | (166) | 2.6% | 1 988 |
| | 21.4% | (22 746) | 31.4% | 24 434 |

Current taxes are calculated based on the nominal tax rates legally in force in the countries in which the Bank operates.

Deferred tax assets and liabilities correspond to the amount of tax recoverable and payable in future periods resulting from temporary differences between the amount of assets and liabilities on the balance sheet and their tax base. Deferred tax assets are also recognised on tax losses carried forward and tax credits.

Profits distributed to Banco BPI by subsidiary and associated companies in Portugal are not taxed in Banco BPI as a result of applying the regime established in article 46 of the Corporate Income Tax Code, which eliminates double taxation of profits distributed.

Deferred tax assets and liabilities are calculated using the tax rates decreed for the periods in which they are expected to reverse.

Deferred tax assets and liabilities at March 31, 2014 and 2013 are as follows:

| | 31 Mar. 14 | | 31 Mar. 13 | |
|--|-----------------------|------------------|-----------------------|------------------|
| | Deferred taxes Assets | Liabilities | Deferred taxes Assets | Liabilities |
| Pension liabilities | 714 | | 4 403 | |
| Early retirements | 28 966 | | 30 244 | |
| Long service premium | 7 576 | | 6 264 | |
| Tax deferral of the impact of the partial transfer of liabilities with pensions to Social Security | 25 638 | | 26 773 | |
| Provisions and impairments | 154 240 | | 156 638 | |
| Revaluation of tangible fixed assets | | (695) | | (720) |
| Revaluation of assets and liabilities hedged by derivatives | | (235) | | (588) |
| Financial instruments available for sale | | | | (3 993) |
| Dividends to be distributed by subsidiary and associated companies | | (9 101) | | (9 522) |
| Repurchase of debt | | | | (27 260) |
| Tax losses | 107 578 | | 45 765 | |
| Other | 2 169 | (20 504) | 2 296 | (2 344) |
| Deferred taxes recognised in the income statement | 326 880 | (30 535) | 272 382 | (44 427) |
| Deferred taxes recognised in the fair value reserve | 38 710 | (6 545) | 207 683 | (8 761) |
| Deferred taxes recognised in other reserves | 72 964 | | 80 893 | |
| Total deferred taxes | 438 554 | (37 080) | 560 959 | (53 188) |

Deferred tax assets are recognised up to the amount expected to be realised through future taxable profits.

The BPI Group does not recognise deferred tax assets and liabilities on temporary taxable differences relating to investments in subsidiary and associated companies as it is improbable that such differences will revert in the foreseeable future, except as follows:

- deferred tax liabilities relating to estimated dividends that Banco de Fomento Angola is expected to pay to the BPI Group companies in the following year out of profit for the year, are recognized;
- deferred tax liabilities relating to all the distributable net income (including the undistributed part) of Banco Comercial e de Investimentos are recognized.

4.42. Earnings of associated companies (equity method)

This caption is made up as follows:

| | 31 Mar. 14 | 31 Mar. 13 |
|---|--------------|------------|
| Banco Comercial e de Investimentos, S.A.R.L. | 1 637 | 3 078 |
| Companhia de Seguros Allianz Portugal, S.A. | 1 944 | 2 281 |
| Cosec – Companhia de Seguros de Crédito, S.A. | 1 180 | 490 |
| Finangeste – Empresa Financeira de Gestão e Desenvolvimento, S.A. | (139) | (181) |
| InterRisco - Sociedade de Capital de Risco, S.A. | 40 | 19 |
| Unicre - Instituição Financeira de Crédito, S.A. | 596 | (15) |
| 5 258 | 5 672 | |

4.43. Consolidated net income of the BPI Group

The contribution of Banco BPI and subsidiary and associated companies to consolidated net income on the first quarters of 2014 and 2013 is as follows:

| | 31 Mar. 14 | 31 Mar. 13 |
|---|-------------------|---------------|
| Banks | | |
| Banco BPI, S.A. ¹ | (147 013) | (20 361) |
| Banco Português de Investimento, S.A. ¹ | 2 217 | 241 |
| Banco de Fomento Angola, S.A. ¹ | 23 414 | 17 039 |
| Banco Comercial e de Investimentos, S.A.R.L. ¹ | 1 498 | 2 817 |
| Banco BPI Cayman, Ltd | 512 | 455 |
| Asset management and brokerage | | |
| BPI Gestão de Activos - Sociedade Gestora de Fundos de Investimento Mobiliários, S.A. | 1 685 | 2 111 |
| BPI - Global Investment Fund Management Company, S.A. | 281 | 92 |
| BPI (Suisse), S.A. | 852 | 707 |
| BPI Alternative Fund: Iberian Equities Long/Short Fund | | 705 |
| BPI Alternative Fund: Iberian Equities Long/Short Fund Luxemburgo ¹ | 3 050 | 9 |
| Venture capital / development | | |
| BPI Private Equity - Sociedade de Capital de Risco, S.A. | (6) | (3) |
| Inter-Risco - Sociedade de Capital de Risco, S.A. ¹ | 40 | 19 |
| Insurance | | |
| BPI Vida e Pensões - Companhia de Seguros, S.A. | 5 609 | 34 616 |
| Cosec - Companhia de Seguros de Crédito, S.A. | 1 180 | 490 |
| Companhia de Seguros Allianz Portugal, S.A. | 1 944 | 2 281 |
| Others | | |
| BPI, Inc | (7) | 21 |
| BPI Locação de Equipamentos, Lda | (1) | 12 |
| BPI Madeira, SGPS, Unipessoal, S.A. | (4) | 23 |
| BPI Moçambique - Sociedade de Investimento, S.A. ¹ | (198) | (214) |
| BPI Capital Finance | | |
| BPI Capital Africa | (334) | (353) |
| Finangeste - Empresa Financeira de Gestão e Desenvolvimento, S.A. ¹ | (139) | (181) |
| Unicre - Instituição Financeira de Crédito, S.A. | 596 | (15) |
| | (104 824) | 40 511 |

¹Adjusted net income.

4.44. Related parties

The BPI Group's related parties at March 31, 2014 were as follows::

| Name of related entity | Head Office | Effective | Direct |
|---|-------------|---------------|---------------|
| | | participation | participation |
| Associated and jointly controlled entities of Banco BPI | | | |
| Banco Comercial e de Investimentos, S.A.R.L. | Mozambique | 30.0% | 29.7% |
| Companhia de Seguros Allianz Portugal, SA | Portugal | 35.0% | 35.0% |
| Cosec - Companhia de Seguros de Crédito, SA | Portugal | 50.0% | 50.0% |
| Inter-Risco – Sociedade de Capital de Risco, S.A. | Portugal | 49.0% | |
| Finangeste – Empresa Financeira de Gestão e Desenvolvimento, SA | Portugal | 32.8% | 32.8% |
| Unicre - Instituição Financeira de Crédito, SA | Portugal | 21.0% | 20.7% |
| Pension fund of Employees and Directors of the BPI Group | | | |
| Fundo de Pensões Banco BPI | Portugal | 100.0% | |
| Fundo de Pensões Aberto BPI Acções | Portugal | 12.1% | |
| Fundo de Pensões Aberto BPI Valorização | Portugal | 43.6% | |
| Fundo de Pensões Aberto BPI Segurança | Portugal | 28.7% | |
| Fundo de Pensões Aberto BPI Garantia | Portugal | 11.8% | |
| Shareholders of Banco BPI | | | |
| La Caixa Group | Spain | 46.22% | |
| Members of the Board of Directors of Banco BPI | | | |
| Artur Santos Silva | | | |
| Fernando Ulrich | | | |
| Alfredo Rezende de Almeida | | | |
| António Domingues | | | |
| António Farinha Morais | | | |
| António Lobo Xavier | | | |
| Armando Leite de Pinho | | | |
| Carlos Moreira da Silva | | | |
| Edgar Alves Ferreira | | | |
| Allianz Europe Ltd. - Represented by Herbert Walter | | | |
| Ignacio Alvarez-Rendueles | | | |
| Isidro Fainé Casas | | | |
| José Pena do Amaral | | | |
| Juan María Nin | | | |
| Klaus Duhrkop | | | |
| Manuel Ferreira da Silva | | | |
| Marcelino Armenter Vidal | | | |
| Maria Celeste Hagatong | | | |
| Mário Leite da Silva | | | |
| Pedro Barreto | | | |
| Tomaz Jervell | | | |

¹ In dutie until 23 April 2014, when the Annual Shareholders Meeting approved the new composition of the Board of Directors for the period 2014 / 2016.

In accordance with IAS 24, related parties are those in which the Bank has significant influence (direct or indirect) in decisions relating to their financial and operating policies – associated and jointly controlled companies and pension funds – and entities which have significant influence on the management policy of the Bank – shareholders (it is assumed that there is significant influence when the participation in capital exceeds 20%) and members of Banco BPI's Board of Directors.

The total assets, liabilities, income and off-balance sheet responsibilities relating to operations with associated and jointly controlled companies and pension funds of employees of the BPI Group at March 31, 2014 are as follows:

| | Associated and jointly controlled companies | Pension funds of Employees of the BPI Group | Total |
|--|---|---|------------------|
| Assets | | | |
| Financial applications | 2 701 | | 2 701 |
| Financial assets held for trading and at fair value through profit or loss | | 156 | 156 |
| Loans | 27 198 | | 27 198 |
| Other assets | 24 186 | | 24 186 |
| | 54 085 | 156 | 54 241 |
| Liabilities | | | |
| Deposits and technical provisions | 16 471 | 129 285 | 145 756 |
| Other financial resources | | 60 081 | 60 081 |
| Other liabilities | 1 148 | | 1 148 |
| | 17 619 | 189 366 | 206 985 |
| Off balance sheet items | | | |
| Guarantees given and other contingent liabilities | | | |
| Guarantees and sureties | 9 601 | | 9 601 |
| Responsabilities for services rendered | | | |
| Deposit and safeguard of assets | 1 095 821 | 998 132 | 2 093 953 |
| | 1 105 422 | 998 132 | 2 103 554 |

The total assets, liabilities, income and off balance sheet responsibilities relating to operations with shareholders, members of the Board of Directors and companies in which members of the Board of Directors have significant influence at March 31, 2014 are as follows:

| | Shareholders of Banco BPI ¹ | Members of the Board of Directors of Banco BPI ² | Companies in which Members of the Board of Directors of Banco BPI have significant influence | Total |
|--|--|---|--|------------------|
| Assets | | | | |
| Financial applications | 76 475 | | | 76 475 |
| Financial assets held for trading and at fair value through profit or loss | 57 | | 406 | 463 |
| Financial assets available for sale | | | 49 458 | 49 458 |
| Loans | 15 827 | 11 068 | 265 541 | 292 436 |
| Investments held to maturity | 14 791 | | | 14 791 |
| Other assets | | | 51 | 51 |
| | 107 150 | 11 068 | 315 456 | 433 674 |
| Liabilities | | | | |
| Financial liabilities held for trading and derivatives | 7 | | | 7 |
| Deposits and technical provisions | 3 025 | 8 945 | 19 553 | 31 523 |
| Other liabilities | 1 070 | 25 | 108 | 1 203 |
| | 4 102 | 8 970 | 19 661 | 32 733 |
| Off balance sheet items | | | | |
| Guarantees given and other contingent liabilities | | | | |
| Guarantees and sureties | 18 332 | 93 | 104 565 | 122 990 |
| Commitments to third parties | | | | |
| Revocable commitments | 210 | | 65 000 | 65 210 |
| Responsabilities for services rendered | | | | |
| Deposit and safeguard of assets | 1 220 679 | 27 791 | 248 042 | 1 496 512 |
| Other | | | 59 207 | 59 207 |
| Foreign exchange operations and derivatives instruments | | | | |
| Purchases | 747 664 | | 55 046 | 802 710 |
| Sales | (748 381) | | (55 092) | (803 473) |
| | 1 238 504 | 27 884 | 476 768 | 1 743 156 |

¹ With significant influence on the BPI Group's management policy. It is assumed that there is significant influence when the participation in capital exceeds 20%.

² In individual name.

The total assets, liabilities, income and off-balance sheet responsibilities relating to operations with associated and jointly controlled companies and pension funds of employees of the BPI Group at December 31, 2013 are as follows:

| | Associated and jointly controlled companies | Pension funds of Employees of the BPI Group | Total |
|---|---|---|------------------|
| Assets | | | |
| Financial applications | 2 701 | | 2 701 |
| Financial assets held for trading and at fair value through profit or loss | | 156 | 156 |
| Loans | 28 538 | | 28 538 |
| Other assets | 19 380 | | 19 380 |
| | 50 619 | 156 | 50 775 |
| Liabilities | | | |
| Deposits and technical provisions | 32 859 | 116 250 | 149 109 |
| Other financial resources | | 60 078 | 60 078 |
| Other liabilities | 944 | | 944 |
| | 33 803 | 176 328 | 210 131 |
| Off balance sheet items | | | |
| Guarantees given and other contingent liabilities | | | |
| Guarantees and sureties | 9 631 | | 9 631 |
| Responsabilities for services rendered | | | |
| Deposit and safeguard of assets | 1 052 565 | 919 179 | 1 971 744 |
| | 1 062 196 | 919 179 | 1 981 375 |

The total assets, liabilities, income and off balance sheet responsibilities relating to operations with shareholders, members of the Board of Directors and companies in which members of the Board of Directors have significant influence at December 31, 2013 are as follows:

| | Shareholders of Banco BPI ¹ | Board of Directors of Banco BPI ² | Companies in which Members of the Board of Directors of Banco BPI have significant influence | Total |
|--|--|--|--|------------------|
| Assets | | | | |
| Financial applications | 86 226 | | | 86 226 |
| Financial assets held for trading and at fair value through profit or loss | 5 191 | | | 5 191 |
| Financial assets available for sale | | | 48 094 | 48 094 |
| Loans | 16 487 | 10 894 | 200 292 | 227 673 |
| Other assets | | | 102 | 102 |
| | 122 760 | 10 894 | 248 488 | 382 142 |
| Liabilities | | | | |
| Deposits and technical provisions | 4 229 | 6 378 | 34 885 | 45 492 |
| Other liabilities | 7 110 | 25 | 108 | 7 243 |
| | 11 339 | 6 403 | 34 993 | 52 735 |
| Off balance sheet items | | | | |
| Guarantees given and other contingent liabilities | | | | |
| Guarantees and sureties | 18 330 | 93 | 127 499 | 145 922 |
| Commitments to third parties | | | | |
| Revocable commitments | 204 | | 75 000 | 75 204 |
| Responsibilities for services rendered | | | | |
| Deposit and safeguard of assets | 781 234 | 22 683 | 399 545 | 1 203 462 |
| Other | | | 69 557 | 69 557 |
| Foreign exchange operations and derivatives instruments | | | | |
| Purchases | 472 787 | | 54 958 | 527 745 |
| Sales | (479 634) | | (54 992) | (534 626) |
| | 792 921 | 22 776 | 671 567 | 1 487 264 |

¹ With significant influence on the BPI Group's management policy. It is assumed that there is significant influence when the participation in capital exceeds 20%.

² In individual name.

Total income and costs relating to operations with associated and jointly controlled companies and pension funds of employees and directors of the BPI Group at March 31, 2014 are as follows:

| | Associated and jointly controlled companies | Pension funds of Employees of the BPI Group | Total |
|---------------------------------|---|---|--------------|
| Net income | | | |
| Financial margin (narrow sense) | 6 | (483) | (477) |
| Net comission income | 9 572 | 4 | 9 576 |
| General administrative costs | (184) | (4 136) | (4 320) |
| | 9 394 | (4 615) | 4 779 |

Total income and costs relating to operations with shareholders, members of the Board of Directors and companies in which members of the Board of Directors have significant influence at March 31, 2014 are as follows:

| | Shareholders of Banco BPI ¹ | Members of the Board of Directors of Banco BPI ² | Companies in which Members of the Board of Directors of Banco BPI have significant influence | Total |
|------------------------------------|--|---|--|------------|
| Net income | | | | |
| Financial margin (narrow sense) | 172 | (46) | 105 | 231 |
| Net commission income | | 2 | 1 | 3 |
| Net income on financial operations | 38 | | | 38 |
| | 210 | (44) | 106 | 272 |

¹ With significant influence on the BPI Group's management policy. It is assumed that there is significant influence when the participation in capital exceeds 20%

² In individual name.

Total income and costs relating to operations with associated and jointly controlled companies and pension funds of employees and directors of the BPI Group at March 31, 2013 are as follows:

| | Associated and jointly controlled companies | Pension funds of Employees of the BPI Group | Total |
|---------------------------------|---|---|--------------|
| Net income | | | |
| Financial margin (narrow sense) | 7 | (304) | (297) |
| Net commission income | 9 389 | 7 | 9 396 |
| General administrative costs | (238) | (4 209) | (4 447) |
| | 9 158 | (4 506) | 4 652 |

Total income and costs relating to operations with shareholders, members of the Board of Directors and companies in which members of the Board of Directors have significant influence at March 31, 2013 are as follows:

| | Shareholders of Banco BPI ¹ | Members of the Board of Directors of Banco BPI ² | Companies in which Members of the Board of Directors of Banco BPI have significant influence | Total |
|---------------------------------|--|---|--|------------|
| Net income | | | | |
| Financial margin (narrow sense) | 350 | (14) | 153 | 489 |
| Net commission income | | 5 | 2 | 7 |
| | 350 | (9) | 155 | 496 |

¹ With significant influence on the BPI Group's management policy. It is assumed that there is significant influence when the participation in capital exceeds 20%

² In individual name.

4.45 Subsequent events

On May 27, 2014, Banco BPI announced the public exchange offer in respect of outstanding securities issued by Group BPI, for up to 73 928 331 new BPI ordinary, book entry, nominative shares, with no par value, to be issued by BPI, under the conditions defined in the prospectus and other documents published.



Banco BPI

Publicly held company

Head Office: Rua Tenente Valadim, no.284, Porto, Portugal

Share capital: € 1 190 000 000

Registered in Oporto C.R.C. and corporate body no. 501 214 534