



# **Consolidated quarterly information (unaudited accounts)**

**Banco BPI**

**30 September 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		
	Sep.13	Sep.14	Chg.%	Sep.13	Sep.14	Chg.%	Sep.13	Sep.14	Chg.%
<b>Net income, efficiency and profitability</b>									
Net income (as reported)	10,1	- 197,5	n.s.	62,6	83,2	32,9%	72,7	- 114,3	n.s.
Net income (as reported) per share (EPS)	0,007	-0,140	n.s.	0,045	0,059	30,3%	0,053	-0,081	n.s.
Weighted average number of shares <sup>1)</sup>	1.384	1.412	2,1%	1.384	1.412	2,1%	1.384	1.412	2,1%
Efficiency ratio excl. non-recurring impacts (last 12 months) <sup>2)</sup>	83,3%	85,6%		40,3%	35,2%		68,2%	65,6%	
Return on average total assets (ROA)	0,0%	-0,6%		2,7%	3,2%		0,4%	0,0%	
Return on Shareholders' equity (ROE)	0,7%	-12,2%		24,9%	30,1%		4,3%	-5,2%	
<b>Balance sheet</b>									
Net total assets <sup>3)</sup>	37 876	34 696	(8,4%)	6 300	7 657	21,5%	43 011	41 621	(3,2%)
Loans to Customers	25 565	23 830	(6,8%)	1 069	1 869	74,8%	26 634	25 699	(3,5%)
Deposits	19 214	19 288	0,4%	5 512	6 584	19,4%	24 726	25 872	4,6%
Deposits and retail bonds	20 170	19 975	(1,0%)	5 512	6 584	19,4%	25 683	26 559	3,4%
On-balance sheet Customer resources	23 177	24 618	6,2%	5 512	6 584	19,4%	28 689	31 201	8,8%
Off-balance sheet Customer resources <sup>4)</sup>	3 242	3 201	(1,3%)				3 242	3 201	(1,3%)
Total Customer resources <sup>5)</sup>	25 771	27 525	6,8%	5 512	6 584	19,4%	31 283	34 109	9,0%
Loans to deposits ratio (Instruction 23/2011 BoP)	119%	107%		19%	28%		97%	88%	
<b>Asset quality</b>									
Loans in arrears for more than 90 days	956	963	0,7%	56	67	20,7%	1 012	1 030	1,8%
Ratio of loans in arrears <sup>6)</sup>	3,6%	3,9%		4,9%	3,4%		3,7%	3,9%	
Impairments cover of loans in arrears <sup>6)</sup>	90%	103%		150%	131%		94%	105%	
Credit at risk <sup>7)</sup>	5,0%	5,5%		7,1%	4,8%		5,1%	5,4%	
Impairments cover of credit at risk <sup>7)</sup>	70%	80%		102%	95%		72%	81%	
Cost of credit risk <sup>8)</sup>	0,85%	0,65%		0,62%	1,21%		0,84%	0,68%	
<b>Pension liabilities</b>									
Employees pension liabilities	954	1 134	18,8%				954	1 134	18,8%
Employees pension funds assets	1 074	1 179	9,8%				1 074	1 179	9,8%
Cover of pension obligations <sup>9)</sup>	113%	104%					113%	104%	
<b>Capital</b>									
Shareholders' equity and minority interests	1 611	1 826	13,3%	616	797	29,4%	2 227	2 623	17,8%
<b>CRD IV/CRR phasing in (rules for 2014)</b>									
Common Equity Tier I <sup>10)</sup>							2 585		
Risk weighted assets <sup>10)</sup>							20 701		
Common Equity Tier I ratio <sup>10)</sup>							12,5%		
Leverage ratio <sup>10)</sup>							6,0%		
LCR = Liquidity coverage ratio							150%		
NSFR = Net Stable Funding Ratio							99%		
<b>CRD IV/CRR fully implemented</b>									
Common Equity Tier I <sup>10)</sup>							2 012		
Risk weighted assets <sup>10)</sup>							20 485		
Common Equity Tier I ratio <sup>10)</sup>							9,8%		
Leverage ratio <sup>10)</sup>							4,7%		
LCR = Liquidity coverage ratio							150%		
NSFR = Net Stable Funding Ratio							98%		
<b>Distribution network and staff</b>									
Distribution network <sup>11)</sup>	717	668	(6,8%)	174	180	3,4%	891	848	(4,8%)
BPI Group staff <sup>12)</sup>	6 328	6 078	(4,0%)	2 429	2 508	3,3%	8 757	8 586	(2,0%)

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. The credit at risk is the sum of: (1) the total amount outstanding on a loan in respect of which there are instalments of principal or interest in arrears for 90 days or more; (2) the total amount outstanding on loans which have been restructured, after having been in arrears for a period of 90 days or more, without adequate reinforcement of guarantees (these should be sufficient to cover the full amount of the outstanding principal and interest) or full payment of interest and other charges in arrears; (3) the total value of loans with instalments of principal and accrued interest in arrears for less than 90 days but in respect of which there is evidence to justify their classification as credit-at-risk, namely the debtor's bankruptcy or winding up.

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) Proforma ratios considering the adhesion to the special scheme applicable to deferred tax assets approved in the Shareholders' General Meeting of 17 October 2014.

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

12) Excludes temporary workers.

### Note:

The figures presented in the Directors' Report refer to amounts as reported except when they are expressly indicated to be Proforma figures (considering the retrospective application of IFRS 10). According to the IFRS 10, in 2014 the BPI Group began to fully consolidate the participating interests in the BPI Obrigações and Infomento funds, and to recognise in liabilities the minority interests in the unit trust funds consolidated using the full consolidation method. The retrospective application of IFRS 10, as envisaged by IAS 8, has the following impacts: increase in net assets by 114 M.€ in Sep.13 and 107 M.€ in Dec. 13 (to 43 125 M.€ and 42 806 M.€ in Sep.13 and Dec.13 proforma, respectively), reduction in shareholders' equity and minority interests by 15 M.€ in Sep.13 and 19 M.€ in Dec.13 (to 2 212 M.€ and 2 287 M.€ in Sep.13 and Dec.13 proforma, respectively) and increase by 0.15 M.€ of the consolidated net profit for September 2013 (to 72.8 M.€ proforma).

## CONSOLIDATED OVERVIEW

### Capital

At 30 September 2014, the **Common Equity Tier 1 (CET1)** ratio calculated according to CRD IV / CRR rules amounts to:

- CET1 *phasing in* (rules for 2014): 12.5%;
- CET1 fully implemented: 9.8%

The above figures are proforma ratios considering the adhesion to the special scheme applicable to deferred tax assets approved in the Shareholders' General Meeting of 17 October 2014.

On the results of the **Comprehensive Assessment Exercise conducted by the European Central Bank (ECB)**, disclosed on the 26 October 2014, BPI presented, in all cases, capital ratios above the minimum thresholds for the CET1 ratio.

The comprehensive assessment, which comprised an asset quality review (AQR) and a stress test, was performed by the European Central Bank (ECB), in cooperation with the National Competent Authorities, on 130 European banks, including Banco BPI, prior to assuming full responsibility for supervision under the Single Supervisory Mechanism in November 2014.

### Risk

The consolidated **credit at risk ratio** (non-performing loans), calculated in accordance with Bank of Portugal Instruction 23 / 2011, was 5.4% at the end of September 2014. The accumulated impairment allowances in the balance sheet covered the credit at risk at 81% (without considering the coverage by associated collaterals).

**Loan impairment charges** in the P&L fell from 182 M.€ from January to September 2013 to 141 M.€ in the same period of 2014.

The **net credit loss**, which corresponds to the amount of impairment charges recognised in the period, net of recoveries of arrear loans and interest written off, decreased from 0.84% from January to September 2013 to 0.68% from January to September 2014, as percentage of the loan portfolio's average balance in annualised terms.

### Performance and results

Banco BPI recorded in the period from January to September 2014 a **consolidated net loss** of 114.3 million euro (M.€). Earnings per share (Basic EPS) were -0.081 € (0.053 € in the same period of 2013).

Excluding non-recurrent costs and losses in the domestic activity of 186.9 M.€, the consolidated net profit from January to September 2014 was 72.5 M.€.

In the 3rd quarter 2014, the net profit excluding non-recurrent items was 40.7 M.€ (vs. -7.7 M.€ as reported).

The consolidated **net operating revenue** decreased by 26.8% (-219.9 M.€) relative to the period from January to September 2013, which is mainly explained by the fall in profits from financial operations by 242.1 M.€. Profits from financial operations include, in 2014, losses of 137.5 M.€ (before taxes) incurred mainly in the 1<sup>st</sup> quarter 2014 with the sale of medium and long term public debt of Portugal and Italy.

**Net interest income** increased by 6.3% (+22.2 M. €) while **commissions** changed by -1.7% (-4.0 M.€) yoy.

Consolidated **operating costs**, excluding non-recurring items, registered a slight increase of 0.4% (+1.9 M.€), remaining stable in the domestic activity.

**Total Customer resources** increased by 2.8 Bi.€, year-on-year (+9.0%), to 34.1 Bi.€. At the end of September 2014, in the consolidated accounts, the transformation ratio of deposits into loans was 88%.

At 30 September 2014 BPI's **pension liabilities** amounted to 1134 M.€ and were 104% covered by the pension fund. From January to September 2014, the Bank's pension funds posted a non-annualised return of 5.5%.

Until September 2014, BPI early redeemed 2.5 Bi.€ to the ECB, thus reducing to 1.5 Bi.€ the **resources borrowed under the LTRO** operation.

## CAPITAL

### Common Equity Tier 1 capital ratio

At 30 September 2014, the Common Equity Tier 1 (CET1) ratio calculated according to CRD IV / CRR rules amounts to:

- CET1 *phasing in* (rules for 2014): 12.5%;
- CET1 fully implemented: 9.8%

The above figures are proforma ratios considering the adhesion to the special scheme applicable to deferred tax assets approved in the Shareholders' General Meeting of 17 October 2014.

### 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	30 Sep. 14	30 Sep.14 proforma after DTA	31 Dec. 13	30 Sep. 14	30 Sep.14 proforma after DTA
Common Equity Tier 1 capital	3 375,0	2 547,6	2 585,1	2 373,9	1 766,7	2 011,5
Risk weighted assets	21 616,0	20 937,0	20 701,1	21 125,7	20 517,3	20 485,1
<b>Common Equity Tier 1 ratio</b>	<b>15,6%</b>	<b>12,2%</b>	<b>12,5%</b>	<b>11,2%</b>	<b>8,6%</b>	<b>9,8%</b>

### Leverage and Liquidity ratios

At 30 September 2014, the Leverage<sup>1</sup> and Liquidity ratios calculated according to CRD IV / CRR rules are as follows:

- Leverage ratio *phasing in*: 6.0%
- Leverage ratio *Fully implemented*: 4.7%
- Liquidity Coverage Ratio (LCR) *fully implemented*: 150%
- Net Stable Funding Ratio (NSFR) *fully implemented*: 98%

1) Proforma considering the adoption of the special scheme for deferred tax assets.

## ECB Comprehensive Assessment

Banco BPI was subject to the EU-wide comprehensive assessment conducted by the European Central Bank (ECB) in cooperation with the National Competent Authorities. 130 banks were subject to this exercise.

The comprehensive assessment was performed in conjunction with Banco of Portugal by the ECB prior to assuming full responsibility for supervision under the Single Supervisory Mechanism in November 2014.

The comprehensive assessment comprised two main pillars:

- an asset quality review (AQR)
- a stress test

The results of the AQR and stress test under the baseline and adverse scenarios were publicly disclosed on the 26 October 2014.

BPI presented the following main results in the comprehensive assessment:

<b>CET1 Ratio at year end 2013</b>	<b>15.28%</b>
Aggregated adjustments due to the outcome of the AQR	-0.12%
<b>AQR adjusted CET1 Ratio</b>	<b>15.16%</b>
Aggregate adjustments due to the outcome of the baseline scenario of the joint EBA ECB Stress Test to lowest capital level over the 3-year period	-0.24%
<b>Adjusted CET1 Ratio after Baseline Scenario</b>	<b>14.91%</b>
Aggregate adjustments due to the outcome of the adverse scenario of the joint EBA ECB Stress Test to lowest capital level over the 3-year period	-3.56%
<b>Adjusted CET1 Ratio after Adverse Scenario</b>	<b>11.60%</b>

The thresholds for the CET1 ratio were of 8% in the AQR review, 8% in the baseline scenario and 5.5% in the adverse scenario.



## BPI GROUP'S CONSOLIDATED RESULTS

Banco BPI recorded in the period from January to September 2014 a **consolidated net loss** of 114.3 million euro (M.€). Earnings per share (Basic EPS) were -0.081 € (0.053 € in the same period of 2013).

### Consolidated income statement

Amounts in M.€

	Sep. 13	Sep.14	Chg. M.€ Sep.13 / Sep.14
Net interest income	355,0	377,2	22,2
Technical results of insurance contracts	17,3	23,9	6,6
Commissions and other similar income (net)	234,7	230,7	( 4,0)
Gains and losses in financial operations	228,8	( 13,3)	( 242,1)
Operating income and charges	( 15,9)	( 18,6)	( 2,7)
<b>Net operating revenue</b>	<b>819,9</b>	<b>600,0</b>	<b>( 219,9)</b>
Personnel costs, excluding non-recurring costs	275,4	275,3	( 0,1)
Outside supplies and services	180,9	183,7	2,8
Depreciation of fixed assets	23,7	22,8	( 0,9)
<b>Operating costs, excluding non-recurring costs</b>	<b>480,0</b>	<b>481,9</b>	<b>1,9</b>
Non-recurring costs	0,8	26,1	25,3
<b>Operating costs</b>	<b>480,8</b>	<b>508,0</b>	<b>27,2</b>
<b>Operating profit before provisions</b>	<b>339,2</b>	<b>92,0</b>	<b>( 247,1)</b>
Recovery of loans written-off	14,2	12,4	( 1,7)
Loan provisions and impairments	182,5	141,3	( 41,2)
Other impairments and provisions	19,4	15,5	( 3,9)
<b>Profits before taxes</b>	<b>151,4</b>	<b>( 52,4)</b>	<b>( 203,8)</b>
Corporate income tax	32,5	( 1,7)	( 34,2)
Equity-accounted results of subsidiaries	17,6	19,5	1,9
Minority shareholders' share of profit	63,8	83,2	19,4
<b>Net Income</b>	<b>72,7</b>	<b>( 114,3)</b>	<b>( 187,0)</b>

The consolidated net loss of 114.3 M.€ in the period from January to September 2014 has been penalized by **non-recurrent items in the domestic activity with a negative impact of 186.9 M.€**  
**Excluding these non-recurrent items, consolidated net profit would have amounted to 72.5 M.€**

The contribution from the domestic activity for consolidated net income was negative by 197.5 M.€ and incorporates 186.9 M.€ related to the after tax impact of the following non recurrent costs and losses:

- Losses of 137.5 M.€ (105.9 M.€ after taxes) incurred mainly in the 1<sup>st</sup> quarter with the sale of medium and long term public debt of Portugal and Italy;

- Costs of 26.7 M.€ (20.5 M.€ after taxes) with interests on contingent convertible subordinated bonds (CoCo), incurred in the first six months of the year, since the CoCo were fully repaid in June;
- Costs of 26.1 M.€ (20.0 M.€ after taxes) related to early-retirements carried out or agreed (and expected to take place until the end of the year);
- Annulment of deferred taxes (tax reporting) related to the losses of 2011 (-20.9 M.€);
- Several non-recurrent costs of 19.6 M.€ after taxes.

The **international activity had a positive contribution** to consolidated net income of 83.2 M.€ (+32.9% relative to the same period of 2013).

### Return on shareholders' equity (ROE)

The **return on shareholders' equity (ROE)** was -5.2% from January to September 2014, as a consequence of the losses recorded in the domestic activity.

In the international activity, in its individual accounts, BFA's posted a return on shareholders' equity (ROE) of 33.2% from January to September 2014 and BCI's ROE reached 17.7%.

### Capital allocation, recurring profit and ROE by business area from Jan. to Sep. 2014 Amounts in M.€

	Domestic activity				International activity		BPI Group (consolidated)
	Commer- cial Banking	Investment Banking	Shareholdings and other	Total	BFA (individual accounts)	Contribution to consolidated (BFA, BCI and Other)	
Capital allocated adjusted (M.€) <sup>1</sup>	1 804,6	43,0	17,0	1 864,7	662,5	368,3	<b>2 233,0</b>
As % of total	80,8%	1,9%	0,8%	83,5%	-	16,5%	<b>100,0%</b>
Net income (M.€) <sup>2</sup>	( 210,6)	10,9	2,1	( 197,5)	165,0	83,2	<b>( 114,3)</b>
<b>ROE<sup>3</sup></b>	<b>-13,6%</b>	<b>33,9%</b>	<b>16,8%</b>	<b>-12,2%</b>	<b>33,2%</b>	<b>30,1%</b>	<b>-5,2%</b>

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 (losses of 106 M.€ after taxes) were not annualised.

### Loans

At 30 September 2014, the net consolidated **Customer loans portfolio** amounted to 25.7 Bi.€, which corresponds to a year-on-year contraction of 3.5%. When compared to the previous quarter, the loan portfolio increased by 2%.

### Resources

**Total Customer resources** increased by 2.8 Bi.€, year-on-year (+9.0%), to 34.1 Bi.€<sup>1</sup>. When compared to the previous quarter, total customer resources grew by 6.7%.

<sup>1</sup> Despite the return to the IGCP in June of a 774 M.€ deposit that the IGCP (Portuguese Treasury and Debt Management Agency) held on the bank since late 2011 within the agreement for the partial transfer of pension liabilities to Social Security.

### Recourse to the European Central Bank of 1.5 Bi.€

At 30 September 2014, as a consequence of early redemptions of 1.0 Bi.€ in June and 1.5 Bi.€ in September, the amount of funding raised by BPI from the Eurosystem (ECB) decreased to 1.5 Bi.€.

### Transformation ratio of deposits into loans

At 30 September 2014, in the consolidated accounts, the transformation ratio of deposits into loans is 88%<sup>1</sup>.

### Income and costs

Consolidated **net operating revenue** decreased by 26.8% (-219.9 M.€) relative to the period from January to September 2013, which is mainly explained by the fall in profits from financial operations by 242.1 M.€, from 228.8 M.€ in September 2013 to -13.3 M.€ in September 2014. Profits from financial operations include, in 2014, losses of 137.5 M.€ (before taxes) incurred mainly in the 1<sup>st</sup> quarter 2014 with the sale of medium and long term public debt of Portugal and Italy.

Net interest income increased by 6.3% (+22.2 M. €) while commissions changed by -1.7% (-4.0 M.€) yoy.

**Consolidated operating costs**, excluding non-recurring items, registered a slight increase of 0.4% (+1.9 M.€), remaining stable in the domestic activity.

BPI recognized in the income statement, at 30 September 2014, a cost of 26.1 M.€ (before taxes) related to early-retirements carried out and 66 early-retirements already agreed which are expected to take place until the end of the year. Including costs with early-retirements (non-recurring items), operating costs register an increase of +5.7% yoy in consolidated terms and +6.7% in the domestic activity.

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 65.6%.

### Quality of the loan portfolio

At 30 September 2014, the ratio of **Customer loans in arrears for more than 90 days** was situated at 3.9% in the consolidated accounts. The **credit at risk**<sup>2</sup> ratio stood at 5.4% in the consolidated accounts.

The accumulated impairment allowances in the balance sheet covered at 105% the loans in arrears for more than 90 days and at 81% the credit at risk.

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

2) 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).

## Loan portfolio quality – consolidated accounts

Amounts in M.€

	Sep. 13		Dec. 13		Sep. 14	
	M.€	% of loan portfolio <sup>1)</sup>	M.€	% of loan portfolio <sup>1)</sup>	M.€	% of loan portfolio <sup>1)</sup>
Loans in arrears (+90 days)	1 011,9	3,7%	976,3	3,6%	1 030,4	3,9%
Credit at risk (Instruction 23/2011 BoP)	1 310,1	5,1%	1 277,0	5,1%	1 332,7	5,4%
Loans impairments (in the balance sheet)	947,3	3,4%	978,7	3,6%	1 079,8	4,0%
Write offs (in the period)	35,2		93,4		45,7	
Note:						
Gross loan portfolio	27 535,8		26 897,1		26 741,2	

1) As % of the gross loan portfolio

## Cost of credit risk

In the period from January to September 2014 loan impairment charges of 141.3 M.€ were recorded (0.74% of the loan portfolio, in annualised terms). On the other hand, arrear loans and interest previously written off of 12.4 M.€ were recovered (0.07% of the loan portfolio, in annualised terms), with the result that impairments after deducting the abovementioned recoveries amounted to 128.9 M.€, which represents 0.68% of the loan portfolio, in annualised terms.

## Loan portfolio quality

Amounts in M.€

	Sep.13		Sep.14	
	M.€	% of loan portfolio <sup>1)</sup>	M.€	% of loan portfolio <sup>1)</sup>
Loan impairments	182,5	0,91%	141,3	0,74%
Recovery of loans and interest in arrears written-off	14,2	0,07%	12,4	0,07%
<b>Loan impairments, after deducting the recovery of loans and interest in arrears written-off</b>	<b>168,3</b>	<b>0,84%</b>	<b>128,9</b>	<b>0,68%</b>

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

	30 Sep. 13	30 Sep. 14
Net operating revenue and results of equity accounted subsidiaries / ATA	2,6%	2,0%
Profit before taxation and minority interests / ATA	0,5%	-0,1%
Profit before taxation and minority interests / average shareholders' equity (including minority interests)	10,3%	-1,7%
Personnel costs / net operating revenue and results of equity accounted subsidiaries <sup>1</sup>	33,0%	44,4%
Operating costs / net operating revenue and results of equity accounted subsidiaries <sup>1</sup>	57,4%	77,8%
Loans in arrears for more than 90 days + doubtful loans / loan portfolio (gross)	4,0%	4,3%
Loans in arrears for more than 90 days + doubtful loans, net of accumulated loan impairments / loan portfolio (net)	0,5%	0,1%
Non-performing loans ratio <sup>2</sup>	5,1%	5,4%
Non-performing loans ratio <sup>2</sup> , net of accumulated loan impairments / loan portfolio (net)	1,6%	1,2%
Restructured loans as % of total loans <sup>3</sup>		6,7%
Restructured loans not included in non-performing loans ("credit at risk") as % of total loans <sup>3</sup>		4,6%
Total capital ratio (according to Bank of Portugal rules)	15,0% <sup>4)</sup>	12,2% <sup>5)</sup>
Tier I (according to Bank of Portugal rules)	15,0% <sup>4)</sup>	12,2% <sup>5)</sup>
Core Tier I	15,2% <sup>4)</sup>	12,2% <sup>5)</sup>
Loans (net) to deposits ratio	97%	88%

1) Excluding early-retirement costs.

2) The credit at risk is the sum of: (1) the total amount outstanding on a loan in respect of which there are instalments of principal or interest in arrears for 90 days or more; (2) the total amount outstanding on loans which have been restructured, after having been in arrears for a period of 90 days or more, without adequate reinforcement of guarantees (these should be sufficient to cover the full amount of the outstanding principal and interest) or full payment of interest and other charges in arrears; (3) the total value of loans with instalments of principal and accrued interest in arrears for less than 90 days but in respect of which there is evidence to justify their classification as credit-at-risk, namely the debtor's bankruptcy or winding up.

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

4) According to former Bank of Portugal rules in force until 31 Dec.13.

5) According to CRD IV/CRR phasing in rules for 2014.

ATA = Average total assets.

## DOMESTIC ACTIVITY RESULTS

### Income statement

Amounts in M.€

	Sep. 13	Sep.14	Chg. M.€ Sep.13 / Sep.14
Net interest income	214,6	206,7	( 7,9)
Technical results of insurance contracts	17,3	23,9	6,6
Commissions and other similar income (net)	193,9	183,0	( 10,9)
Gains and losses in financial operations	161,8	( 99,4)	( 261,2)
Operating income and charges	( 14,9)	( 10,3)	4,6
<b>Net operating revenue</b>	<b>572,7</b>	<b>303,9</b>	<b>( 268,7)</b>
Personnel costs, excluding non-recurring costs	225,3	225,8	0,6
Outside supplies and services	138,3	139,0	0,7
Depreciation of fixed assets	13,8	12,3	( 1,5)
<b>Operating costs, excluding non-recurring costs</b>	<b>377,4</b>	<b>377,2</b>	<b>( 0,2)</b>
Non-recurring costs	0,8	26,1	25,3
<b>Operating costs</b>	<b>378,1</b>	<b>403,3</b>	<b>25,2</b>
<b>Operating profit before provisions</b>	<b>194,5</b>	<b>( 99,4)</b>	<b>( 293,9)</b>
Recovery of loans written-off	12,3	10,6	( 1,7)
Loan provisions and impairments	175,5	128,1	( 47,5)
Other impairments and provisions	17,2	13,3	( 3,9)
<b>Profits before taxes</b>	<b>14,2</b>	<b>( 230,1)</b>	<b>( 244,3)</b>
Corporate income tax	14,3	( 20,1)	( 34,5)
Equity-accounted results of subsidiaries	11,4	13,4	2,0
Minority shareholders' share of profit	1,1	0,9	( 0,2)
<b>Net Income</b>	<b>10,1</b>	<b>( 197,5)</b>	<b>( 207,6)</b>

### Net income

The **net income** from domestic operations for the period January - September 2014 was negative by 197.5 M.€ (net profit of 10.1 M.€ in the same period of 2013), and incorporates 186.9 M.€ related to the after tax impact of the following non-recurrent costs and losses accounted in the first nine months of 2014:

- Losses of 137.5 M.€ (105.9 M.€ after taxes) incurred mainly in the 1<sup>st</sup> quarter with the sale of medium and long term public debt of Portugal and Italy;
- Costs of 26.7 M.€ (20.5 M.€ after taxes) with interests on contingent convertible subordinated bonds (CoCo), incurred in the first six months of the year, since the CoCo were fully repaid in June;
- Costs of 26.1 M.€ (20.0 M.€ after taxes) related to early-retirements carried out or agreed (and expected to take place until the end of the year);
- Annulation of deferred taxes (tax reporting) related to the losses of 2011 (-20.9 M.€);

- Several non-recurrent costs of 19.6 M.€ after taxes.

## Resources and loans

### Resources

**Total Customer resources** in the domestic activity (on-balance sheet and off-balance sheet) attained 27.5 Bi€ in the end of September, increasing by 6.8% year-on-year (+1.8 Bi.€). When compared to June 2014, total customer resources register in September 2014 an increase of 5.9% (non-annualized), i.e. of 1.5 Bi.€

### Customers resources

Amounts in M.€

	Sep.13	Dec.13	Sep.14	Chg.% Sep.13/ Sep.14
<b>On-balance sheet resources</b>				
Customers' deposits	19 213,8	18 906,9	19 288,5	0,4%
Retail bonds	956,5	912,0	686,8	(28,2%)
Subtotal	20 170,2	19 818,9	19 975,2	(1,0%)
Capitalisation insurance and PPR (BPI Vida) and other	3 006,8	3 205,8	4 642,5	54,4%
<b>On-balance sheet resources</b>	<b>23 177,0</b>	<b>23 024,6</b>	<b>24 617,7</b>	<b>6,2%</b>
Off-balance sheet resources <sup>1)</sup>	3 241,9	3 238,7	3 201,1	(1,3%)
<b>Total Customer resources<sup>2)</sup></b>	<b>25 770,7</b>	<b>26 024,7</b>	<b>27 525,3</b>	<b>6,8%</b>

1) Unit trust funds, PPR and PPA.

2) Corrected for double counting.

**Customer deposits** amounted to 19.3 Bi.€ at the end of September 2014<sup>1</sup> and, on a comparable basis, grew by 4.6% yoy (+854 M.€).

Capitalisation insurance registered an increase of 54% yoy (+1.6 Bi.€), while off-balance sheet resources (unit trust funds, Retirements savings – PPR - and equity savings – PPA - plans) decreased by 1.3% yoy.

### Loans

The **Customer loans portfolio** in domestic operations contracted by 6.8% (-1.7 Bi.€), in year-on-year terms. Relative to June 2014, the loan portfolio decreased by 1% (non-annualized) (249.4 M.€).

In year-on-year terms:

- loans to large and medium-sized companies declined by 5.6% (-0.3 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 16.8% (-0.3 Bi.€).
- loans to the public sector decreased by 20.7% (-0.4 Bi.€).

1) The trend in deposits in the 1st half was influenced by the withdrawal in June of a deposit of 774 M.€ that the IGCP (Portuguese Treasury and Debt Management Agency) kept on the bank since late 2011 within the agreement for the partial transfer of pension liabilities to Social Security.

The loans to individuals and small businesses portfolio presents a year-on-year decline of 3.8% (-0.5 Bi.€), with decreases of 3.1% (-0.35 Bi.€) in mortgage loans and of 5.8% (-0.1 Bi.€) in loans to small businesses.

## Loans to Customers

Amounts in M.€

	Sep.13	Dec.13	Sep.14	Chg.% Sep.13/ Sep.14
<b>Corporate banking</b>	<b>4 185,5</b>	<b>4 049,9</b>	<b>3 683,8</b>	<b>(12,0%)</b>
Large companies	1 772,3	1 702,8	1 431,6	(19,2%)
Medium-sized companies	2 413,2	2 347,0	2 252,2	(6,7%)
<b>Project Finance - Portugal</b>	<b>1 211,2</b>	<b>1 158,4</b>	<b>1 169,4</b>	<b>(3,5%)</b>
<b>Madrid branch</b>	<b>1 594,8</b>	<b>1 555,1</b>	<b>1 327,1</b>	<b>(16,8%)</b>
Project Finance	733,8	739,5	645,1	(12,1%)
Corporates	861,0	815,6	682,0	(20,8%)
<b>Public Sector</b>	<b>2 029,3</b>	<b>1 979,1</b>	<b>1 609,1</b>	<b>(20,7%)</b>
Central Administration	109,9	104,6	215,4	95,9%
Regional and local administrations	805,2	771,4	772,4	(4,1%)
State Corporate Sector - in the budget perimeter	191,7	192,6	97,5	(49,2%)
State Corporate Sector - outside the budget perimeter	868,9	863,7	486,2	(44,0%)
Other Institutional	53,6	46,9	37,6	(29,9%)
<b>Individuals and Small Businesses Banking</b>	<b>13 863,6</b>	<b>13 728,0</b>	<b>13 334,1</b>	<b>(3,8%)</b>
Mortgage loans to individuals	11 475,3	11 386,3	11 123,7	(3,1%)
Consumer credit / other purposes	615,8	601,1	557,8	(9,4%)
Credit Cards	152,2	165,0	155,3	2,0%
Car financing	177,4	164,3	138,0	(22,2%)
Small businesses	1 442,9	1 411,3	1 359,3	(5,8%)
<b>BPI Vida</b>	<b>1 881,5</b>	<b>1 725,1</b>	<b>2 046,0</b>	<b>8,7%</b>
<b>Loans in arrears net of impairments</b>	<b>167,8</b>	<b>82,8</b>	<b>17,6</b>	<b>(89,5%)</b>
<b>Other</b>	<b>631,1</b>	<b>615,0</b>	<b>643,0</b>	<b>1,9%</b>
<b>Total</b>	<b>25 564,8</b>	<b>24 893,5</b>	<b>23 830,1</b>	<b>(6,8%)</b>

## 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.

In the 3<sup>rd</sup> quarter of 2014, Banco BPI sold Portuguese Treasury Bonds amounting to 110 M.€ (nominal value) and reduced the portfolio of Treasury Bills by 1.1 Bi.€.

By the end of September 2014, the portfolio of financial assets available for sale amounted to 4.8 Bi.€, at market prices. This portfolio was comprised by 2.4 Bi.€ of Portuguese Treasury Bills, 852 M.€ of



Portuguese Treasury Bonds, 565 M.€ of Italian public debt, 635 M.€ of corporate bonds, 108 M.€ of equities and 205 M.€ of participating units.

By the end of September 2014, the fair value reserve (before deferred taxes) relative to the financial assets available for sale was negative by 62 M.€.

## Portfolio of assets available for sale

Amounts in M.€

M.€	31 Dec. 2013					30 Sep. 2014				
	Acquisition value	Book value	Gains / (losses) <sup>1)</sup>			Acquisition value	Book value	Gains / (losses) <sup>1)</sup>		
			in securities	in derivatives	Total			in securities	in derivatives	Total
Public debt	6 241	6 221	- 69	- 341	- 410	3 693	3 830	148	- 190	- 43
Portugal	5 238	5 163	- 122	- 210	- 332	3 188	3 265	80	- 111	- 31
Of which										
TBonds	1 809	1 681	- 130	- 210	- 340	787	852	76	- 111	- 35
TBills	3 429	3 483	8		8	2 400	2 413	4		4
Italy	1 004	1 058	53	- 131	- 78	505	565	67	- 79	- 12
Corporate Bonds	747	794	23	- 65	- 42	601	635	17	- 41	- 25
Equities	131	102	17		17	137	108	17		17
Other	310	291	- 2		- 2	241	205	- 12		- 12
<b>Total</b>	<b>7 429</b>	<b>7 408</b>	<b>- 31</b>	<b>- 406</b>	<b>- 437</b>	<b>4 672</b>	<b>4 777</b>	<b>170</b>	<b>- 232</b>	<b>- 62</b>

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

## Liquidity

Until September 2014, BPI amortised in advance 2.5 Bi.€ of resources raised from the European Central Bank (ECB) (1.0 Bi.€ in June and 1.5 Bi.€ in September), thus reducing total funding obtained to 1.5 Bi.€. The amount of resources from the ECB is now lower than the value of the Portuguese Treasury Bills portfolio held, which amounted to 2.4 Bi.€ by the end of September.

On the same date, BPI still had 6.4 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 1.2 Bi.€ of the MLT Eurozone sovereign debt held by BPI in portfolio will be redeemed.

## Net operating revenue

**Net operating revenue** generated by domestic operations decreased by 268.7 M.€ from 572.7 M.€ in September 2013 to 303.9 M.€ in September 2014. This reduction is mainly explained by the fall in profits from financial operations from 161.8 M.€ in September 2013 to -99.4 M.€ in September 2014 (change of -261.2 M.€), as in the period from January to September 2013 this caption includes capital gains of 129 M.€ with the sale of Treasury Bonds acquired in 2012, while in the first nine months of 2014 it includes losses of 137.5 M.€ generated mainly in the 1<sup>st</sup> quarter of 2014 with the sale of 50% of the position in Portuguese and Italian medium and long term public debt.

**Net interest income** decreased by 3.7% (-7.9 M.€) yoy. The fall in net interest income reflects:

- the negative volume effect from the reduction of the loan portfolio, intensified, though with less extent, by the decrease in spread on loans to corporates;
- high cost of term deposits. It is worth mentioning that the margin on term deposits has been improving gradually, from 1.83% above Euribor in the quarter finishing in September 2013 to 1.54% in the 3<sup>rd</sup> quarter of 2014, an improving trend that should remain;
- the reduction in interest income from the portfolio of T-Bills and the portfolio of T-Bonds by 36 M.€ which was offset by the reduction of 38.3 M.€ of interest cost with CoCo – fully repaid in June – and that amounted, in the first six months of 2014, to 26.7 M.€;
- net interest income is strongly affected by 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 period from January to September 2014 stood at 0.25%);

**Commissions** (net) decreased by 5.6% year-on-year (-10.9 M.€), since the reduction in Commercial Banking commissions by 11.3 M.€ (-7.6%) and in Asset Management commissions by 0.7 M.€ (-2.2%) was only partially offset by the increase in Investment Banking commissions by 1.1 M.€ (+9.1%).

## Net commissions and fees

Amounts in M.€

	30 Sep. 13	30 Sep. 14	Chg. M.€	Chg.%
Commercial banking <sup>1)</sup>	149,6	138,3	- 11,3	(7,6%)
Asset management	31,7	31,1	- 0,7	(2,2%)
Investment banking <sup>1)</sup>	12,5	13,7	+1,1	9,1%
<b>Total</b>	<b>193,9</b>	<b>183,0</b>	<b>- 10,9</b>	<b>(5,6%)</b>

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

## Equity-accounted results of subsidiaries

The equity-accounted results of subsidiaries in domestic operations amounted to 13.4 M.€, which corresponds to a year-on-year increase of +2.0 M.€. The contribution of the subsidiaries from the insurance sector amounted to 10.7 M.€ (contribution of 7.0 M.€ from Allianz Portugal and 3.7 M.€ from Cosec).

### Equity-accounted earnings

Amounts in M.€

	30 Sep. 13	30 Sep. 14	Chg. M.€
Insurance companies	10,7	10,7	- 0,0
Allianz Portugal	7,6	7,0	- 0,6
Cosec	3,1	3,7	+0,6
Finangeste	( 1,3)	( 0,2)	+1,1
Unicre	1,7	2,6	+1,0
Other	0,3	0,2	- 0,1
<b>Total</b>	<b>11,4</b>	<b>13,4</b>	<b>+2,0</b>

## Operating costs

Recurring operating costs stood stable in the domestic activity.

### Operating costs

Amounts in M.€

	30 Sep. 13	30 Sep. 14	Chg. M.€	Chg.%
Personnel costs, excluding non-recurring costs	225,3	225,8	+0,6	0,3%
Outside supplies and services	138,3	139,0	+0,7	0,5%
Depreciation of fixed assets	13,8	12,3	- 1,5	(10,7%)
<b>Operating costs, excluding non-recurring costs</b>	<b>377,4</b>	<b>377,2</b>	<b>- 0,2</b>	<b>(0,0%)</b>
Non-recurring costs <sup>1)</sup>	0,8	26,1	+25,3	-
<b>Operating costs</b>	<b>378,1</b>	<b>403,3</b>	<b>+25,2</b>	<b>6,7%</b>
Operating costs as a % of net operating revenue (last 12 months) <sup>2)</sup>	83,3%	85,6%		

1) Costs with early-retirements and includes in Jan. to Sep. 2013 a gain of 3.3 M.€ 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.

Recurring personnel costs were up by 0.3% yoy (+0.6 M.€), third-party supplies and services registered a 0.5% increase (+0.7 M.€), while depreciation and amortization decreased 10.7% (-1.5 M.€) yoy.

BPI recognized in the income statement, at 30 September 2014, a cost of 26.1 M.€ (before taxes) related to early-retirements carried out and 66 early-retirements already agreed which are expected to take place until the end of the year.

Operating costs as reported, which include costs with early-retirements, (4.1 M.€ in September 13 and 26.1 M.€ in September 14), increased by 6.7% yoy (+25.2 M.€).

The efficiency ratio in domestic operations – operating costs as a percentage of net operating revenue –, excluding non-recurring impacts in income and costs, was situated at 85.6% in the 12 month period ending in September 2014.

### Cost of credit risk

In the period from January to September 2014 loan impairment charges of 128.1 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 0.71% in September 2014, in annualised terms (0.91% in the same period 2013).

On the other hand, arrear loans and interest of 10.6 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 117.4 M.€ in the period from January to September 2014, which represents 0.65% of the loan portfolio in annualised terms.

### Credit risk cost

Amounts in M.€

	Sep.13		Sep.14	
	M.€	% of loan portfolio <sup>1)</sup>	M.€	% of loan portfolio <sup>1)</sup>
Loan impairments	175,5	0,91%	128,1	0,71%
Recovery of loans and interest in arrears written-off	12,3	0,06%	10,6	0,06%
<b>Loan impairments, after deducting the recovery of loans and interest in arrears written-off</b>	<b>163,2</b>	<b>0,85%</b>	<b>117,4</b>	<b>0,65%</b>

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

### Quality of the loan portfolio

At 30 September 2014, the ratio of **Customer loans in arrears for more than 90 days** stood at 3.9% 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 103% in September 2014.

The **credit at risk** ratio, calculated in accordance with Bank of Portugal<sup>1)</sup> Instruction 23/2011 was 5.5% on that date. The accumulated impairment allowances in the balance sheet represented 80% of the credit at risk.

<sup>1)</sup> 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).

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

	Sep. 13		Dec. 13		Sep. 14	
	M.€	% of loan portfolio <sup>1)</sup>	M.€	% of loan portfolio <sup>1)</sup>	M.€	% of loan portfolio <sup>1)</sup>
Loans in arrears (+90 days)	956,3	3,6%	925,9	3,6%	963,2	3,9%
Credit at risk (Instruction 23/2011 BoP)	1 228,6	5,0%	1 203,3	5,0%	1 239,7	5,5%
Loans impairments (in the balance sheet)	863,9	3,3%	904,0	3,5%	991,7	4,0%
Write offs (in the period)	35,2		84,8		39,5	
Note:						
Gross loan portfolio	26 389,5		25 755,9		24 792,6	

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.

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

	Sep. 13		Dec. 13		Sep. 14	
	M.€	% of loan portfolio <sup>1)</sup>	M.€	% of loan portfolio <sup>1)</sup>	M.€	% of loan portfolio <sup>1)</sup>
Corporate banking	612,3	6,4%	618,4	6,7%	634,5	7,7%
Individuals Banking	611,7	4,3%	580,1	4,1%	600,1	4,3%
Mortgage loans	392,4	3,3%	382,1	3,3%	403,0	3,5%
Other loans to individuals	47,5	4,8%	40,5	4,2%	49,3	5,5%
Small businesses	171,7	10,8%	157,5	10,1%	147,8	9,9%
Other	4,7	0,8%	4,8	0,8%	5,0	0,8%
<b>Domestic activity</b>	<b>1 228,6</b>	<b>5,0%</b>	<b>1 203,3</b>	<b>5,0%</b>	<b>1 239,7</b>	<b>5,5%</b>

1) As % of the gross loan portfolio

### Impairments for foreclosure properties

At 30 September 2014, foreclosed properties amounted to 176.6 M.€, in terms of gross balance sheet value. The accumulated amount of impairment allowances for foreclosed properties of 32.5 M.€, covered 18.4% of their gross balance sheet value. The net value of these properties was therefore 144.2 M.€, which compared to a market value of these properties of 174.3 M.€.

### Real estate loans recovery

Amounts in M.€

	Sep.13	Dec.13	Sep.14
<b>Mortgage</b>			
Gross value	65,6	66,6	72,6
Impairments	29,6	2,7	2,9
<b>Coverage by impairments</b>	<b>45,0%</b>	<b>4,0%</b>	<b>4,0%</b>
<b>Net value</b>	<b>36,1</b>	<b>63,9</b>	<b>69,7</b>
Appraisal	79,6	78,5	86,3
<b>Other</b>			
Gross value	107,2	99,9	104,0
Impairments	44,2	30,5	29,5
<b>Coverage by impairments</b>	<b>41,2%</b>	<b>30,6%</b>	<b>28,4%</b>
<b>Net value</b>	<b>63,1</b>	<b>69,4</b>	<b>74,5</b>
Appraisal	95,9	81,9	88,0
<b>Total</b>			
Gross value	172,8	166,5	176,6
Impairments	73,7	33,2	32,5
<b>Coverage by impairments</b>	<b>42,7%</b>	<b>19,9%</b>	<b>18,4%</b>
<b>Net value</b>	<b>99,1</b>	<b>133,3</b>	<b>144,2</b>
Appraisal	175,6	160,4	174,3

### Employee pension liabilities

At 30 September 2014 BPI's pension liabilities amounted to 1134 M.€ and are 104% covered by the pension fund.

### Financing of pension liabilities

Amounts in M.€

	30 Sep. 13	31 Dec.13	30 Sep. 14
Pension obligations	954,4	1 082,4	1 134,0
Pension funds	1 074,1	1 131,9	1 178,9
Financing surplus	119,6	49,6	44,9
<b>Cover of pension obligations</b>	<b>112,5%</b>	<b>104,6%</b>	<b>104,0%</b>
Total actuarial deviations <sup>1)</sup>	( 23,1)	( 92,4)	( 75,1)
Pension fund return	10,1%	16,2%	5,5%

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 period from January to September 2014, the Bank's pension funds posted a non-annualised return of 5.5%.

It should be pointed out that, up till the end of September 2014, the actual return achieved by Banco BPI's pension fund since its creation in 1991 was 9.3% per year, and that in the last ten, five and three years, the actual annual returns were 7.1%, 7.5% and 14.1%, respectively.

### Change in actuarial assumptions

At the end of June 2014, BPI reduced the discount rates by 0.5 p.p. (from 4.33% to 3.83% for current employees and from 3.50% to 3.00% in the case of retirees<sup>1)</sup>) and reduced by 0.25 p.p. the salary growth rate (from 1.5% to 1.25%) and the pensions growth rate (from 1.0% to 0.75%).

In the 3<sup>rd</sup> quarter of 2014 BPI did not make any change in the actuarial assumptions.

### Actuarial assumptions

	Dec.12	Jun.13	Dec.13	Jun.14	Sep.14
Discount rate - current employees	4,83%	4,83%	4,33%	3,83%	3,83%
Discount rate - retirees	4,00%	4,00%	3,50%	3,00%	3,00%
Salary growth rate	1,50%	1,50%	1,50%	1,25%	1,25%
Pensions growth rate	1,00%	1,00%	1,00%	0,75%	0,75%
Expected pension fund rate of return	5,50%	4,50%	4,00%	3,50%	3,50%
Mortality table	(M): TV 73/77 – 1 year <sup>(1)</sup> (W): TV 88/ 90 – 1 year <sup>(1)</sup>		(M): TV 73/77 – 2 years <sup>(2)</sup> (W): TV 88/ 90 – 3 years <sup>(2)</sup>		

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 3.83% and 3.00%, respectively, is similar to the one obtained in the case a unique global discount rate of 3.5% was used for the total population (4.5% in June 2013 and 4.0% in December 2013).

## INTERNATIONAL ACTIVITY RESULTS

### Net profit

The international activity's **net profit** stood at 83.2 M.€ in the period January-September 2014 (+33% over the 62.6 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 78.5 M.€<sup>1</sup>, 33% higher than the contribution in the same period last year (58.9 M.€). Minority interests of 82.3 M.€ were recognised in BFA's net profit (62.7 M.€ in September 2013).

The contribution to the consolidated net profit of the 30% participating interest in BCI (Mozambique), which is equity-accounted, stood at 5.6 M.€ (5.7 M.€ from January to September 2013).

### Income statement

Amounts in M.€

	Sep. 13	Sep.14	Chg. M.€ Sep.13 / Sep.14
Net interest income	140,4	170,5	30,1
Technical results of insurance contracts			
Commissions and other similar income (net)	40,8	47,7	6,9
Gains and losses in financial operations	67,0	86,1	19,1
Operating income and charges	( 1,0)	( 8,3)	( 7,3)
<b>Net operating revenue</b>	<b>247,3</b>	<b>296,1</b>	<b>48,8</b>
Personnel costs	50,1	49,5	( 0,7)
Outside supplies and services	42,6	44,7	2,1
Depreciation of fixed assets	9,9	10,5	0,6
<b>Operating costs</b>	<b>102,6</b>	<b>104,7</b>	<b>2,0</b>
<b>Operating profit before provisions</b>	<b>144,6</b>	<b>191,4</b>	<b>46,8</b>
Recovery of loans written-off	1,8	1,8	( 0,0)
Loan provisions and impairments	6,9	13,2	6,3
Other impairments and provisions	2,3	2,2	( 0,1)
<b>Profits before taxes</b>	<b>137,3</b>	<b>177,7</b>	<b>40,5</b>
Corporate income tax	18,2	18,4	0,2
Equity-accounted results of subsidiaries	6,2	6,2	( 0,1)
Minority shareholders' share of profit	62,7	82,3	19,6
<b>Net Income</b>	<b>62,6</b>	<b>83,2</b>	<b>20,6</b>

BFA's **return on the average Shareholders' equity** (individual accounts) stood at 33.2% from January to September 2014 and BCI's return on the average Shareholders' equity reached 17.7%.

The return on the average Shareholders' equity allocated to the international activity, after consolidation adjustments, i.e. after the impact of taxes on dividends, stood at 30.1% from January to September 2014.

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 19.4%<sup>1</sup>, reaching 6 583.6 M.€ in September 2014.

### Customers resources

Amounts in M.€

	Sep.13	Dec.13	Sep.14	Chg.% Sep.13/ Sep.14
Sight deposits	2 993,2	3 028,6	3 355,8	12,1%
Term deposits	2 519,3	2 616,0	3 227,8	28,1%
<b>Total</b>	<b>5 512,5</b>	<b>5 644,6</b>	<b>6 583,6</b>	<b>19,4%</b>

BFA's market share in deposits reached 14.8% in August 2014, granting it the second post in the Angolan market ranking.

The loans to Customers portfolio, expressed in euro, increased 75%<sup>1</sup>, from 1 068.9 M.€ in September 2013, to 1 868.7 M.€ in September 2014. This growth occurred almost entirely in the 3<sup>rd</sup> quarter of 2014.

For its part, the significant increase of 758 M.€ of the loan portfolio observed in the third quarter of 2014 is largely explained by a loan made to the Angolan State.

### Loans to Customers

Amounts in M.€

	Sep.13	Dec.13	Sep.14	Chg.% Sep.13/ Sep.14
Performing loans	1 081,7	1 081,5	1 864,4	72,4%
Loans in arrears	57,6	52,0	69,2	20,3%
Loan impairments	( 77,4)	( 69,5)	( 79,9)	3,2%
Interests and other	7,1	7,7	15,0	111,7%
<b>Total</b>	<b>1 068,9</b>	<b>1 071,6</b>	<b>1 868,7</b>	<b>74,8%</b>
Guarantees	211,5	227,6	477,9	126,0%

## Securities portfolio

At 30 September 2014, BFA's securities portfolio totalled 2 873 M.€, or 38% of the Bank's assets. The portfolio of short-term securities, comprising Treasury Bills, amounted to 658 M.€ at the end of September (+245 M.€ relative to September 2013) and the Treasury Bonds portfolio amounted to 2 208 M.€ (+607 M.€ relative to September 2013).

## Customers

The number of Customers has increased by 9.3%, from 1.2 million Customers in September 2013 to 1.3 million Customers in September 2014.

1) When expressed in American dollars, Customer resources increased 12.1% yoy and the loan portfolio increased 64% 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 3.4%, over September 2013. Five new branches and an investment centre were opened over the last 12 months. At the end of September 2014, the distribution network comprised 155 branches, 9 investment centres and 16 corporate centres.

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 25.3% market share in September 2014 in terms of valid debit cards. At the end of September 2014, BFA had 883 thousand valid debit cards (Multicaixa cards) and 16 310 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 (484 thousand subscribers of BFA NET in September 2014, of which 475 thousand are individuals) and an extensive terminal network with 358 ATM and 6 028 active point-of-sale (POS) terminals connected to the EMIS network, corresponding to market shares of 15.2% (ranking 2nd) and 24.4% (ranking 1st), respectively.

### Number of employees

**BFA's workforce** at the end of September 2014 stood at 2 490 employees, which represents an increase in staff of 73 (+3.0%) relative to the staff complement in September 2013. At the end of September 2014, BFA's workforce represented approximately 29% of the Group's total number of Employees.

### Revenues and costs

**Net operating revenue** in the international activity reached 296.1 M.€ from January to September 2014, corresponding to an increase of +19.7% yoy (+48.8 M.€).

This growth was mainly explained by the increase in net interest income (+30.1 M.€) and in profits from financial operations (+19.1 M.€).

**Operating costs** have increased by 2.0% (+2.0 M.€) over the January - September 2013 period.

Personnel costs decreased by 1.3% (-0.7 M.€) yoy, third-party supplies and services increased by 5.0% yoy (+2.1 M.€) and depreciation and amortization increased by 5.9% (+0.6 M.€).

The ratio "operating costs as percentage of net operating revenue" stood at 35.2% in the period from September 2013 to September 2014 (12 months).

### Cost of credit risk

In the international activity, **loan provision charges** were 13.2 M.€ in the period from January to September 2014, which corresponded to 1.40% of the average performing loan portfolio in annualised terms.

On the other hand, 1.8 M.€ of loans and interests in arrears, previously written-off, were recovered.

Loan provisions, deducted from recoveries of loans in arrears, have thus reached 11.4 M.€ the period from January to September 2014, corresponding to 1.21% of the average performing loan portfolio in annualised terms.

### Loan impairments and recoveries

Amounts in M.€

	Sep.13		Sep.14	
	M.€	% of loan portfolio <sup>1)</sup>	M.€	% of loan portfolio <sup>1)</sup>
Loan impairments	6,9	0,84%	13,2	1,40%
Recovery of loans and interest in arrears written-off	1,8	0,22%	1,8	0,19%
<b>Loan impairments, after deducting the recovery of loans and interest in arrears written-off</b>	<b>5,1</b>	<b>0,62%</b>	<b>11,4</b>	<b>1,21%</b>

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

At 30 September 2014, the ratio of Customer loans in arrears for more than 90 days stood at 3.4%. The provisioning coverage of loans in arrears for more than 90 days stood, at the end of September 2014, at 131%.

### Loans in arrears for more than 90 days and impairments

	Sep. 13		Dec. 13		Sep. 14	
	M.€	% of loan portfolio <sup>1)</sup>	M.€	% of loan portfolio <sup>1)</sup>	M.€	% of loan portfolio <sup>1)</sup>
Loans in arrears (+90 days)	55,7	4,9%	50,4	4,4%	67,2	3,4%
Credit a risk (Instruction 23/2011 BoP)	81,5	7,1%	73,8	6,5%	93,1	4,8%
Loans impairments (in the balance sheet)	83,4	7,3%	74,7	6,5%	88,1	4,5%
Write offs (in the period)			8,6		6,1	
Note:						
Gross loan portfolio	1 146,4		1 141,1		1 948,6	

1) As % of the gross loan portfolio

### Equity-accounted results of subsidiaries

In the international activity, the equity-accounted earnings of subsidiaries amounted to 6.2 M.€ in the period from January to September 2014 (-0.1 M.€ over the same period of 2013)<sup>1</sup>, 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 16.6% yoy increase in net total assets. Customer deposits have grown by 17.1% year-on-year, to 1 665 M.€ at the end of September 2014, while the Customer loan portfolio has expanded by 26.7% year-on-year, to 1 334 M.€. BCI market shares in deposits and loans, at the end of August 2014, reached 28.5% and 29.8%, respectively.

At the end of September 2014, BCI served 966 thousand clients (+39% relative to September 2013) through a network of 146 branches (+16 than one year before), representing 27.2% of the total Mozambican banking system distribution network. The staff complement reached 2 312 Employees at 30 September 2014 (+10.5% than in September 2013).

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1) BCI's total contribution to consolidated net profit was of 5.7 M.€ in September 2013 and 5.6 M.€ in September 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" (0.5 M.€ in September 2013 and 2014).

**Banco BPI, S.A.**

**Consolidated financial statements as of  
September 30, 2014 and 2013**

(Amounts expressed in thousands of Euro)

(Amounts expressed in thousands of Euro)

		30 Sep. 14		31 Dec. 13 Proforma	01 Jan. 13 Proforma						
	Notes	Amounts before impairment, depreciation and amortisation	Impairment, depreciation and amortisation	Net	Net	Net	Notes	30 Sep. 14	31 Dec. 13 Proforma	01 Jan. 13 Proforma	
<b>ASSETS</b>						<b>LIABILITIES</b>					
Cash and deposits at central banks	4.1	1 365 507		1 365 507	1 372 211	1 269 365	Resources of central banks	4.15	1 532 377	4 140 068	4 270 918
Deposits at other credit institutions	4.2	397 984		397 984	466 863	453 442	Financial liabilities held for trading	4.16/4.4	342 220	255 245	340 164
Financial assets held for trading and at fair value through profit or loss	4.3/4.4	2 213 623		2 213 623	1 306 717	1 122 131	Resources of other credit institutions	4.17	1 650 837	1 453 249	2 568 421
Financial assets available for sale	4.5	7 562 434	94 699	7 467 735	9 624 243	10 208 611	Resources of customers and other debts	4.18	27 270 752	25 617 488	24 762 737
Loans and advances to credit institutions	4.6	2 325 220	3	2 325 217	1 886 070	1 710 727	Debt securities	4.19	2 258 728	2 598 455	3 787 627
Loans and advances to customers	4.7	26 741 217	1 042 389	25 698 828	25 965 133	27 346 822	Financial liabilities relating to transferred assets	4.20	1 132 308	1 387 296	1 590 984
Held to maturity investments	4.8	103 697		103 697	136 877	445 298	Hedging derivatives	4.4	317 035	548 458	814 983
Hedging derivatives	4.4	149 438		149 438	194 043	280 737	Provisions	4.21	105 479	124 038	138 498
Investment properties	4.9	155 528		155 528	164 949	169 606	Technical provisions	4.22	3 667 893	2 689 768	2 255 364
Other tangible assets	4.10	720 233	518 401	201 832	197 337	210 689	Tax liabilities	4.23	58 070	57 711	120 262
Intangible assets	4.11	110 202	90 396	19 806	19 149	14 017	Contingent convertible subordinated bonds	4.24		920 433	1 200 279
Investments in associated companies and jointly controlled entities	4.12	239 858		239 858	221 992	202 255	Other subordinated debt and participating bonds	4.25	69 528	136 931	156 331
Tax assets	4.13	459 094		459 094	539 692	617 692	Other liabilities	4.26	593 077	589 953	642 996
Other assets	4.14	859 568	36 685	822 883	711 046	650 817	<b>Total Liabilities</b>		<b>38 998 304</b>	<b>40 519 093</b>	<b>42 649 564</b>
							<b>SHAREHOLDERS' EQUITY</b>				
							Subscribed share capital	4.27	1 293 063	1 190 000	1 190 000
							Other equity instruments	4.28	4 051	3 414	8 558
							Revaluation reserves	4.29	( 70 139)	( 362 294)	( 507 524)
							Other reserves and retained earnings	4.30	1 144 727	1 040 707	785 960
							(Treasury shares)	4.28	( 13 987)	( 17 090)	( 18 272)
							Consolidated net income of the BPI Group	4.44	( 114 347)	66 973	249 135
							<b>Shareholders' equity attributable to the shareholders of BPI</b>		<b>2 243 368</b>	<b>1 921 710</b>	<b>1 707 857</b>
							Minority interests	4.31	379 358	365 519	344 788
							<b>Total Shareholders' Equity</b>		<b>2 622 726</b>	<b>2 287 229</b>	<b>2 052 645</b>
<b>Total Assets</b>		<b>43 403 603</b>	<b>1 782 573</b>	<b>41 621 030</b>	<b>42 806 322</b>	<b>44 702 209</b>	<b>Total Liabilities and Shareholders' Equity</b>		<b>41 621 030</b>	<b>42 806 322</b>	<b>44 702 209</b>
<b>OFF BALANCE SHEET ITEMS</b>											
Guarantees given and other contingent liabilities	4.32			2 193 140	2 106 771	3 012 038					
Of which:											
[Guarantees and sureties]				[1 852 584]	[1 832 700]	[2 820 405]					
[Others]				[340 556]	[274 071]	[191 633]					
Commitments	4.32			3 179 161	3 020 342	3 856 696					

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 SEPTEMBER 30, 2014 AND 2013 PROFORMA**

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

(Amounts expressed in thousands of Euro)

	Notes	3 <sup>rd</sup> Quarter 2014	3 <sup>rd</sup> Quarter 2013 Proforma	30 Sep. 14	30 Sep. 13 Proforma
Interest and similar income		320 071	346 457	991 277	1 065 518
Interest and similar expenses		( 185 728)	( 234 207)	( 636 230)	( 733 823)
<b>Financial margin (narrow sense)</b>	4.33	<b>134 343</b>	<b>112 250</b>	<b>355 047</b>	<b>331 695</b>
Gross margin on unit links	4.34	1 337	776	3 330	2 168
Income from equity instruments		140	53	3 505	2 929
Net commission relating to amortised cost	4.35	4 873	5 478	15 331	18 317
<b>Financial margin</b>		<b>140 693</b>	<b>118 557</b>	<b>377 213</b>	<b>355 109</b>
Technical result of insurance contracts	4.36	8 985	6 022	23 865	17 269
Commissions received		83 434	78 167	232 705	232 051
Commissions paid		( 9 488)	( 10 605)	( 28 855)	( 30 956)
Other income, net		9 859	9 726	26 870	32 696
<b>Net commission income</b>	4.37	<b>83 805</b>	<b>77 288</b>	<b>230 720</b>	<b>233 791</b>
Gain and loss on operations at fair value		47 783	33 701	120 777	90 414
Gain and loss on assets available for sale		( 4 362)	5 586	( 135 454)	134 662
Interest and financial gain and loss with pensions		579	1 055	1 413	3 139
<b>Net income on financial operations</b>	4.38	<b>44 000</b>	<b>40 342</b>	<b>( 13 264)</b>	<b>228 215</b>
Operating income		10 366	6 284	26 597	16 561
Operating expenses		( 12 499)	( 10 687)	( 33 405)	( 26 803)
Other taxes		( 3 938)	( 1 440)	( 11 749)	( 4 319)
<b>Net operating income</b>	4.39	<b>( 6 071)</b>	<b>( 5 843)</b>	<b>( 18 557)</b>	<b>( 14 561)</b>
<b>Operating income from banking activity</b>		<b>271 412</b>	<b>236 366</b>	<b>599 977</b>	<b>819 823</b>
Personnel costs	4.40	( 120 132)	( 91 607)	( 301 418)	( 276 161)
General administrative costs	4.41	( 62 743)	( 61 371)	( 183 743)	( 180 904)
Depreciation and amortisation	4.10/4.11	( 7 785)	( 7 802)	( 22 812)	( 23 701)
<b>Overhead costs</b>		<b>( 190 660)</b>	<b>( 160 780)</b>	<b>( 507 973)</b>	<b>( 480 766)</b>
Recovery of loans, interest and expenses		3 946	3 802	12 424	14 170
Impairment losses and provisions for loans and guarantees, net	4.21	( 41 213)	( 31 891)	( 141 275)	( 182 473)
Impairment losses and other provisions, net	4.21	( 9 217)	( 8 880)	( 15 536)	( 19 440)
<b>Net income before income tax</b>		<b>34 268</b>	<b>38 617</b>	<b>( 52 383)</b>	<b>151 314</b>
Income tax	4.42	( 16 619)	( 7 295)	1 711	( 32 555)
Earnings of associated companies (equity method)	4.43	8 134	7 399	19 519	17 590
<b>Global consolidated net income</b>		<b>25 783</b>	<b>38 721</b>	<b>( 31 153)</b>	<b>136 349</b>
Income attributable to minority interests	4.31	( 33 515)	( 24 763)	( 83 194)	( 63 518)
<b>Consolidated net income of the BPI Group</b>	4.44	<b>( 7 732)</b>	<b>13 958</b>	<b>( 114 347)</b>	<b>72 831</b>
<b>Earnings per share (in Euro)</b>					
Basic		-0.005	0.010	-0.081	0.053
Diluted		-0.005	0.010	-0.081	0.052

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 SEPTEMBER 30, 2014 AND 2013 PROFORMA**(Translation of statements originally issued in Portuguese - Note 5)  
(Amounts expressed in thousands of Euro)

	30 Sep. 14			30 Set. 13 Proforma		
	Attributable to shareholders' of the BPI Group	Attributable to minority interests	Total	Attributable to shareholders' of the BPI Group	Attributable to minority interests	Total
<b>Consolidated net income</b>	<b>( 114 347)</b>	<b>83 194</b>	<b>( 31 153)</b>	<b>72 831</b>	<b>63 518</b>	<b>136 349</b>
<b>Income not included in the consolidated statements of income:</b>						
<b>Items that will not be reclassified to net income:</b>						
Actuarial deviations	17 018		17 018	66 547		66 547
Tax effect	( 3 946)		( 3 946)	( 17 864)		( 17 864)
	<b>13 072</b>	<b>0</b>	<b>13 072</b>	<b>48 683</b>	<b>0</b>	<b>48 683</b>
<b>Items that may be reclassified subsequently to net income:</b>						
Foreign exchange translation differences	27 781	24 928	52 709	( 14 309)	( 11 575)	( 25 884)
Revaluation reserves of financial assets available for sale	374 988		374 988	76 484		76 484
Tax effect	( 110 614)		( 110 614)	( 22 850)		( 22 850)
Valuation of assets of associated companies	21 509		21 509	2 570		2 570
Tax effect	( 6 738)		( 6 738)	( 429)		( 429)
	<b>306 926</b>	<b>24 928</b>	<b>331 854</b>	<b>41 466</b>	<b>( 11 575)</b>	<b>29 891</b>
<b>Income not included in the consolidated statements of income</b>	<b>319 998</b>	<b>24 928</b>	<b>344 926</b>	<b>90 149</b>	<b>( 11 575)</b>	<b>78 574</b>
<b>Consolidated comprehensive income</b>	<b>205 651</b>	<b>108 122</b>	<b>313 773</b>	<b>162 980</b>	<b>51 943</b>	<b>214 923</b>

	3 <sup>rd</sup> Quarter 2014			3 <sup>rd</sup> Quarter 2013 Proforma		
	Attributable to shareholders' of the BPI Group	Attributable to minority interests	Total	Attributable to shareholders' of the BPI Group	Attributable to minority interests	Total
<b>Consolidated net income</b>	<b>( 7 732)</b>	<b>33 515</b>	<b>25 783</b>	<b>13 767</b>	<b>24 916</b>	<b>38 683</b>
<b>Income not included in the consolidated statements of income:</b>						
<b>Items that will not be reclassified to net income:</b>						
Actuarial deviations	( 11 113)		( 11 113)	21 627		21 627
Tax effect	2 543		2 543	( 3 826)		( 3 826)
	<b>( 8 570)</b>	<b>0</b>	<b>( 8 570)</b>	<b>17 801</b>	<b>0</b>	<b>17 801</b>
<b>Items that may be reclassified subsequently to net income:</b>						
Foreign exchange translation differences	26 986	22 835	49 821	( 13 765)	( 14 943)	( 28 708)
Revaluation reserves of financial assets available for sale	24 919		24 919	3 863		4 117
Tax effect	( 7 326)		( 7 326)	( 2 110)		( 2 185)
Valuation of assets of associated companies	4 422		4 422	( 853)		( 837)
Tax effect	( 1 284)		( 1 284)	427		427
	<b>47 717</b>	<b>22 835</b>	<b>70 552</b>	<b>( 12 439)</b>	<b>( 14 943)</b>	<b>( 27 186)</b>
<b>Income not included in the consolidated statements of income</b>	<b>39 147</b>	<b>22 835</b>	<b>61 982</b>	<b>5 362</b>	<b>( 14 943)</b>	<b>( 9 385)</b>
<b>Consolidated comprehensive income</b>	<b>31 415</b>	<b>56 350</b>	<b>87 765</b>	<b>19 129</b>	<b>9 973</b>	<b>29 298</b>

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 SEPTEMBER 30, 2014 AND 2013  
PROFORMA**

(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
<b>Balance at December 31, 2012</b>	<b>1 190 000</b>	<b>8 558</b>	<b>( 507 614)</b>	<b>786 175</b>	<b>( 18 272)</b>	<b>249 135</b>	<b>352 662</b>	<b>2 060 644</b>
Impact of the change in the consolidation perimeter			90	( 215)			( 7 874)	( 7 999)
<b>Balance at January 1, 2013 Proforma</b>	<b>1 190 000</b>	<b>8 558</b>	<b>( 507 524)</b>	<b>785 960</b>	<b>( 18 272)</b>	<b>249 135</b>	<b>344 788</b>	<b>2 052 645</b>
Appropriation of net income for 2012 to reserves				249 135		( 249 135)		
Dividends paid on preference shares							( 709)	( 709)
Dividends paid to minority interests							( 54 021)	( 54 021)
Variable Remuneration Program (RVA)		( 5 276)			995			( 4 281)
Sale / purchase of own shares				3 507				3 507
Sale / purchase of preference shares							27	27
Comprehensive income for the first nine months of 2013 proforma			39 325	50 824		72 831	51 943	214 923
Others				( 43)			39	( 4)
<b>Balance at September 30, 2013 Proforma</b>	<b>1 190 000</b>	<b>3 282</b>	<b>( 468 199)</b>	<b>1 089 383</b>	<b>( 17 277)</b>	<b>72 831</b>	<b>342 067</b>	<b>2 212 087</b>
Dividends paid on preference shares							( 379)	( 379)
Variable Remuneration Program (RVA)		132			187			319
Sale / purchase of own shares				( 111)				( 111)
Sale / purchase of preference shares				( 3)			15	12
Comprehensive income for the last three months of 2013 proforma			105 905	( 48 445)		( 5 858)	23 820	75 422
Others				( 117)			( 4)	( 121)
<b>Balance at December 31, 2013 Proforma</b>	<b>1 190 000</b>	<b>3 414</b>	<b>( 362 294)</b>	<b>1 040 707</b>	<b>( 17 090)</b>	<b>66 973</b>	<b>365 519</b>	<b>2 287 229</b>
Appropriation of net income for 2013 to reserves				66 973		( 66 973)		
Exchange operation of subordinated debt and preference shares for shares	103 063			12 206			( 49 365)	65 904
Dividends paid on preference shares							( 1 095)	( 1 095)
Dividends paid to minority interests							( 44 186)	( 44 186)
Variable Remuneration Program (RVA)		637			3 103			3 740
Sale / purchase of own shares				( 2 976)				( 2 976)
Sale / purchase of preference shares							363	363
Comprehensive income for the first nine months of 2014			292 155	27 843		( 114 347)	108 122	313 773
Others				( 26)				( 26)
<b>Balance at September 30, 2014</b>	<b>1 293 063</b>	<b>4 051</b>	<b>( 70 139)</b>	<b>1 144 727</b>	<b>( 13 987)</b>	<b>( 114 347)</b>	<b>379 358</b>	<b>2 622 726</b>

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 CASH FLOWS****FOR THE PERIODS ENDED SEPTEMBER 30, 2014 AND 2013 PROFORMA**

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

(Amounts expressed in thousands of Euro)

	<b>30 Sep. 14</b>	<b>30 Sep. 13 Proforma</b>
<b>Operating activities</b>		
Interest, commissions and similar income received	2 596 664	1 930 663
Interest, commissions and similar expenses paid	( 1 916 440)	( 1 232 487)
Recovery of loans and interest in arrears	12 424	14 170
Payments to personnel and suppliers	( 440 056)	( 418 683)
Net cash flow from income and expenses	252 592	293 663
Decrease (increase) in:		
Financial assets held for trading, available for sale and held to maturity	1 636 556	1 091 451
Loans and advances to credit institutions	( 435 508)	33 729
Loans and advances to customers	185 189	687 863
Investment Properties	9 421	2 285
Other assets	( 127 556)	( 65 765)
Net cash flow from operating assets	1 268 102	1 749 563
Increase (decrease) in:		
Resources of central banks and other credit institutions	( 2 376 906)	( 1 139 020)
Resources of customers	2 607 763	1 251 065
Financial liabilities held for trading	86 975	( 80 521)
Other liabilities	( 245 385)	( 236 482)
Net cash flow from operating liabilities	72 447	( 204 958)
Contributions to the Pension Funds	( 5 658)	( 4 520)
Income tax paid	( 31 926)	( 70 258)
	<b>1 555 557</b>	<b>1 763 490</b>
<b>Investing activities</b>		
Purchase of other tangible assets and intangible assets	( 20 830)	( 18 672)
Sale of other tangible assets	66	70
Dividends received and other income	22 685	8 952
	<b>1 921</b>	<b>( 9 650)</b>
<b>Financing activities</b>		
Liability for assets not derecognised	( 255 489)	( 155 701)
Redemption of contingent convertible subordinated bonds	( 920 000)	( 280 000)
Issuance of debt securities and subordinated debt	321 123	126 334
Redemption of debt securities	( 963 642)	( 1 512 896)
Purchase and sale of own debt securities and subordinated debt	272 655	335 212
Purchase and sale of preference shares	( 49 002)	
Interest on contingent convertible subordinated bonds	( 27 108)	( 45 380)
Interest on debt securities and subordinated debt	( 70 112)	( 78 787)
Exchange operation of subordinated debt and preference shares for shares	103 063	
Dividends paid on preference shares	( 1 095)	( 709)
Dividends paid to minority interests	( 44 186)	( 51 678)
Purchase and sale of treasury shares	763	( 4 281)
	<b>( 1 633 030)</b>	<b>( 1 667 886)</b>
Net increase (decrease) in cash and equivalents	( 75 552)	85 954
Cash and equivalents at the beginning of the period	1 839 043	1 722 721
<b>Cash and equivalents at the end of the period</b>	<b>1 763 491</b>	<b>1 808 675</b>

The accompanying notes form an integral part of these statements.

**The Accountant**  
Alberto Pitôrra

**The Executive Committee of the Board of Directors**

*Chairman* Fernando Ulrich  
*Deputy-Chairman* António Domingues  
*Members* José Pena do Amaral  
Maria Celeste Hagatong  
Manuel Ferreira da Silva  
Pedro Barreto  
João Pedro Oliveira e Costa

**Banco BPI, S.A.**

## Notes to the consolidated financial statements as of September 30, 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 September 30, 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.

In 2013, the BPI Alternative Fund: Iberian Equities Long/Short Fund (Luxemburgo) was established. On September 30, 2014 the BPI Group held 57.17% 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 October 2013 the BPI Alternative Fund: Iberian Equities Long/Short Fund (Portugal) was liquidated, its operations now being carried out by BPI Alternative Fund: Iberian Equities Long/Short Fund (Lux).

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.

As a result of the change in IFRS 10 - Consolidated Financial Statements, in the first half of 2014, the BPI Group started consolidating the funds BPI Obrigações Mundiais – Fundo de Investimento Aberto de Obrigações<sup>1</sup> and Imofomento - Fundo de Investimento Imobiliário Aberto<sup>1</sup>, in which it holds 57.7% and 41.38% of the participating units, respectively, in accordance with the full consolidation method. Although the BPI Group holds less than 50% of the participating units of Fundo Imofomento, it is consolidated by the full consolidation method, given that the BPI Group has control over the related fund management company and holds more than 20% of the participating units.

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.

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<sup>1</sup> Funds managed by BPI Gestão de Activos – Sociedade Gestora de Fundos de Investimento Mobiliário, S.A

At September 30, 2014 the BPI Group was made up of the following companies:

	Head Office	Shareholders' equity	Total assets	Net income (loss) for the period	Direct participation	Effective participation	Consolidation / Recognition method
<b>Banks</b>							
Banco BPI, S.A.	Portugal	1 538 662	37 580 123	( 162 836)			
Banco Português de Investimento, S.A.	Portugal	56 823	1 848 464	2 599	100.00%	100.00%	Full Consolidation
Banco Comercial e de Investimentos, S.A.R.L.	Mozambique	171 463	2 302 251	21 908	29.70%	30.00%	Equity Method
Banco de Fomento Angola, S.A.	Angola	756 229	7 787 552	173 539	50.08%	50.10%	Full Consolidation
Banco BPI Cayman, Ltd.	Cayman Islands	159 939	278 409	1 818		100.00%	Full Consolidation
<b>Asset management companies</b>							
BPI Gestão de Activos - Sociedade Gestora de Fundos de Investimento Mobiliários, S.A.	Portugal	16 161	28 110	5 807	100.00%	100.00%	Full Consolidation
BPI – Global Investment Fund Management Company, S.A.	Luxembourg	2 432	6 333	1 166	100.00%	100.00%	Full Consolidation
BPI (Suisse), S.A.	Switzerland	11 854	13 193	2 637		100.00%	Full Consolidation
BPI Alternative Fund: Iberian Equities Long/Short Fund (Lux) 1	Luxembourg	171 781	178 872	8 240	43.71%	57.17%	Full Consolidation
BPI Obrigações Mundiais - Fundo de Investimento Aberto de Obrigações 1	Portugal	21 419	22 381	576		57.70%	Full Consolidation
Imofomento - Fundo de Investimento Imobiliário Aberto 1	Portugal	155 825	160 317	1 352	34.94%	41.38%	Full Consolidation
<b>Venture capital companies</b>							
BPI Private Equity - Sociedade de Capital de Risco, S.A.	Portugal	35 681	37 573	557	100.00%	100.00%	Full Consolidation
Inter-Risco – Sociedade de Capital de Risco, S.A.	Portugal	1 364	2 070	404		49.00%	Equity Method
<b>Insurance companies</b>							
BPI Vida e Pensões – Companhia de Seguros, S.A.	Portugal	140 125	4 732 481	17 982	100.00%	100.00%	Full Consolidation
Cosec – Companhia de Seguros de Crédito, S.A.	Portugal	56 179	109 059	7 355	50.00%	50.00%	Equity Method
Companhia de Seguros Allianz Portugal, S.A.	Portugal	299 978	1 272 542	20 104	35.00%	35.00%	Equity Method
<b>Other</b>							
BPI Capital Finance Ltd. <sup>2</sup>	Cayman Islands	53 651	53 658	1 145	100.00%	100.00%	Full Consolidation
BPI Capital Africa (Proprietary) Limited	South Africa	( 3 491)	1 550	( 1 136)		100.00%	Full Consolidation
BPI, Inc.	U.S.A.	673	673	( 220)	100.00%	100.00%	Full Consolidation
BPI Locação de Equipamentos, Lda	Portugal	1 105	1 152	( 6)	100.00%	100.00%	Full Consolidation
BPI Madeira, SGPS, Unipessoal, S.A.	Portugal	152 841	157 892	( 10)	100.00%	100.00%	Full Consolidation
BPI Moçambique – Sociedade de Investimento, S.A.	Mozambique	740	1 215	( 379)	96.54%	100.00%	Full Consolidation
Finangeste – Empresa Financeira de Gestão e Desenvolvimento, S.A.	Portugal	62 071	64 234	( 464)	32.78%	32.78%	Equity Method
Unicre - Instituição Financeira de Crédito, S.A.	Portugal	99 737	317 218	12 564	20.65%	21.01%	Equity Method

Note: Unless otherwise indicated, all amounts are as of September 30, 2014 (accounting balances before consolidation adjustments).

<sup>1</sup> Funds managed by BPI Gestão de Activos – Sociedade Gestora de Fundos de Investimento Mobiliário, S.A.

<sup>2</sup> 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. Considering the preference shares held by the BPI Group (51 641 000 preference shares) and the total share capital of the company, the effective participation of the BPI Group in this company corresponds to 96.7%.

## **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 June 30, 2014.

### 3. SEGMENT REPORTING

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

- Domestic operations: corresponds to commercial banking business in Portugal, including the provision overseas of banking services to emigrant Portuguese communities and subsidiaries of Portuguese companies. 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 Bank has not identified other business segments under IFRS 8 in addition to those identified under IAS 14. The reports used by Management consist essentially of accounting information based on IFRS.

The BPI Group's balance sheet as of September 30, 2014 and investments made in tangible and intangible assets during the first 9 months of 2014, 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		
<b>ASSETS</b>										
Cash and deposits at Central Banks	219 880	214			220 094	1 145 412	1	1 145 413		1 365 507
Loans and advances to other credit institutions repayable on demand	542 399	116 643	14 400	( 289 985)	383 457	23 704	3	23 707	( 9 180)	397 984
Financial assets held for trading and at fair value through profit or loss	1 868 927	230 041		( 67 865)	2 031 103	182 498	25	182 523	( 3)	2 213 623
Financial assets available for sale	4 715 522	7 707	52 888	1 323	4 777 440	2 690 295		2 690 295		7 467 735
Loans and advances to credit institutions	2 245 542	1 700 114	2 895	( 2 472 811)	1 475 740	1 523 056	1 344	1 524 400	( 674 923)	2 325 217
Loans and advances to customers	23 613 565	223 001		( 6 469)	23 830 097	1 868 731		1 868 731		25 698 828
Held to maturity investments	134 677	10 245		( 41 225)	103 697					103 697
Hedging derivatives	155 554	266		( 6 382)	149 438					149 438
Investment properties	155 528				155 528					155 528
Other tangible assets	59 778	1 645			61 423	139 991	418	140 409		201 832
Intangible assets	17 468	45			17 513	2 290	3	2 293		19 806
Investment in associated companies and jointly controlled entities	104 993		83 426		188 419		51 439	51 439		239 858
Tax assets	452 686	4 808	( 2 603)		454 891	3 425	778	4 203		459 094
Other assets	908 988	28 405	112	( 90 234)	847 271	23 359	274	23 633	( 48 021)	822 883
<b>TOTAL ASSETS</b>	<b>35 195 507</b>	<b>2 323 134</b>	<b>151 118</b>	<b>( 2 973 648)</b>	<b>34 696 111</b>	<b>7 602 761</b>	<b>54 285</b>	<b>7 657 046</b>	<b>( 732 127)</b>	<b>41 621 030</b>
<b>LIABILITIES</b>										
Resources of central banks	1 532 377				1 532 377					1 532 377
Financial liabilities held for trading	342 169	17 652		( 22 500)	337 321	4 902		4 902	( 3)	342 220
Resources of other credit institutions	4 056 684	6 710	41 721	( 1 838 127)	2 266 988	67 580	372	67 952	( 684 103)	1 650 837
Resources of customers and other debts	19 766 406	1 806 627		( 940 794)	20 632 239	6 638 513		6 638 513		27 270 752
Debt securities	2 333 216			( 74 488)	2 258 728					2 258 728
Financial liabilities relating to transferred assets	1 132 308				1 132 308					1 132 308
Hedging derivatives	321 896			( 4 861)	317 035					317 035
Provisions	77 446	195			77 641	27 838		27 838		105 479
Technical provisions	3 408 588	259 305			3 667 893					3 667 893
Tax liabilities	30 675	2 087	( 1 601)		31 161	23 254	3 655	26 909		58 070
Other subordinated debt and participating bonds	131 139	4 247		( 65 858)	69 528					69 528
Other liabilities	525 930	46 278	1 892	( 27 020)	547 080	88 793	5 225	94 018	( 48 021)	593 077
<b>TOTAL LIABILITIES</b>	<b>33 658 834</b>	<b>2 143 101</b>	<b>42 012</b>	<b>( 2 973 648)</b>	<b>32 870 299</b>	<b>6 850 880</b>	<b>9 252</b>	<b>6 860 132</b>	<b>( 732 127)</b>	<b>38 998 304</b>
<b>SHAREHOLDERS' EQUITY</b>										
Shareholders' equity attributable to the shareholders of BPI	1 534 673	180 033	109 106		1 823 812	374 523	45 033	419 556		2 243 368
Minority interest	2 000				2 000	377 358		377 358		379 358
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>1 536 673</b>	<b>180 033</b>	<b>109 106</b>		<b>1 825 812</b>	<b>751 881</b>	<b>45 033</b>	<b>796 914</b>		<b>2 622 726</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>35 195 507</b>	<b>2 323 134</b>	<b>151 118</b>	<b>( 2 973 648)</b>	<b>34 696 111</b>	<b>7 602 761</b>	<b>54 285</b>	<b>7 657 046</b>	<b>( 732 127)</b>	<b>41 621 030</b>
<b>Investments made in:</b>										
Property						1 139		1 139		1 139
Equipment and other tangible assets	4 294	169			4 463	10 946	1	10 947		15 410
Intangible assets	3 180				3 180	1 099	4	1 103		4 283



The BPI Group's income statement for the period ended September 30, 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	
<b>Financial margin (narrow sense)</b>	<b>183 669</b>	<b>3 101</b>	<b>( 2 084)</b>		<b>184 686</b>	<b>170 560</b>	<b>( 199)</b>	<b>170 361</b>	<b>355 047</b>
Gross margin on unit links	990	2 340			3 330				3 330
Income from equity instruments	1 215	104	2 186		3 505				3 505
Net commission relating to amortised cost	15 195				15 195	136		136	15 331
<b>Financial margin</b>	<b>201 069</b>	<b>5 545</b>	<b>102</b>		<b>206 716</b>	<b>170 696</b>	<b>( 199)</b>	<b>170 497</b>	<b>377 213</b>
Technical result of insurance contracts	23 582	283			23 865				23 865
Commissions received	183 750	42 804		( 30 678)	195 876	38 346	410	38 756	232 705
Commissions paid	( 41 080)	( 14 656)	( 14)	30 678	( 25 072)	( 5 709)	( 1)	( 5 710)	( 28 855)
Other income, net	12 168	53			12 221	14 649		14 649	26 870
<b>Net commission income</b>	<b>154 838</b>	<b>28 201</b>	<b>( 14)</b>		<b>183 025</b>	<b>47 286</b>	<b>409</b>	<b>47 695</b>	<b>230 720</b>
Gain and loss on operations at fair value	23 803	10 853			34 656	86 121		86 121	120 777
Gain and loss on assets available for sale	( 135 672)	218			( 135 454)				( 135 454)
Interest and financial gain and loss with pensions	1 429	( 15)	( 1)		1 413				1 413
<b>Net income on financial operations</b>	<b>( 110 440)</b>	<b>11 056</b>	<b>( 1)</b>		<b>( 99 385)</b>	<b>86 121</b>		<b>86 121</b>	<b>( 13 264)</b>
Operating income	25 846	4			25 850	667	80	747	26 597
Operating expenses	( 32 195)	( 360)			( 32 555)	( 849)	( 1)	( 850)	( 33 405)
Other taxes	( 3 010)	( 581)			( 3 591)	( 8 103)	( 55)	( 8 158)	( 11 749)
<b>Net operating income</b>	<b>( 9 359)</b>	<b>( 937)</b>			<b>( 10 296)</b>	<b>( 8 285)</b>	<b>24</b>	<b>( 8 261)</b>	<b>( 18 557)</b>
<b>Operating income from banking activity</b>	<b>259 690</b>	<b>44 148</b>	<b>87</b>		<b>303 925</b>	<b>295 818</b>	<b>234</b>	<b>296 052</b>	<b>599 977</b>
Personnel costs	( 235 256)	( 16 577)	( 129)		( 251 962)	( 48 075)	( 1 381)	( 49 456)	( 301 418)
General administrative costs	( 129 921)	( 9 074)	( 21)		( 139 016)	( 44 295)	( 432)	( 44 727)	( 183 743)
Depreciation and amortisation	( 11 423)	( 913)			( 12 336)	( 10 396)	( 80)	( 10 476)	( 22 812)
<b>Overhead costs</b>	<b>( 376 600)</b>	<b>( 26 564)</b>	<b>( 150)</b>		<b>( 403 314)</b>	<b>( 102 766)</b>	<b>( 1 893)</b>	<b>( 104 659)</b>	<b>( 507 973)</b>
<b>Resultado operacional</b>									
Recovery of loans, interest and expenses	10 644	1			10 645	1 779		1 779	12 424
Impairment losses and provisions for loans and guarantees, net	( 128 053)	( 20)			( 128 073)	( 13 202)		( 13 202)	( 141 275)
Impairment losses and other provisions, net	( 8 808)	45	( 4 547)		( 13 310)	( 2 226)		( 2 226)	( 15 536)
<b>Net income before income tax</b>	<b>( 243 127)</b>	<b>17 610</b>	<b>( 4 610)</b>		<b>( 230 127)</b>	<b>179 403</b>	<b>( 1 659)</b>	<b>177 744</b>	<b>( 52 383)</b>
Income tax	24 776	( 6 142)	1 503		20 137	( 18 546)	120	( 18 426)	1 711
Earnings of associated companies (equity method)	7 036		6 317		13 353		6 166	6 166	19 519
<b>Global consolidated net income</b>	<b>( 211 315)</b>	<b>11 468</b>	<b>3 210</b>		<b>( 196 637)</b>	<b>160 857</b>	<b>4 627</b>	<b>165 484</b>	<b>( 31 153)</b>
Income attributable to minority interest	( 864)				( 864)	( 82 330)		( 82 330)	( 83 194)
<b>Consolidated net income of the BPI Group</b>	<b>( 212 179)</b>	<b>11 468</b>	<b>3 210</b>		<b>( 197 501)</b>	<b>78 527</b>	<b>4 627</b>	<b>83 154</b>	<b>( 114 347)</b>
Cash flow after taxes	( 63 895)	12 356	7 757		( 43 782)	104 351	4 707	109 058	65 276

The BPI Group's balance sheet as of December 31, 2013 proforma 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		
<b>ASSETS</b>										
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	510 982	71 186	4 204	( 128 582)	457 790	18 289	33	18 322	( 9 249)	466 863
Financial assets held for trading and at fair value through profit or loss	1 076 874	153 398		( 63 910)	1 166 362	140 297	58	140 355		1 306 717
Financial assets available for sale	7 267 098	17 511	52 426	1 291	7 338 326	2 285 917		2 285 917		9 624 243
Loans and advances to credit institutions	1 773 643	1 111 651	2 894	( 1 604 020)	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
Investment properties	164 949				164 949					164 949
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	767 636	32 039	135	( 98 554)	701 256	12 686	225	12 911	( 3 121)	711 046
<b>TOTAL ASSETS</b>	<b>37 668 495</b>	<b>1 600 495</b>	<b>139 994</b>	<b>( 1 957 249)</b>	<b>37 451 735</b>	<b>6 409 128</b>	<b>46 486</b>	<b>6 455 614</b>	<b>( 1 101 027)</b>	<b>42 806 322</b>
<b>LIABILITIES</b>										
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	19 242 233	1 230 691		( 553 897)	19 919 027	5 698 461		5 698 461		25 617 488
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	102 134	186			102 320	21 718		21 718		124 038
Technical provisions	2 513 660	176 108			2 689 768					2 689 768
Tax liabilities	39 529	1 520	( 1 775)		39 274	15 153	3 284	18 437		57 711
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	540 345	38 496	2 145	( 23 504)	557 482	32 194	3 398	35 592	( 3 121)	589 953
<b>TOTAL LIABILITIES</b>	<b>36 285 804</b>	<b>1 472 625</b>	<b>27 786</b>	<b>( 1 957 249)</b>	<b>35 828 966</b>	<b>5 783 751</b>	<b>7 403</b>	<b>5 791 154</b>	<b>( 1 101 027)</b>	<b>40 519 093</b>
<b>SHAREHOLDERS' EQUITY</b>										
Shareholders' equity attributable to the shareholders of BPI	1 331 458	127 870	112 208		1 571 536	311 091	39 083	350 174		1 921 710
Minority interest	51 233				51 233	314 286		314 286		365 519
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>1 382 691</b>	<b>127 870</b>	<b>112 208</b>		<b>1 622 769</b>	<b>625 377</b>	<b>39 083</b>	<b>664 460</b>		<b>2 287 229</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>37 668 495</b>	<b>1 600 495</b>	<b>139 994</b>	<b>( 1 957 249)</b>	<b>37 451 735</b>	<b>6 409 128</b>	<b>46 486</b>	<b>6 455 614</b>	<b>( 1 101 027)</b>	<b>42 806 322</b>
<b>Investments made in:</b>										
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 September 30, 2013, proforma 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	
<b>Financial margin (narrow sense)</b>	<b>191 396</b>	<b>1 277</b>	<b>( 1 076)</b>		<b>191 597</b>	<b>140 288</b>	<b>( 190)</b>	<b>140 098</b>	<b>331 695</b>
Gross margin on unit links	629	1 539			2 168				2 168
Income from equity instruments	999	85	1 845		2 929				2 929
Net commission relating to amortised cost	17 971				17 971	346		346	18 317
<b>Financial margin</b>	<b>210 995</b>	<b>2 901</b>	<b>769</b>		<b>214 665</b>	<b>140 634</b>	<b>( 190)</b>	<b>140 444</b>	<b>355 109</b>
Technical result of insurance contracts	17 060	209			17 269				17 269
Commissions received	193 337	33 123		( 20 769)	205 691	27 149	149	27 298	232 051
Commissions paid	( 39 518)	( 7 740)	( 7)	20 769	( 26 496)	( 5 398)		( 5 398)	( 30 956)
Other income, net	13 780	58			13 838	18 858		18 858	32 696
<b>Net commission income</b>	<b>167 599</b>	<b>25 441</b>	<b>( 7)</b>		<b>193 033</b>	<b>40 609</b>	<b>149</b>	<b>40 758</b>	<b>233 791</b>
Gain and loss on operations at fair value	18 550	4 836			23 386	67 028		67 028	90 414
Gain and loss on assets available for sale	134 624	38			134 662				134 662
Interest and financial gain and loss with pensions	3 086	53			3 139				3 139
<b>Net income on financial operations</b>	<b>156 260</b>	<b>4 927</b>			<b>161 187</b>	<b>67 028</b>		<b>67 028</b>	<b>228 215</b>
Operating income	15 855	57			15 912	628	21	649	16 561
Operating expenses	( 25 000)	( 1 195)			( 26 195)	( 607)	( 1)	( 608)	( 26 803)
Other taxes	( 2 705)	( 601)			( 3 306)	( 990)	( 23)	( 1 013)	( 4 319)
<b>Net operating income</b>	<b>( 11 850)</b>	<b>( 1 739)</b>			<b>( 13 589)</b>	<b>( 969)</b>	<b>( 3)</b>	<b>( 972)</b>	<b>( 14 561)</b>
<b>Operating income from banking activity</b>	<b>540 064</b>	<b>31 739</b>	<b>762</b>		<b>572 565</b>	<b>247 302</b>	<b>( 44)</b>	<b>247 258</b>	<b>819 823</b>
Personnel costs	( 210 798)	( 15 114)	( 127)		( 226 039)	( 48 673)	( 1 449)	( 50 122)	( 276 161)
General administrative costs	( 129 351)	( 8 924)	( 22)		( 138 297)	( 42 164)	( 443)	( 42 607)	( 180 904)
Depreciation and amortisation	( 12 866)	( 946)			( 13 812)	( 9 794)	( 95)	( 9 889)	( 23 701)
<b>Overhead costs</b>	<b>( 353 015)</b>	<b>( 24 984)</b>	<b>( 149)</b>		<b>( 378 148)</b>	<b>( 100 631)</b>	<b>( 1 987)</b>	<b>( 102 618)</b>	<b>( 480 766)</b>
Recovery of loans, interest and expenses	12 347	3			12 350	1 820		1 820	14 170
Impairment losses and provisions for loans and guarantees, net	( 175 920)	373			( 175 547)	( 6 926)		( 6 926)	( 182 473)
Impairment losses and other provisions, net	( 17 299)	( 26)	162		( 17 163)	( 2 277)		( 2 277)	( 19 440)
<b>Net income before income tax</b>	<b>6 177</b>	<b>7 105</b>	<b>775</b>		<b>14 057</b>	<b>139 288</b>	<b>( 2 031)</b>	<b>137 257</b>	<b>151 314</b>
Income tax	( 11 042)	( 3 199)	( 134)		( 14 375)	( 17 651)	( 529)	( 18 180)	( 32 555)
Earnings of associated companies (equity method)	7 633		3 741		11 374		6 216	6 216	17 590
<b>Global consolidated net income</b>	<b>2 768</b>	<b>3 906</b>	<b>4 382</b>		<b>11 056</b>	<b>121 637</b>	<b>3 656</b>	<b>125 293</b>	<b>136 349</b>
Income attributable to minority interest	( 775)	( 3)			( 778)	( 62 740)		( 62 740)	( 63 518)
<b>Consolidated net income of the BPI Group</b>	<b>1 993</b>	<b>3 903</b>	<b>4 382</b>		<b>10 278</b>	<b>58 897</b>	<b>3 656</b>	<b>62 553</b>	<b>72 831</b>
Cash flow after taxes	208 078	4 502	4 220		216 800	77 894	3 751	81 645	298 445

## 4. NOTES

### 4.1. Cash and deposits at Central Banks

This caption is made up as follows:

	30 Sep. 14	31 Dec. 13 Proforma
Cash	357 537	369 451
Demand deposits at the Bank of Portugal	27 930	109 939
Demand deposits at foreign Central Banks	980 040	892 793
Accrued interest		28
	<b>1 365 507</b>	<b>1 372 211</b>

### 4.2. Deposits at other Credit Institutions

This caption is made up as follows:

	30 Sep. 14	31 Dec. 13 Proforma
Domestic Credit Institutions		
Demand deposits	3 951	3 480
Cheque for collection	84 602	65 779
Other	984	1 042
Foreign Credit Institutions		
Demand deposits	300 757	392 448
Cheque for collection	7 690	4 111
Accrued interest		3
	<b>397 984</b>	<b>466 863</b>

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:

	30 Sep. 14	31 Dec. 13 Proforma
<b>Financial assets held for trading</b>		
<b>Debt Instruments</b>		
Bonds issued by Portuguese government entities	55 400	4 747
Bonds issued by foreign government entities	185 182	142 913
Bonds issued by other Portuguese entities		
Non-subordinated debt	15 259	14 711
Bonds issued by foreign financial entities		49
Bonds issued by other foreign entities		
Non-subordinated debt	23 478	9 940
	<b>279 319</b>	<b>172 360</b>
<b>Equity instruments</b>		
Shares issued by Portuguese entities	160 424	148 902
Shares issued by foreign entities	82 286	59 113
	<b>242 710</b>	<b>208 015</b>
<b>Other securities</b>		
Participating units issued by Portuguese entities	160	157
Participating units issued by foreign entities	98	92
	<b>258</b>	<b>249</b>
	<b>522 287</b>	<b>380 624</b>
<b>Financial assets at fair value through profit or loss</b>		
<b>Debt Instruments</b>		
Bonds issued by Portuguese government entities	36 039	99 301
Bonds issued by foreign government entities	877 575	239 513
Bonds issued by other Portuguese entities		
Non-subordinated debt	94 496	71 240
Subordinated debt	101	
Bonds issued by other foreign entities		
Non-subordinated debt	78 392	43 350
Subordinated debt	1 698	1 589
	<b>1 088 301</b>	<b>454 993</b>
<b>Equity instruments</b>		
Shares issued by Portuguese entities	170	1 349
Shares issued by foreign entities	19 069	24 668
	<b>19 239</b>	<b>26 017</b>
<b>Other securities</b>		
Participating units issued by Portuguese entities	13 564	11 347
Participating units issued by foreign entities	279 496	210 239
	<b>293 060</b>	<b>221 586</b>
	<b>1 400 600</b>	<b>702 596</b>
<b>Derivative instruments with positive fair value (Note 4.4)</b>	<b>290 736</b>	<b>223 497</b>
	<b>2 213 623</b>	<b>1 306 717</b>

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

	30 Sep. 14	31 Dec. 13 Proforma
<b>Debt Instruments</b>		
Of public entities	913 613	338 814
Other entities	174 437	116 179
<b>Equity Instruments</b>	1 029	9 628
<b>Other securities</b>	293 060	221 586
<b>Derivative instruments with positive fair value</b>	904	
	<b>1 383 043</b>	<b>686 207</b>

#### 4.4. Derivatives

The caption "Derivative instruments held for trading" (Notes 4.3 and 4.16) is made up as follows:

	30 Sep. 14			31 Dec. 13 Proforma		
	Notional value <sup>1</sup>	Book value		Notional value <sup>1</sup>	Book value	
		Assets	Liabilities		Assets	Liabilities
<b>Exchange rate contracts</b>						
Futures	502	25				
Exchange forwards and swaps	1 608 846	4 099	10 799	1 623 706	1 250	1 244
<b>Interest rate contracts</b>						
Futures	11 561	2		66 597	11	10
Options	462 002	2 714	1 882	473 833	3 051	3 284
Swaps	5 796 337	243 342	251 857	6 356 628	191 182	195 972
<b>Contracts over shares</b>						
Futures	6 067	13	5	12 509	162	222
Swaps	290 228	2 412	36 815	264 030	55	27 008
Options	523 125	27 691	1	31 225	614	19
<b>Contracts over other underlying items</b>						
Futures	39 653			51 737		
Options	27 618		1			
<b>Other</b>						
Options <sup>2</sup>	896 993	9 444	36 961	643 635	26 932	27 360
Other <sup>3</sup>	1 420 657		507	1 951 222		126
<b>Overdue derivatives</b>		994			240	
	<b>11 083 589</b>	<b>290 736</b>	<b>338 828</b>	<b>11 475 122</b>	<b>223 497</b>	<b>255 245</b>

<sup>1</sup> In the case of swaps and forwards only the asset amounts were considered.

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

<sup>3</sup> Corresponds to derivatives associated to Financial liabilities relating to transferred assets (Note 4.20).

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

	30 Sep. 14			31 Dec. 13 Proforma		
	Notional value <sup>1</sup>	Book value		Notional value <sup>1</sup>	Book value	
		Assets	Liabilities		Assets	Liabilities
<b>Interest rate contracts</b>						
Futures	144 038	26	171	172 541	51	29
Swaps	12 992 482	148 392	305 014	15 187 052	169 642	518 152
<b>Contracts over shares</b>						
Swaps	360 748	369	11 660	204 758	146	6 124
<b>Contracts over credit events</b>						
Swaps				9 240	33	
<b>Contracts over other underlying items</b>						
Swaps	12 758	651	190	12 758	334	316
<b>Other</b>						
Options <sup>2</sup>				570 583	23 837	23 837
	<b>13 510 026</b>	<b>149 438</b>	<b>317 035</b>	<b>16 156 932</b>	<b>194 043</b>	<b>548 458</b>

<sup>1</sup> In the case of swaps and forwards only the asset amounts were considered.

<sup>2</sup> 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:

	30 Sep. 14	31 Dec. 13 Proforma
<b>Debt instruments</b>		
Bonds issued by Portuguese government entities	3 265 186	5 163 311
Bonds issued by foreign government entities	3 252 678	3 341 475
Bonds issued by other Portuguese entities		
Non-subordinated debt	498	477
Bonds issued by other foreign entities		
Non-subordinated debt	149 763	149 002
Subordinated debt	484 839	644 639
	<b>7 152 964</b>	<b>9 298 904</b>
<b>Equity instruments</b>		
Shares issued by Portuguese entities	72 824	72 494
Impairment	( 28 323)	( 27 997)
Quotas	45 042	44 971
Shares issued by foreign entities	38 766	32 570
Impairment	( 18 178)	( 18 108)
	<b>110 131</b>	<b>103 930</b>
<b>Other securities</b>		
Participating units issued by Portuguese entities	226 055	236 099
Impairment	( 26 140)	( 18 188)
Participating units issued by foreign entities	3 308	2 122
	<b>203 223</b>	<b>220 033</b>
<b>Loans and other receivables</b>	22 430	22 119
Impairment	( 21 013)	( 20 743)
	<b>1 417</b>	<b>1 376</b>
Overdue securities	1 045	1 635
Impairment	( 1 045)	( 1 635)
	<b>7 467 735</b>	<b>9 624 243</b>

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 nine months of 2014 and 2013 are presented in Note 4.21.



#### 4.6. Loans and advances to credit institutions

This caption is made up as follows:

	30 Sep. 14	31 Dec. 13 Proforma
Loans and advances to other Portuguese credit institutions		
Deposits	417 469	346 060
Other loans	78 800	59 100
Securities purchased with resale agreements	199 800	4 670
Other advances	11 551	9 491
Accrued interest	1 446	843
	<b>709 066</b>	<b>420 164</b>
Loans and advances to other foreign Central Banks	320 639	327 540
Loans and advances to other foreign credit institutions		
Very short term loans and advances	445 555	309 416
Deposits	311 054	105 131
Loans	44	44
Securities purchased with resale agreements	16 836	28 881
Other loans and advances	517 823	693 730
Accrued interest	4 243	1 187
	<b>1 616 194</b>	<b>1 465 929</b>
Commission relating to amortised cost (net)	( 40)	( 21)
	<b>2 325 220</b>	<b>1 886 072</b>
Impairment	( 3)	( 2)
	<b>2 325 217</b>	<b>1 886 070</b>

The changes in impairment losses and provisions in the first nine months of 2014 and 2013 are presented in Note 4.21.

#### 4.7. Loans and advances to customers

This caption is made up as follows:

	30 Sep. 14	31 Dec. 13 Proforma
<b>Loans</b>		
Domestic loans		
Companies		
Discount	103 012	91 484
Loans	4 682 329	5 123 437
Commercial lines of credit	806 071	852 796
Demand deposits - overdrafts	140 959	134 342
Invoices received - factoring	326 070	375 189
Finance leasing	228 556	215 594
Real estate leasing	347 637	373 626
Other loans	19 201	18 328
Loans to individuals		
Housing	11 127 285	11 390 108
Consumer	663 326	717 098
Other loans	475 273	498 513
Foreign loans		
Companies		
Discount	295	622
Loans	2 756 517	2 245 142
Commercial lines of credit	309 343	144 305
Demand deposits - overdrafts	8 926	22 259
Invoices received - factoring		826
Finance leasing	424	171
Real estate leasing	671	884
Other loans	272 688	301 621
Loans to individuals		
Housing	104 480	210 177
Consumer	257 634	223 910
Other loans	89 819	87 326
Accrued interest	81 097	63 544
	<b>22 801 613</b>	<b>23 091 302</b>
<b>Securities</b>		
Issued by Portuguese government entities	99 978	99 963
Issued by other Portuguese entities		
Non subordinated debt securities		
Bonds	1 330 033	1 267 965
Commercial paper	888 010	986 755
Issued by foreign government entities	11 800	
Issued by other foreign entities		
Non subordinated debt securities		
Bonds	468 808	374 443
Subordinated debt	24 720	24 720
Accrued interest	22 699	19 213
Deferred interest	( 512)	( 911)
	<b>2 845 536</b>	<b>2 772 148</b>
Correction of the amount of hedged assets	42 073	33 922
Commission relating to amortised cost (net)	2 660	2 467
	<b>25 691 882</b>	<b>25 899 839</b>
Overdue loans and interest	1 049 335	997 229
Loan impairment	(1 042 389)	( 931 935)
	<b>25 698 828</b>	<b>25 965 133</b>

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

	30 Sep. 14	31 Dec. 13 Proforma
Non-derecognised securitised assets <sup>1</sup>		
Loans		
Housing	4 432 976	4 618 430
Loans to SME's	3 222 869	3 101 221
Accrued interest	19 901	18 500
	<b>7 675 746</b>	<b>7 738 151</b>

<sup>1</sup> 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 4.20).

At September 30, 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 4.19), namely:

- 5 765 125 t. euro and 5 729 852 t. euro, respectively, allocated as collateral to mortgage bonds,
- 688 144 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:

	30 Sep. 14	31 Dec. 13 Proforma
Debt instruments		
Issued by Portuguese government entities	99 978	99 963
Issued by other Portuguese entities	1 472 121	1 238 859
Issued by other foreign entities	473 883	377 812
	<b>2 045 982</b>	<b>1 716 634</b>

The changes in impairment losses and provisions in the first nine months of 2014 and 2013 are presented in Note 4.21.

#### 4.8 Held to maturity investments

This caption is made up as follows:

	30 Sep. 14	31 Dec. 13 Proforma
<b>Debt Instruments</b>		
Bonds issued by other Portuguese entities		
Non-subordinated debt	1 184	24 457
Bonds issued by foreign government entities	59 986	59 965
Bonds issued by other foreign entities		
Non-subordinated debt	40 041	49 980
Subordinated debt	1 900	1 900
Accrued interest	586	575
	<b>103 697</b>	<b>136 877</b>

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

#### 4.9 Investment properties

The caption Investment property refers to properties held by the fund Imofomento – Fundo de Investimento Imobiliário Aberto which is consolidated in accordance with the full consolidation method.

The changes in this caption in the first nine months of 2014 and 2013 were as follows:

	30 Sep. 14	30 Sep. 13 Proforma
<b>Balance at the beginning of the period (Dec 31)</b>		
Cost	168 087	170 222
Revaluations	( 3 138)	( 615)
Net value	164 949	169 607
<b>Acquisitions</b>	508	13
<b>Sales and write-offs</b>		
Cost	7 324	684
Revaluations	( 577)	( 81)
<b>Revaluations</b>	( 2 028)	( 1 533)
<b>Balance at the end of the period (Sep. 30)</b>		
Cost	161 271	169 551
Revaluations	( 5 743)	( 2 229)
Net value	<b>155 528</b>	<b>167 322</b>

The impact of the revaluation to fair value of the investment properties is recorded in the statement of income caption "Net operating income and expenses" (Note 4.39).

#### 4.10. Other tangible assets

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

	Gross						Depreciation						Net	Net
	Balance at Dec. 31, 13 Proforma	Purcha-ses	Sales and write-offs	Transfers and others	Foreign exchange differen-ces	Balance at Sep. 30, 14	Balance at Dec. 31, 13 Proforma	Depreciation for the period	Sales and write-offs	Transfers and others	Foreign exchange differen-ces	Balance at Sep. 30, 14	Balance at Sep. 30, 14	Balance at Dec. 31, 13 Proforma
Property														
Property for own use	138 126	1 020	( 248)	2 174	7 729	148 801	28 082	1 972		( 14)	901	30 941	117 860	110 044
Other property	104		( 91)			13	36		( 34)			2	11	68
Leasehold improvements	110 139	119	( 2 686)	2 303	3 232	113 107	96 484	1 900	( 2 347)	( 214)	2 238	98 061	15 046	13 655
	<b>248 369</b>	<b>1 139</b>	<b>( 3 025)</b>	<b>4 477</b>	<b>10 961</b>	<b>261 921</b>	<b>124 602</b>	<b>3 872</b>	<b>( 2 381)</b>	<b>( 228)</b>	<b>3 139</b>	<b>129 004</b>	<b>132 917</b>	<b>123 767</b>
Equipment														
Furniture and fixtures	52 820	567	( 3 324)	45	958	51 066	45 141	1 335	( 3 276)	( 3)	510	43 707	7 359	7 679
Machinery and tools	14 056	475	( 1 146)	2	319	13 706	12 447	430	( 1 141)	( 13)	210	11 933	1 773	1 609
Computer hardware	185 432	4 179	( 4 975)	1 050	2 178	187 864	175 381	4 823	( 4 962)	7	1 762	177 011	10 853	10 051
Interior installations	155 561	981	( 16 718)	472	675	140 971	121 952	6 179	( 15 055)	( 44)	318	113 350	27 621	33 609
Vehicles	11 722	1 004	( 869)	46	811	12 714	8 327	1 509	( 814)	138	609	9 769	2 945	3 395
Security equipment	26 907	423	( 474)	81	387	27 324	23 363	744	( 465)	( 212)	198	23 628	3 696	3 544
Other equipment	583	1	( 2)		38	620	139	4		( 1)	4	146	474	444
	<b>447 081</b>	<b>7 630</b>	<b>( 27 508)</b>	<b>1 696</b>	<b>5 366</b>	<b>434 265</b>	<b>386 750</b>	<b>15 024</b>	<b>( 25 713)</b>	<b>( 128)</b>	<b>3 611</b>	<b>379 544</b>	<b>54 721</b>	<b>60 331</b>
Tangible assets in progress	10 674	7 770		( 7 094)	433	11 783							11 783	10 674
Other tangible assets	12 570	10	( 280)	( 36)		12 264	10 005	139	( 249)	( 42)		9 853	2 411	2 565
	<b>23 244</b>	<b>7 780</b>	<b>( 280)</b>	<b>( 7 130)</b>	<b>433</b>	<b>24 047</b>	<b>10 005</b>	<b>139</b>	<b>( 249)</b>	<b>( 42)</b>		<b>9 853</b>	<b>14 194</b>	<b>13 239</b>
	<b>718 694</b>	<b>16 549</b>	<b>( 30 813)</b>	<b>( 957)</b>	<b>16 760</b>	<b>720 233</b>	<b>521 357</b>	<b>19 035</b>	<b>( 28 343)</b>	<b>( 398)</b>	<b>6 750</b>	<b>518 401</b>	<b>201 832</b>	<b>197 337</b>

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

	Gross						Depreciation					Net	Net
	Balance at Dec. 31, 12 Proforma	Purcha- ses	Sales and write- offs	Transfers and others	Foreign exchange differen- ces	Balance at Sep. 30, 13 Proforma	Balance at Dec. 31, 12 Proforma	Depreciation for the period	Sales and write-offs	Foreign exchange differen- ces	Balance at Sep. 30, 13 Proforma	Balance at Sep. 30, 13 Proforma	Balance at Dec. 31, 12 Proforma
Property													
Property for own use	136 800	436	( 143)	3 220	( 4 017)	136 296	26 172	1 921	( 40)	( 419)	27 634	108 662	110 628
Other property	104					104	35	1			36	68	69
Leasehold improvements	112 360	605	( 1 725)	2 346	( 1 760)	111 826	97 543	1 793	( 1 540)	( 1 178)	96 618	15 208	14 817
	<b>249 264</b>	<b>1 041</b>	<b>( 1 868)</b>	<b>5 566</b>	<b>( 5 777)</b>	<b>248 226</b>	<b>123 750</b>	<b>3 715</b>	<b>( 1 580)</b>	<b>( 1 597)</b>	<b>124 288</b>	<b>123 938</b>	<b>125 514</b>
Equipment													
Furniture and fixtures	52 835	888	( 352)	95	( 529)	52 937	44 001	1 431	( 346)	( 254)	44 832	8 105	8 834
Machinery and tools	14 203	515	( 352)	( 16)	( 167)	14 183	12 405	479	( 351)	( 102)	12 431	1 752	1 798
Computer hardware	187 920	2 774	( 3 091)	1 150	( 1 048)	187 705	178 735	5 196	( 3 074)	( 855)	180 002	7 703	9 185
Interior installations	160 475	1 139	( 4 681)	160	( 350)	156 743	116 553	7 651	( 2 522)	( 160)	121 522	35 221	43 922
Vehicles	10 758	1 330	( 511)	214	( 415)	11 376	7 301	1 503	( 476)	( 286)	8 042	3 334	3 457
Security equipment	27 692	482	( 185)	( 1 078)	( 191)	26 720	22 704	803	( 168)	( 100)	23 239	3 481	4 988
Other equipment	620	3		( 8)	( 22)	593	133	5			138	455	487
	<b>454 503</b>	<b>7 131</b>	<b>( 9 172)</b>	<b>517</b>	<b>( 2 722)</b>	<b>450 257</b>	<b>381 832</b>	<b>17 068</b>	<b>( 6 937)</b>	<b>( 1 757)</b>	<b>390 206</b>	<b>60 051</b>	<b>72 671</b>
Tangible assets in progress	9 624	6 128		( 6 418)	( 208)	9 126						9 126	9 624
Other tangible assets	12 991	2	( 251)			12 742	10 111	181	( 191)		10 101	2 641	2 880
	<b>22 615</b>	<b>6 130</b>	<b>( 251)</b>	<b>( 6 418)</b>	<b>( 208)</b>	<b>21 868</b>	<b>10 111</b>	<b>181</b>	<b>( 191)</b>		<b>10 101</b>	<b>11 767</b>	<b>12 504</b>
	<b>726 382</b>	<b>14 302</b>	<b>( 11 291)</b>	<b>( 335)</b>	<b>( 8 707)</b>	<b>720 351</b>	<b>515 693</b>	<b>20 964</b>	<b>( 8 708)</b>	<b>( 3 354)</b>	<b>524 595</b>	<b>195 756</b>	<b>210 689</b>

#### 4.11. Intangible assets

The changes in intangible assets in the first nine months of 2014 were as follows:

	Gross						Depreciation					Net	Net
	Balance at Dec. 31, 13 Proforma	Purchases	Sales and write-offs	Transfers and others	Foreign exchange differences	Balance at Sep. 30, 14	Balance at Dec. 31, 13 Proforma	Depreciation for the period	Sales and write-offs	Transfers and others	Balance at Sep. 30, 14	Balance at Sep. 30, 14	Balance at Dec. 31, 13 Proforma
Software	71 044	1 400	( 13)	6 413	537	79 381	62 581	3 768	( 14)	362	66 697	12 684	8 463
Other intangible assets	28 735		( 2 484)		112	26 363	26 063	9	( 2 485)	112	23 699	2 664	2 672
	<b>99 779</b>	<b>1 400</b>	<b>( 2 497)</b>	<b>6 413</b>	<b>649</b>	<b>105 744</b>	<b>88 644</b>	<b>3 777</b>	<b>( 2 499)</b>	<b>474</b>	<b>90 396</b>	<b>15 348</b>	<b>11 135</b>
Intangible assets in progress	8 014	2 883		( 6 439)		4 458						4 458	8 014
	<b>107 793</b>	<b>4 283</b>	<b>( 2 497)</b>	<b>( 26)</b>	<b>649</b>	<b>110 202</b>	<b>88 644</b>	<b>3 777</b>	<b>( 2 499)</b>	<b>474</b>	<b>90 396</b>	<b>19 806</b>	<b>19 149</b>

The changes in intangible assets in the first nine months of 2013 were as follows:

	Gross						Depreciation					Net	Net
	Balance at Dec. 31, 12 Proforma	Purchases	Sales and write-offs	Transfers and others	Foreign exchange differences	Balance at Sep. 30, 13 Proforma	Balance at Dec. 31, 12 Proforma	Depreciation for the period	Sales and write-offs	Transfers and others	Foreign exchange differences	Balance at Sep. 30, 13 Proforma	Balance at Dec. 31, 12 Proforma
Software	65 116	1 359		1 140	( 232)	67 383	59 089	2 728		( 144)	61 673	5 710	6 027
Other intangible assets	30 144		( 1 002)		( 62)	29 080	27 460	9	( 1 002)	( 61)	26 406	2 674	2 684
	<b>95 260</b>	<b>1 359</b>	<b>( 1 002)</b>	<b>1 140</b>	<b>( 294)</b>	<b>96 463</b>	<b>86 549</b>	<b>2 737</b>	<b>( 1 002)</b>	<b>( 205)</b>	<b>88 079</b>	<b>8 384</b>	<b>8 711</b>
Intangible assets in progress	5 306	3 013		( 1 841)		6 478						6 478	5 306
	<b>100 566</b>	<b>4 372</b>	<b>( 1 002)</b>	<b>( 701)</b>	<b>( 294)</b>	<b>102 941</b>	<b>86 549</b>	<b>2 737</b>	<b>( 1 002)</b>	<b>( 205)</b>	<b>88 079</b>	<b>14 862</b>	<b>14 017</b>

#### 4.12. 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	
	30 Sep. 14	31 Dec. 13 Proforma	30 Sep. 14	31 Dec. 13 Proforma
Banco Comercial e de Investimentos, S.A.R.L.	30.0	30.0	51 439	44 967
Companhia de Seguros Allianz Portugal, S.A.	35.0	35.0	104 992	95 875
Cosec – Companhia de Seguros de Crédito, S.A.	50.0	50.0	28 090	27 935
Finangeste – Empresa Financeira de Gestão e Desenvolvimento, S.A.	32.8	32.8	20 348	20 507
Inter-Risco - Sociedade de Capital de Risco, S.A.	49.0	49.0	840	669
Unicre - Instituição Financeira de Crédito, S.A.	21.0	21.0	34 149	32 039
			<b>239 858</b>	<b>221 992</b>

#### 4.13. Tax assets

This caption is made up as follows:

	30 Sep. 14	31 Dec. 13 Proforma
<b>Current tax assets</b>		
Corporate income tax recoverable	17 885	20 234
Others	2 099	2 003
	<b>19 984</b>	<b>22 237</b>
<b>Deferred tax assets</b>		
Due to temporary differences	319 306	430 568
Due to tax losses carried forward	119 804	86 887
	<b>439 110</b>	<b>517 455</b>
	<b>459 094</b>	<b>539 692</b>

Details of deferred tax assets are presented in Note 4.42.



#### 4.14. Other assets

This caption is made up as follows:

	30 Sep. 14	31 Dec. 13 Proforma
<b>Debtors, other applications and other assets</b>		
Debtors for future operations	4 938	11 609
Collateral accounts	7 337	5 289
Other applications	9 302	12 592
VAT recoverable	1 925	173
Debtors for loan interest subsidy receivable	4 883	5 429
Other debtors	95 028	87 792
Overdue debtors and other applications	392	571
Impairments for debtors and other applications	( 2 159)	( 982)
<b>Other assets</b>		
Gold	58	51
Other available funds and other assets	367	807
	122 071	123 331
<b>Tangible assets available for sale</b>	184 132	174 361
Impairment	( 34 526)	( 35 781)
	149 606	138 580
<b>Accrued income</b>		
For irrevocable commitments assumed in relation to third parties	266	263
For banking services rendered to third parties	3 118	2 352
Other accrued income	24 019	31 551
	27 403	34 166
<b>Deferred expenses</b>		
Insurance	85	14
Rent	3 658	3 456
Contributions to the Deposit Guarantee Fund (Note 4.39)	675	
Initial contribution to the Resolution Fund (Note 4.39)	677	
Extraordinary contribution of the Banking System	3 875	
Other deferred expenses	13 029	8 459
	21 999	11 929
<b>Liability for pensions and other benefits</b>		
Pension Fund Asset Value		
Pensioners and employees	1 178 887	1 129 067
Directors	39 030	35 262
Past Service Liabilities		
Pensioners and employees	(1 133 957)	(1 082 369)
Directors	( 41 818)	( 39 137)
Others	( 1 464)	( 1 143)
	40 678	41 680
<b>Other accounts</b>		
Foreign exchange transactions pending settlement	59 354	
Stock exchange transactions pending settlement	178 374	6 837
Operations on assets pending settlement	223 398	354 523
	461 126	361 360
	<b>822 883</b>	<b>711 046</b>

The caption "Other debtors" at September 30, 2014 and December 31, 2013 includes 79 472 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 nine months of 2014 were as follows:

	Balance at 31 Dec. 13 Proforma			Aquisi- tions and transfers	Sales and write- offs		Increase / Reversals of impairment	Foreign exchan- ge diffe- rences	Balance at 30 Sep. 14		
	Gross	Impair- ment	Net		Gross	Impair- ment			Gross	Impair- ment	Net
<b>Assets received in settlement of defaulting loans</b>											
Real estate	168 251	( 33 214)	135 037	35 575	( 25 487)	3 109	( 2 352)	147	178 486	( 32 457)	146 029
Equipment	2 129	( 1 308)	821	1 400	( 2 431)	552	12	13	1 111	( 744)	367
Others	61	( 61)							61	( 61)	
<b>Other tangible assets</b>											
Real estate	3 920	( 1 198)	2 722	554			( 66)		4 474	( 1 264)	3 210
	<b>174 361</b>	<b>( 35 781)</b>	<b>138 580</b>	<b>37 529</b>	<b>( 27 918)</b>	<b>3 661</b>	<b>( 2 406)</b>	<b>160</b>	<b>184 132</b>	<b>( 34 526)</b>	<b>149 606</b>

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

	Balance at 31 Dec. 12			Aquisi- tions and transfers	Sales and write- offs		Increase / Reversals of impairment	Foreign exchan- ge diffe- rences	Balance at 31 Sep. 13 proforma		
	Gross	Impair- ment	Net		Gross	Impair- ment			Gross	Impair- ment	Net
<b>Assets received in settlement of defaulting loans</b>											
Real estate	162 320	( 63 418)	98 902	33 635	( 21 308)	3 017	( 13 320)	( 44)	174 603	( 73 721)	100 882
Equipment	2 701	( 1 025)	1 676	2 147	( 3 062)	265	( 217)	( 5)	1 781	( 977)	804
Others	61	( 61)							61	( 61)	
<b>Other tangible assets</b>											
Real estate	4 315	( 203)	4 112		( 395)	197	( 1 175)		3 920	( 1 181)	2 739
	<b>169 397</b>	<b>( 64 707)</b>	<b>104 690</b>	<b>35 782</b>	<b>( 24 765)</b>	<b>3 479</b>	<b>( 14 712)</b>	<b>( 49)</b>	<b>180 365</b>	<b>( 75 940)</b>	<b>104 425</b>

The caption "Other accrued income" at September 30, 2014 and December 31, 2013 includes 14 775 t. euro and 19 380 t. euro, respectively, relating to accrued commission from participation on the results of insurance products.

At September 30, 2014 and December 31, 2013 the caption "Past service liabilities – Others" corresponded to the liability of Banco de Fomento Angola in accordance with Law 18/90 of Angola, regarding the Angola Social Security system, which defines that retirement pensions must be granted to all Angolan employees enrolled in the Social Security.

At September 30, 2014 and December 31, 2013 the balance of the caption asset operations pending adjustment includes:

- 162 418 t. euro and 282 640 t. euro, respectively, relating to securitisation operations carried out by the BPI Group (Notes 4.7 and 4.20), resulting from temporary differences between settlement of the securitised loans and settlement of the liability for assets not derecognised;
- 28 201 t. euro and 32 576 t. euro, respectively, relating to taxes to be settled, of which 6 849 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 September 30, 2014 and December 31, 2013 also includes 19 916 t. euro and 19 921 t. euro, respectively, relating to taxes in litigation paid under Decree-Law 151-A / 13 of October 31;
- 6 595 t. euro and 9 669 t. euro, respectively, relating to housing loans pending settlement;

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

The changes in impairment losses and provisions in the first nine months of 2014 and 2013 are shown in Note 4.21.

#### 4.15. Resources of Central Banks

This caption is made up as follows:

	30 Sep. 14	31 Dec. 13 Proforma
Resources of the Bank of Portugal		
Deposits	1 500 000	4 073 961
Accrued interest	21 644	55 501
Resources of other Central Banks		
Deposits	10 727	10 579
Accrued interest	6	27
	<b>1 532 377</b>	<b>4 140 068</b>

During the first nine months of 2014 and in 2013, Banco BPI took funds from the EuroSystem, using part of its portfolio of eligible assets for this purpose (Note 4.32).

#### 4.16. Financial liabilities held for trading

This caption is made up as follows:

	30 Sep. 14	31 Dec. 13 Proforma
<b>Short selling</b>		
Debt instruments		
Bonds issued by foreign government entities	3 392	
<b>Derivative instruments with negative fair value (Note 4.4)</b>	338 828	255 245
	<b>342 220</b>	<b>255 245</b>

#### 4.17. Resources of other credit institutions

This caption is made up as follows:

	30 Sep. 14	31 Dec. 13 Proforma
<b>Resources of Portuguese credit institutions</b>		
Very short term resources	46 730	
Deposits	388 924	152 118
Loans	60	
Other resources	6 435	6 061
Accrued interest	1 158	699
	<b>443 307</b>	<b>158 878</b>
<b>Resources of foreign credit institutions</b>		
Deposits of international financial organisations	410 726	163 332
Very short term resources	878	924
Deposits	199 290	159 683
Debt securities sold with repurchase agreements	454 548	865 667
Other resources	128 520	96 201
Accrued interest	1 342	1 195
	<b>1 195 304</b>	<b>1 287 002</b>
Correction of the amount of hedged liabilities	12 226	7 444
Commission relating to amortised cost		( 75)
	<b>1 650 837</b>	<b>1 453 249</b>

#### 4.18. Resources of customers and other debts

This caption is made up as follows:

	30 Sep. 14	31 Dec. 13 Proforma
Demand deposits	9 521 944	8 048 458
Term deposits	16 256 452	16 371 658
Savings deposits	84 816	117 349
Compulsory deposits	7 542	6 795
Cheques and orders payable	52 649	60 662
Debt securities sold with repurchase agreements	67 996	106 798
Other resources of customers	46 532	50 015
Minority interests in investment funds		
BPI Alternative Fund (Lux)	73 581	18 923
BPI Obrigações Mundiais	9 060	6 678
Imofomento	91 352	102 749
Capitalisation insurance products - Unit links	731 501	430 206
Capitalisation insurance products - Guaranteed Rate and Guaranteed Retirement	69 123	85 782
Accrued interest	209 068	185 445
	<b>27 221 616</b>	<b>25 591 518</b>
Correction of the amount of hedged liabilities	49 136	25 973
Commission relating to amortised cost (net)		( 3)
	<b>27 270 752</b>	<b>25 617 488</b>

The caption "Resources of customers" at September 30, 2014 included 270 765 t. euro and 185 288 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).

#### 4.19. Debt securities

This caption is made up as follows:

	30 Sep. 14				31 Dec. 13 Proforma			
	Issued	Repurcha- sed	Balance	Average interest rate	Issued	Repurcha- sed	Balance	Average interest rate
<b>Commercial Paper</b>								
EUR	11 346		11 346	1.3%				
	<b>11 346</b>		<b>11 346</b>					
<b>Covered Bonds</b>								
EUR	4 325 000	(2 807 100)	1 517 900	1.6%	4 325 000	(2 805 600)	1 519 400	1.6%
	<b>4 325 000</b>	<b>(2 807 100)</b>	<b>1 517 900</b>		<b>4 325 000</b>	<b>(2 805 600)</b>	<b>1 519 400</b>	
<b>Fixed rate cash bonds</b>								
EUR	505 201	( 90 719)	414 482	3.6%	842 580	( 201 091)	641 489	4.2%
USD					11 333	( 2 871)	8 462	3.4%
JPY					27 640		27 640	2.5%
	<b>505 201</b>	<b>( 90 719)</b>	<b>414 482</b>		<b>881 553</b>	<b>( 203 962)</b>	<b>677 591</b>	
<b>Variable rate cash bonds</b>								
EUR	30 000	( 19 401)	10 599	1.4%	142 000	( 42 000)	100 000	0.9%
	<b>30 000</b>	<b>( 19 401)</b>	<b>10 599</b>		<b>142 000</b>	<b>( 42 000)</b>	<b>100 000</b>	
<b>Variable income cash bonds</b>								
EUR	277 490	( 53 339)	224 151		295 866	( 87 127)	208 739	
USD	59 266	( 10 228)	49 038		31 343	( 8 513)	22 830	
	<b>336 756</b>	<b>( 63 567)</b>	<b>273 189</b>		<b>327 209</b>	<b>( 95 640)</b>	<b>231 569</b>	
	<b>5 208 303</b>	<b>(2 980 787)</b>	<b>2 227 516</b>		<b>5 675 762</b>	<b>(3 147 202)</b>	<b>2 528 560</b>	
Accrued interest			24 803				33 430	
Correction of the amount of hedged liabilities			15 783				45 031	
Premiums and commission (net)			( 9 374)				( 8 566)	
			<b>31 212</b>				<b>69 895</b>	
			<b>2 258 728</b>				<b>2 598 455</b>	

The changes in the bonds issued by the BPI Group during the first nine months of 2014 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		116 915	30 000	162 862	321 123
Bonds redeemed			( 493 267)	( 142 000)	( 155 628)	( 790 895)
Repurchases (net of resales)		( 1 500)	113 243	22 599	32 890	167 232
Exchange difference					1 496	1 496
Balance at September 30, 2014	11 346	1 517 900	414 482	10 599	273 189	2 227 516

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 September 30, 2014, by maturity date, are as follows:

	Maturity					Total
	2014	2015	2016	2017-2020	> 2020	
<b>Commercial Paper</b>						
EUR		11 346				11 346
		11 346				11 346
<b>Covered Bonds</b>						
EUR		792 900	325 000	400 000		1 517 900
		792 900	325 000	400 000		1 517 900
<b>Fixed rate bonds</b>						
EUR	26 882	142 367	224 855	378	20 000	414 482
	26 882	142 367	224 855	378	20 000	414 482
<b>Variable rate bonds</b>						
EUR			10 599			10 599
			10 599			10 599
<b>Variable income bonds</b>						
EUR	50 261	24 581	30 659	118 650		224 151
USD		11 329	10 498	27 211		49 038
	50 261	35 910	41 157	145 861		273 189
Total	77 143	982 523	601 611	546 239	20 000	2 227 516

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

	Maturity					Total
	2014	2015	2016	2017-2020	> 2020	
<b>Covered Bonds</b>						
EUR		794 400	325 000	400 000		1 519 400
		794 400	325 000	400 000		1 519 400
<b>Fixed rate bonds</b>						
EUR	364 879	146 191	109 999	420	20 000	641 489
USD	8 462					8 462
JPY					27 640	27 640
	373 341	146 191	109 999	420	47 640	677 591
<b>Variable rate bonds</b>						
EUR	100 000					100 000
	100 000					100 000
<b>Variable income bonds</b>						
EUR	118 203	14 122	75 784	630		208 739
USD		5 989	16 841			22 830
	118 203	20 111	92 625	630		231 569
<b>Total</b>	<b>591 544</b>	<b>960 702</b>	<b>527 624</b>	<b>401 050</b>	<b>47 640</b>	<b>2 528 560</b>

#### 4.20. Financial liabilities relating to transferred assets

This caption is made up as follows:

	30 Sep. 14	31 Dec. 13 Proforma
<b>Liabilities relating to assets not derecognised in securitisation operations (Note 4.7)</b>		
Loans		
Housing loans	4 597 342	4 787 212
Loans to SME's	3 365 200	3 339 300
Liabilities held by the BPI Group	(6 829 633)	(6 738 114)
Accrued costs	1 569	1 457
Commission relating to amortised cost (net)	( 2 170)	( 2 559)
	<b>1 132 308</b>	<b>1 387 296</b>

#### 4.21. Provisions and impairment losses

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

	Balance at Dec. 31, 13	Increases	Decreases and reversals	Utilisation	Exchange differences and others	Balance at Sep. 30 14
<b>Impairment losses on loans and advances to credit institutions (Note 4.6)</b>	2	1				3
<b>Impairment losses on loans and advances to customers (Note 4.7)</b>	931 935	165 303	( 11 041)	( 49 757)	5 949	1 042 389
<b>Impairment losses on financial assets available for sale (Note 4.5)</b>						
Debt instruments	1 635			( 590)		1 045
Equity instruments	46 105	326			70	46 501
Other securitites	18 188	7 952				26 140
Loans and other receivables	20 743	270				21 013
<b>Impairment losses on other assets</b>						
Tangible assets held for sale	35 781	2 906	( 500)	( 3 661)		34 526
Debtors, other applications and other assets	982	1 914	( 672)	( 65)		2 159
<b>Impairment losses and provisions for guarantees and commitments</b>	46 766	2 603	( 12 289)		378	37 458
<b>Other provisions</b>	77 272	6 982	( 2 941)	( 14 661)	1 369	68 021
	<b>1 179 409</b>	<b>188 257</b>	<b>( 27 443)</b>	<b>( 68 734)</b>	<b>7 766</b>	<b>1 279 255</b>

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

	Balance at Dec. 31, 12	Increases	Decreases and reversals	Utilisation	Exchange differences and others	Balance at Sep. 30 13
<b>Impairment losses on loans and advances to credit institutions</b>	952		( 538)	( 394)	( 18)	2
<b>Impairment losses on loans and advances to customers</b>	783 157	192 287	( 7 026)	( 63 799)	( 2 565)	902 054
<b>Impairment losses on financial assets available for sale</b>						
Debt instruments	2 588	21	( 996)	( 526)	1 035	2 122
Equity instruments	46 089	52		( 46)	( 17)	46 078
Other securitites	15 068	4 039				19 107
Loans and other receivables	19 976	1 315		( 31)	( 1 035)	20 225
<b>Impairment losses on other assets</b>						
Tangible assets held for sale	64 707	22 412	( 7 700)	( 3 479)		75 940
Debtors, other applications and other assets	1 317	377	( 746)			948
<b>Impairment losses and provisions for guarantees and commitments</b>	48 106		( 2 788)		( 50)	45 268
<b>Other provisions</b>	90 392	4 151	( 2 966)	( 20 898)	8 166	78 845
	<b>1 072 352</b>	<b>224 654</b>	<b>( 22 760)</b>	<b>( 89 173)</b>	<b>5 516</b>	<b>1 190 589</b>



#### 4.22. Technical provisions

This caption is made up as follows:

	30 Sep. 14	31 Dec. 13 Proforma
Immediate Life Annuity / Individual	4	5
Immediate Life Annuity / Group	24	26
Family Savings	9	26
BPI New Family Savings	2 217 022	1 481 043
BPI Retirement Guaranteed	151 021	143 920
BPI Retirement Savings	980 677	892 927
BPI Non Resident Savings	310 414	162 780
Planor	5 418	5 333
PPR BBI Life	2 253	2 542
Savings Investment Plan / Youths	988	1 080
South PPR	63	86
	<b>3 667 893</b>	<b>2 689 768</b>

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
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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.

#### 4.23. Tax liabilities

This caption is made up as follows:

	30 Sep. 14	31 Dec. 13 Proforma
<b>Current Tax Liability</b>		
Corporate income tax payable	23 565	19 532
Other	215	202
	<b>23 780</b>	<b>19 734</b>
<b>Deferred Tax Liability</b>		
On temporary differences	34 290	37 977
	<b>34 290</b>	<b>37 977</b>
	<b>58 070</b>	<b>57 711</b>

Details of the deferred tax liability are presented in Note 4.42.

#### 4.24. Contingent convertible subordinated bonds

In the first half of 2014 Banco BPI repaid the total amount of the contingent convertible subordinated bonds issued on June 29, 2012 under the Recapitalisation Plan.

At December 31, 2013 this caption was made up as follows:

	31 Dec. 13 Proforma			Average interest rate
	Issued	Repurcha- sed	Balance	
<b>Contingent convertible subordinated bonds</b>				
EUR	1 200 000	( 280 000)	920 000	8.8%
	<b>1 200 000</b>	<b>( 280 000)</b>	<b>920 000</b>	
Accrued interest			433	
			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, included:

- a share capital increase of 200 000 t. euro, with shareholders' pre-emptive 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 were 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 as from the date of issue, and the Recapitalisation Plan of the Bank established 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. 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 that date the Bank has fully repaid the contingent convertible subordinated bonds, as follows:

- 100 000 t. euro on December 4, 2012;
- 200 000 t. euro on March 13, 2013;
- 80 000 t. euro on July 16, 2013;
- 500 000 t. euro on March 19, 2014;
- 420 000 t. euro on June 25, 2014.

The contingent convertible subordinated bonds bore 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 were 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 were 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.

Should the conversion into Banco BPI shares referred to above have occurred, it would have been 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 did not occur because, as mentioned above, in August, 2012, 200 000 t.euro of these instruments were repurchased, reducing the amount on that date to 1 300 000 t.euro.

#### 4.25. Other Subordinated debt and participating bonds

This caption is made up as follows:

	30 Sep. 14				31 Dec. 13 Proforma			
	Issued	Repurcha- sed	Balance	Average interest rate	Issued	Repurcha- sed	Balance	Average interest rate
<b>Other subordinated debt</b>								
<b>Perpetual bonds</b>								
EUR	420 000	( 360 000)	60 000	2.5%	420 000	( 360 000)	60 000	2.5%
JPY					51 824	( 51 824)		2.9%
	<b>420 000</b>	<b>( 360 000)</b>	<b>60 000</b>		<b>471 824</b>	<b>( 411 824)</b>	<b>60 000</b>	
<b>Other Bonds</b>								
EUR	400 000	( 391 293)	8 707	1.6%	400 000	( 327 025)	72 975	1.8%
JPY					120 923	( 120 923)		2.8%
	<b>400 000</b>	<b>( 391 293)</b>	<b>8 707</b>		<b>520 923</b>	<b>( 447 948)</b>	<b>72 975</b>	
	<b>820 000</b>	<b>( 751 293)</b>	<b>68 707</b>		<b>992 747</b>	<b>( 859 772)</b>	<b>132 975</b>	
<b>Participating bonds</b>								
EUR	28 081	( 27 341)	740	0.8%	28 081	( 24 285)	3 796	0.8%
	<b>28 081</b>	<b>( 27 341)</b>	<b>740</b>		<b>28 081</b>	<b>( 24 285)</b>	<b>3 796</b>	
Accrued interest			81				160	
			81				160	
			69 528				136 931	

The changes in debt issued by the BPI Group during the first nine months 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
Bonds redeemed	( 51 824)	( 120 923)		( 172 747)
Repurchases (net of resales)	51 824	56 655	( 3 056)	105 423
Balance at September 30, 2014	60 000	8 707	740	69 447

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

	Perpetual bonds	Other bonds	Participating bonds	Total
Balance at December 31, 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 September 30, 2014 is made up as follows, by residual term to maturity:

	Maturity					Total
	2014	2015	2016	2017-2020	> 2020	
<b>Perpetual Bonds</b>						
EUR <sup>1</sup>	60 000					60 000
<b>Other Bonds</b>						
EUR				8 707		8 707
Total	60 000			8 707		68 707

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:

	Maturity					Total
	2014	2015	2016	2017-2020	> 2020	
<b>Perpetual Bonds</b>						
EUR <sup>1</sup>	60 000					60 000
<b>Other Bonds</b>						
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.

#### 4.26. Other liabilities

This caption is made up as follows:

	30 Sep. 14	31 Dec. 13 Proforma
<b>Creditors and other resources</b>		
Creditors for futures operations	4 809	9 927
Consigned resources	11 960	18 672
Captive account resources	7 199	7 088
Subscription account resources		199
Guarantee account resources	10 742	10 665
State administrative sector		
Value Added Tax (VAT) payable	272	3 869
Tax withheld at source	20 141	21 170
Social Security contributions	4 901	4 696
Other	557	547
Contributions to other health systems	1 426	1 410
Creditors for factoring contracts	15 539	19 859
Creditors for the supply of assets	6 472	7 553
Contributions owed to the Pension Fund		
Pensioners and employees		2 853
Directors		2 805
Other creditors	112 568	140 345
Deferred costs	( 167)	( 89)
	196 419	251 569
<b>Accrued costs</b>		
Creditors and other resources	351	226
Personnel costs	115 202	103 928
General administrative costs	48 023	37 871
Others	5 006	2 421
	168 582	144 446
<b>Deferred income</b>		
On guarantees given and other contingent liabilities	4 089	4 637
Others	5 560	4 963
	9 649	9 600
<b>Deferred costs</b>		
Preference shares	( 450)	
	( 450)	
<b>Other accounts</b>		
Foreign exchange transactions pending settlement		6 539
Non stock exchange transactions pending settlement	52 448	3 247
Liabilities pending settlement	59 465	100 697
Other operations pending settlement	106 964	73 855
	218 877	184 338
	<b>593 077</b>	<b>589 953</b>

The caption "Non stock exchange transactions pending settlement" at September 30, 2014 and December 31, 2013 refers to the acquisition of securities only settled in the following month.

The caption "Liabilities pending settlement", at September 30, 2014 and December 31, 2013 includes:

- 7 350 t. euro and 43 310 t. euro, respectively, relating to loan securitization fund transactions;
- 4 501 t. euro and 2 572 t. euro, respectively, relating to electronic interbank transfer transactions;
- 3 166 t. euro and 12 240 t. euro, respectively, relating to ATM/POS transactions to be settled with SIBS.

The caption "Other operations pending settlement", at September 30, 2014 and December 31, 2013 includes:

- 102 914 t. euro and 84 796 t. euro, respectively, relating to transfers under SEPA (*Single Euro Payment Area*);
- 1 589 t. euro and 2 430 t. euro, respectively, relating to the settlement of payments and receipts of Leasing/ALD/Factoring operations.

#### 4.27. Share capital

At December 31, 2013 Banco BPI's share capital amounted to 1 190 000 t. euro. The Shareholders' General Meeting held on April 23, 2014 approved a proposal to increase share capital, to be paid up in kind, under a Public Exchange Offer of subordinated debt, participating bonds and preference shares for new shares of Banco BPI. The exchange operation was completed in June 2014. The nominal value of the securities subject to the offer was 127 001 t. euro, of which 115 758 t. euro accepted the exchange, which corresponds to an acceptance rate of 91%. The share capital increase included 66 924 000 new shares issued at the price of 1.54 euros, which corresponds to a share capital increase of 103 063 t. euro. Following this operation, Banco BPI's share capital was increased to 1 293 063 t. euro, represented by 1 456 924 237 ordinary, nominal dematerialized shares, of no par value.

The Shareholders' General Meeting held on April 23, 2014 granted the Board of Directors of Banco BPI authorization for the following, after obtaining all the permissions necessary considering the terms and conditions (hereinafter referred to as Terms and Conditions) of the Core Tier 1 Capital Instruments (contingent convertible subordinated bonds) subscribed for by the Portuguese State in connection with Banco BPI's recapitalization operation:

- 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;
- 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;
  - ii) the shares sold are delivered to the Portuguese State, under the terms of and pursuant to the "Alternative Interest Payment Mechanism" established in clause 6 of the Terms and Conditions;
  - or
  - iii) 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).

The purchases and sales authorized by this decision may be carried out within eighteen months from the date thereof, this permission also being applicable, with the due adaptations, to the acquisition and sale of Banco BPI shares by Banco Português de Investimento, S.A..

Without prejudice to its freedom of decision and action under the above permissions, the Board of Directors, in carrying them out, should take into account, whenever it considers it necessary based on the relevant circumstances, the requirements of Commission Regulation (EC) 2273/2003 of December 22, 2003, as well as compliance at all times with the requirements of the Terms and Conditions of clause 11.

#### 4.28. Other equity instruments and treasury shares

These captions are made up as follows:

	30 Sep. 14	31 Dec. 13 Proforma
<b>Other equity instruments</b>		
Cost of shares to be made available to Group employees		
RVA 2010		124
RVA 2011	1	1
RVA 2012	21	15
RVA 2013	515	23
RVA 2014	18	
Costs of options not exercised (premiums)		
RVA 2008		828
RVA 2009	786	806
RVA 2010	558	590
RVA 2011	51	55
RVA 2012	476	587
RVA 2013	1 330	385
RVA 2014	295	
	4 051	3 414
<b>Treasury shares</b>		
Shares to be made available to Group employees		
RVA 2010		2
RVA 2011	1	2
RVA 2012	26	26
RVA 2013	935	
Shares hedging RVA options		
RVA 2008		3 045
RVA 2009	6 242	3 147
RVA 2010	250	95
RVA 2011	2 297	2 391
RVA 2012	3 964	8 382
RVA 2013	23	
Other own shares	249	
	13 987	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.



#### 4.29. Revaluation reserves

This caption is made up as follows:

	30 Sep. 14	31 Dec. 13 Proforma
<b>Revaluation reserves</b>		
Reserves resulting from valuation to fair value of financial assets available for sale (Note 4.5):		
Debt Instruments		
Securities	164 481	( 45 822)
Hedging derivatives	( 231 717)	( 405 990)
Equity Instruments	17 449	16 691
Other	( 12 100)	( 1 751)
Reserve for foreign exchange difference on investments in foreign entities		
Subsidiary or associated companies	( 30 043)	( 57 824)
Equity instruments available for sale	( 2)	( 6)
Legal revaluation reserve	703	703
	<b>( 91 229)</b>	<b>( 493 999)</b>
<b>Deferred tax reserve</b>		
Resulting from valuation to fair value of financial assets available for sale:		
Tax assets	24 963	136 761
Tax liabilities	( 3 873)	( 5 056)
	<b>21 090</b>	<b>131 705</b>
	<b>( 70 139)</b>	<b>( 362 294)</b>

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".

#### 4.30. Other reserves and retained earnings

This caption is made up as follows:

	30 Sep. 14	31 Dec. 13 Proforma
Legal reserve	86 124	86 124
Merger reserve	( 2 463)	( 2 463)
Consolidation reserves and retained earnings	677 144	558 686
Other reserves	580 789	606 346
Actuarial deviations		
Associated with the transferred liabilities	( 193 538)	( 193 538)
Associated with the liabilities that remain with the Bank	( 78 942)	( 95 959)
Taxes related to actuarial deviations	79 052	82 998
Loss on treasury shares	( 5 293)	( 2 102)
Taxes relating to gain on treasury shares	1 854	615
	<b>1 144 727</b>	<b>1 040 707</b>

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.

In the first nine months of 2014 BPI Group recorded under the caption "Consolidation reserves and retained earnings" the amount of 9 536 t. euro corresponding to the impact, net of taxes, of the exchange of preference shares for new shares of Banco BPI (Notes 4.27 and 4.31).

This caption at September 30, 2014 also includes (3 467) t. euro relating to the revaluation of the new Banco BPI shares issued as part of the exchange operation of subordinated debt for new shares of Banco BPI (Note 4.38).

#### 4.31. Minority interests

This caption is made up as follows:

	Balance sheet		Statement of income	
	30 Sep. 14	31 Dec. 13 Proforma	30 Sep. 14	30 Sep. 13 Proforma
Minority shareholders in:				
Banco de Fomento Angola, S.A.	377 358	314 286	82 330	62 741
BPI Capital Finance Ltd	2 000	51 233	864	774
BPI (Suisse), S.A.				3
	<b>379 358</b>	<b>365 519</b>	<b>83 194</b>	<b>63 518</b>

Minority interests in BPI Capital Finance at September 30, 2014 and December 31, 2013 include 1 786 t. euro and 51 021 t. euro, respectively, relating to preference shares:

	30 Sep. 14			31 Dec. 13 Proforma		
	Issued	Repurchased	Balance	Issued	Repurchased	Balance
"C" Series Shares	250 000	( 248 214)	1 786	250 000	( 198 979)	51 021
	250 000	( 248 214)	1 786	250 000	( 198 979)	51 021

In the first nine months of 2014 Banco BPI carried out an exchange operation of preference shares for new shares of Banco BPI. The nominal value of the preference shares accepted for exchange amounted to 49 540 t. euro. Considering that the price attributed to the exchange corresponded to 75% of the nominal value, a gain net of taxes in the amount of 9 536 t. euro was obtained, which was recorded under the caption "Consolidation reserves and retained earnings" (Note 4.30).

#### 4.32. Off balance sheet items

This caption is made up as follows:

	30 Sep. 14	31 Dec. 13 Proforma
Guarantees given and other contingent liabilities		
Guarantees and sureties	1 852 584	1 832 700
Stand-by letters of credit	80 147	71 565
Documentary credits	247 091	189 201
Sureties and indemnities	118	105
Other guarantees given and other contingent liabilities	13 200	13 200
	<b>2 193 140</b>	<b>2 106 771</b>
Assets given as collateral		<b>9 841 209</b>
Commitments to third parties		
Irrevocable commitments		
Options on assets	13 722	10 359
Irrevocable credit lines	1 571	1 960
Securities subscription	230 592	326 625
Term commitment to make annual contributions to the Deposit Guarantee Fund	38 714	38 714
Commitment to the Investor Indemnity System	9 188	10 262
Other irrevocable commitments		293
Revocable commitments	2 885 374	2 632 129
	<b>3 179 161</b>	<b>3 020 342</b>
Responsibility for services provided		
Deposit and safeguard of assets	26 884 690	25 409 651
Amounts for collection	116 140	72 501
Assets managed by the institution	5 092 466	4 876 032
	<b>32 093 296</b>	<b>30 358 184</b>

The caption "Assets given as collateral" at September 30, 2014 includes:

- 116 483 t. euro relating to captive credit and 6 872 886 t. euro relating to securities eligible for funding from the European Central Bank (ECB);
- 1 052 228 t. euro relating to securities and 126 817 t. euro relating to loans given in guarantee to the European Investment Bank;
- 5 013 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);
- 47 354 t. euro relating to securities given in guarantee to the Deposit Guarantee Fund.

At September 30, 2014 the BPI Group managed the following third party assets:

Investment Funds and PPRs	1 944 657
Pension Funds <sup>1</sup>	2 210 901

<sup>1</sup> Includes the Group companies' Pension Funds.

#### 4.33. Financial margin (narrow sense)

This caption is made up as follows:

	30 Sep. 14	30 Sep. 13 Proforma
<b>Interest and similar income</b>		
Interest on deposits with banks	333	1 278
Interest on placements with credit institutions	21 845	25 405
Interest on loans to customers	370 880	404 493
Interest on credit in arrears	9 381	13 779
Interest on securities held for trading and available for sale	233 604	277 831
Interest on securitised assets not derecognised	133 772	133 162
Interest on derivatives	216 687	203 605
Interest on securities held to maturity		105
Interest on debtors and other applications	1 897	2 520
Other interest and similar income	2 878	3 340
	<b>991 277</b>	<b>1 065 518</b>
<b>Interest and similar expense</b>		
Interest on resources		
Of central banks	5 881	19 310
Of other credit institutions	5 885	8 347
Deposits and other resources of customers	300 212	318 894
Debt securities	58 565	65 801
Interest from short selling	1 225	386
Interest on derivatives	224 248	238 585
Interest on liabilities relating to assets not derecognised on securitised operations	11 782	15 099
Interest on contingent convertible subordinated debt	26 675	65 021
Interest on subordinated debt	1 662	2 165
Other interest and similar expenses	95	215
	<b>636 230</b>	<b>733 823</b>

#### 4.34. Gross margin on unit links

This caption is made up as follows:

	30 Sep. 14	30 Sep. 13 Proforma
Income from financial instruments		
Interest	3 891	2 068
Gains and losses on financial instruments	21 753	10 230
Gains and losses on capitalisation insurance - unit links	( 25 644)	( 12 298)
Management and redemption commission	3 330	2 168
	<b>3 330</b>	<b>2 168</b>

#### 4.35. Net commission relating to amortised cost

This caption is made up as follows:

	30 Sep. 14	30 Sep. 13 Proforma
Commission received relating to amortised cost		
Loans to customers	19 811	22 837
Others	778	974
Commission paid relating to amortised cost		
Loans to customers	( 4 337)	( 4 569)
Others	( 921)	( 925)
	<b>15 331</b>	<b>18 317</b>

#### 4.36. Technical result of insurance contracts

This caption is made up as follows::

	30 Sep. 14	30 Sep. 13 Proforma
Premiums	1 166 368	477 853
Income from financial instruments	62 713	52 933
Impairment (Note 4.21)	( 3 302)	
Cost of claims, net of reinsurance	( 240 901)	( 293 400)
Changes in technical provisions, net of reinsurance	( 925 770)	( 185 088)
Participation in results	( 35 243)	( 35 029)
	<b>23 865</b>	<b>17 269</b>

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.

#### 4.37. Net commission income

This caption is made up as follows:

	30 Sep. 14	30 Sep. 13 Proforma
<b>Commissions received</b>		
On guarantees provided	16 772	17 388
On commitments to third parties	1 943	2 902
On banking services rendered	197 267	200 083
On operations realised on behalf of third parties	14 097	9 428
Other	2 626	2 250
	<b>232 705</b>	<b>232 051</b>
<b>Commissions paid</b>		
On guarantees received	49	23
On financial instrument operations	24	255
On banking services rendered by third parties	25 704	28 842
On operations realised by third parties	2 832	1 922
Other	246	( 86)
	<b>28 855</b>	<b>30 956</b>
<b>Other income, net</b>		
Refund of expenses	18 506	19 605
Income from banking services	15 555	19 696
Charges similar to fees	( 7 191)	( 6 605)
	<b>26 870</b>	<b>32 696</b>

#### 4.38. Net income on financial operations

This caption is made up as follows:

	30 Sep. 14	30 Sep. 13 Proforma
<b>Gain and loss on operations at fair value</b>		
Foreign exchange gain, net	88 622	72 940
Gain and loss on financial assets held for trading		
Debt instruments	8 561	3 036
Equity instruments	30 894	48 440
Other securities	( 33)	4
Gain and loss on trading derivative instruments	( 26 396)	( 45 800)
Gain and loss on other financial assets valued at fair value through profit and loss account	653	536
Gain and loss on investments held to maturity		7
Gain and loss on financial liabilities held for trading	( 86)	1 545
Gain and loss on the revaluation of assets and liabilities hedged by derivatives	66 631	( 102 916)
Gain and loss on hedging derivative instruments	( 55 559)	103 528
Other gain and loss on financial operations	7 490	9 094
	<b>120 777</b>	<b>90 414</b>
<b>Gain and loss on assets available for sale</b>		
Gain and loss on the sale of loans and advances to customers	( 198)	1 119
Gain and loss on financial assets available for sale		
Debt instruments	( 135 324)	129 041
Equity instruments	68	4 502
	<b>( 135 454)</b>	<b>134 662</b>
<b>Interest and financial gain and loss with pensions</b>		
Interest cost relating to the liabilities	( 31 479)	( 31 790)
Income on plan assets computed with the discount rate	32 892	34 929
	<b>1 413</b>	<b>3 139</b>

The caption "Other gains and losses on financial operations" at September 30, 2014, includes (3 467) t. euro relating to the revaluation of the new Banco BPI shares issued as part of the exchange operation of subordinated debt for new shares of Banco BPI (Note 4.30).

The caption "Gain and loss on financial assets available for sale – debt instruments" at September 30, 2014 and 2013 includes losses amounting to 103 597 t. euro and gains amounting to 130 475 t. euro, respectively, relating to the sale of Treasury Bonds and Treasury Bills issued by the Portuguese State. At September 30, 2014 this caption also included losses amounting to 28 550 t. euro relating to the sale of Italian public debt bonds.

#### 4.39. Operating income and expenses

This caption is made up as follows:

	30 Sep. 14	30 Sep. 13 Proforma
<b>Operating income</b>		
Revenue from investment properties	7 468	7 674
Gains on investment properties	8 013	556
Minority interest in the investment fund Imofomento	( 746)	( 1 138)
Gain on tangible assets held for sale	631	357
Gain on other tangible assets	6 805	5 851
Other operating income	4 426	3 261
	<b>26 597</b>	<b>16 561</b>
<b>Operating expenses</b>		
Losses on investment properties	9 057	2 342
Expenses with investment properties	2 443	1 596
Subscriptions and donations	2 604	2 899
Contributions to the Deposit Guarantee Fund	2 454	2 451
Contributions to the Resolution Fund	1 999	3 341
Contribution to the Investor Indemnity System	8	10
Loss on tangible assets held for sale	1 285	491
Loss on other tangible and intangible assets	8 318	9 226
Other operating expenses	5 237	4 447
	<b>33 405</b>	<b>26 803</b>
<b>Other taxes</b>		
Indirect taxes	10 735	3 450
Direct taxes	1 014	869
	<b>11 749</b>	<b>4 319</b>

#### 4.40. Personnel costs

This caption is made up as follows:

	30 Sep. 14	30 Sep. 13 Proforma
Remuneration	212 819	213 556
Long service premium	3 095	2 492
Pension costs	4 145	4 051
Early retirements	26 114	4 085
Death subsidy		( 3 317)
Other mandatory social charges	47 420	47 619
Other personnel costs	7 825	7 675
	<b>301 418</b>	<b>276 161</b>

#### 4.41. Administrative Costs

This caption is made up as follows:

	30 Sep. 14	30 Sep. 13 Proforma
Administrative costs		
Supplies		
Water, energy and fuel	9 637	10 350
Consumable material	3 958	4 021
Other	865	831
Services		
Rent and leasing	36 969	38 239
Communications and computer costs	29 368	30 146
Travel, lodging and representation	6 028	6 193
Publicity	14 827	13 146
Maintenance and repairs	16 213	16 080
Insurance	3 558	3 353
Fees	3 631	3 451
Legal expenses	3 895	4 851
Security and cleaning	8 953	8 705
Information services	4 427	3 809
Temporary labour	2 808	2 902
Studies, consultancy and auditing	6 115	4 966
SIBS	15 341	15 180
Other services	17 150	14 681
	<b>183 743</b>	<b>180 904</b>

#### 4.42. Income tax

At September 30, 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:

	30 Sep. 14	30 Sep.13 Proforma
Current income tax		
For the period	29 254	34 158
Correction of prior years	( 200)	( 2 218)
	<b>29 054</b>	<b>31 940</b>
Deferred tax		
Recognition and reversal of temporary differences	( 10 224)	( 23 538)
On tax losses carried forward	( 32 220)	14 558
	<b>( 42 444)</b>	<b>( 9 179)</b>
Contribution over the banking sector	<b>11 678</b>	<b>9 794</b>
<b>Total tax charged to the statement of income</b>	<b>( 1 711)</b>	<b>32 555</b>
Net income before income tax <sup>1</sup>	( 52 383)	151 314
Tax burden	3.3%	21.5%

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:

	30 Sep. 14		30 Sep.13 Proforma	
	Tax rate	Amount	Tax rate	Amount
Net income before income tax		( 52 383)		151 314
Income tax computed based on the nominal tax rate	-20.0%	10 494	34.3%	51 835
Effect of tax rates applicable to foreign branches	-0.1%	36	-0.1%	( 191)
Capital gain and impairment of investments (net)	0.0%	18	0.3%	517
Capital gain of tangible assets (net)	0.0%	( 23)	-0.2%	( 376)
Income on Angolan public debt	93.0%	( 48 694)	-24.5%	( 37 069)
Non taxable dividends	2.8%	( 1 488)	-0.4%	( 641)
Tax on dividends of subsidiary and associated companies	-8.9%	4 687	3.1%	4 648
Tax benefits	1.2%	( 640)	-0.9%	( 1 295)
Impairments and provisions for loans	0.7%	( 355)	-0.3%	( 488)
Non tax deductible pension costs	-1.0%	549	1.2%	1 808
Interest recognised on minority interests	0.4%	( 216)	-0.2%	( 228)
Correction of prior year taxes	-0.3%	134	-0.7%	( 1 072)
Extraordinary investment tax credit	0.5%	( 252)		
Difference of tax rate on tax losses <sup>1</sup>			2.0%	2 975
Difference of tax rate on tax losses <sup>2</sup>	0.7%	( 366)		
Tax losses	-39.9%	20 905		
Effect of change in the rate of deferred tax			-0.1%	( 199)
Contribution over the financial sector	-22.3%	11 678	6.5%	9 794
Autonomous taxation	-3.7%	1 935	0.6%	951
Other non taxable income and expenses	0.2%	( 113)	1.0%	1 585
	<b>3.3%</b>	<b>( 1 711)</b>	<b>21.5%</b>	<b>32 555</b>

1) The calculation of deferred taxes on tax losses at September 30, 2013 is based on the tax rate of 23% and not on the nominal tax rate (which includes State and Municipal surcharge).

2) Difference resulting from the fact that the effective current income tax rate differs from the rate used to calculate deferred taxes.

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 September 30, 2014 and 2013 are as follows:

	30 Sep. 14		30 Sep. 13 Proforma	
	Deferred taxes		Deferred taxes	
	Assets	Liabilities	Assets	Liabilities
Pension liabilities	( 1 110)		2 531	
Early retirements	32 778		26 927	
Long service premium	8 121		6 660	
Tax deferral of the impact of the partial transfer of liabilities with pensions to Social Security	24 824		26 001	
Provisions and impairments	158 130		156 239	
Revaluation of tangible fixed assets		( 661)		( 701)
Revaluation of assets and liabilities hedged by derivatives		( 782)		( 311)
Financial instruments available for sale				( 2 924)
Dividends to be distributed by subsidiary and associated companies		( 8 002)		( 6 862)
Repurchase of debt				( 23 619)
Tax losses	119 107		57 377	
Other	4 040	( 20 972)	1 736	( 3 310)
<b>Deferred taxes recognised in the income statement</b>	<b>345 891</b>	<b>( 30 417)</b>	<b>277 471</b>	<b>( 37 727)</b>
Deferred taxes recognised in the fair value reserve	24 963	( 3 873)	178 762	( 3 417)
Deferred taxes recognised in other reserves	68 256		76 264	
<b>Total deferred taxes</b>	<b>439 110</b>	<b>( 34 290)</b>	<b>532 496</b>	<b>( 41 144)</b>

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.

#### 4.43. Earnings of associated companies (equity method)

This caption is made up as follows:

	30 Sep. 14	30 Sep. 13 Proforma
Banco Comercial e de Investimentos, S.A.R.L.	6 167	6 216
Companhia de Seguros Allianz Portugal, S.A.	7 036	7 633
Cosec – Companhia de Seguros de Crédito, S.A.	3 677	3 092
Finangeste – Empresa Financeira de Gestão e Desenvolvimento, S.A.	( 172)	( 1 268)
InterRisco - Sociedade de Capital de Risco, S.A.	171	251
Unicre - Instituição Financeira de Crédito, S.A.	2 640	1 666
	<b>19 519</b>	<b>17 590</b>

#### 4.44. Consolidated net income of the BPI Group

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

	30 Sep. 14	30 Sep. 13 Proforma
<b>Banks</b>		
Banco BPI, S.A. <sup>1</sup>	( 248 277)	( 63 061)
Banco Português de Investimento, S.A. <sup>1</sup>	2 357	934
Banco de Fomento Angola, S.A. <sup>1</sup>	78 527	58 897
Banco Comercial e de Investimentos, S.A.R.L. <sup>1</sup>	5 642	5 688
Banco BPI Cayman, Ltd	1 815	1 357
<b>Asset management and brokerage</b>		
BPI Gestão de Activos - Sociedade Gestora de Fundos de Investimento Mobiliários, S.A.	5 807	5 320
BPI - Global Investment Fund Management Company, S.A.	1 166	478
BPI (Suisse), S.A.	2 614	3 381
BPI Alternative Fund: Iberian Equities Long/Short Fund <sup>1</sup>		1 408
BPI Alternative Fund: Iberian Equities Long/Short Fund Luxemburgo <sup>1</sup>	4 765	200
BPI Obrigações Mundiais - Fundo de Investimento Aberto de Obrigações <sup>1</sup>	161	( 81)
Imofomento - Fundo de Investimento Imobiliário Aberto <sup>1</sup>	549	549
<b>Venture capital / development</b>		
BPI Private Equity - Sociedade de Capital de Risco, S.A.	557	356
Inter-Risco - Sociedade de Capital de Risco, S.A. <sup>1</sup>	171	251
<b>Insurance</b>		
BPI Vida e Pensões - Companhia de Seguros, S.A.	17 855	47 930
Cosec - Companhia de Seguros de Crédito, S.A.	3 677	3 092
Companhia de Seguros Allianz Portugal, S.A.	7 036	7 633
<b>Others</b>		
BPI, Inc	( 204)	12
BPI Locação de Equipamentos, Lda	( 6)	37
BPI Madeira, SGPS, Unipessoal, S.A.	( 13)	84
BPI Moçambique - Sociedade de Investimento, S.A. <sup>1</sup>	93	( 669)
BPI Capital Finance		
BPI Capital Africa	( 1 107)	( 1 363)
Finangeste - Empresa Financeira de Gestão e Desenvolvimento, S.A. <sup>1</sup>	( 172)	( 1 268)
Unicre - Instituição Financeira de Crédito, S.A.	2 640	1 666
	<b>( 114 347)</b>	<b>72 831</b>

<sup>1</sup>Adjusted net income.

#### 4.45. Related parties

The BPI Group's related parties at September 30, 2014 were as follows::

Name of related entity	Head Office	Effective participation	Direct participation
<b>Associated and jointly controlled entities of Banco BPI</b>			
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%
<b>Pension fund of Employees and Directors of the BPI Group</b>			
Fundo de Pensões Banco BPI	Portugal	100.0%	
Fundo de Pensões Aberto BPI Acções	Portugal	11.6%	
Fundo de Pensões Aberto BPI Valorização	Portugal	42.7%	
Fundo de Pensões Aberto BPI Segurança	Portugal	27.3%	
Fundo de Pensões Aberto BPI Garantia	Portugal	11.2%	
<b>Shareholders of Banco BPI</b>			
La Caixa Group	Spain	44.10%	
<b>Members of the Board of Directors of Banco BPI <sup>1</sup></b>			
Artur Santos Silva			
Fernando Ulrich			
Alfredo Rezende de Almeida			
Allianz Europe Ltd. - Represented by Herbert Walter			
António Domingues			
António Lobo Xavier			
Armando Leite de Pinho			
Carlos Moreira da Silva			
Edgar Alves Ferreira			
Isidro Fainé Casas			
Ignacio Alvarez-Rendueles			
João Pedro Oliveira e Costa			
José Pena do Amaral			
Manuel Ferreira da Silva			
Marcelino Armenter Vidal			
Maria Celeste Hagatong			
Mário Leite da Silva			
Pedro Barreto			
Santoro Finance – Prestação de Serviços, S.A. <sup>2</sup>			
Tomaz Jervell			
Vicente Tardio Barutel <sup>3</sup>			

<sup>1</sup> Composition for the 2014/2016 term. The tables presented for 2013 refer to the previous composition of the Board of Directors.

<sup>2</sup> Pending indication of the person that will represent the entity.

<sup>3</sup> Pending registration in the Bank of Portugal.

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 September 30, 2014 are as follows:

	Associated and jointly controlled companies	Pension funds of Employees of the BPI Group	Total
<b>Assets</b>			
Financial applications	41 126		41 126
Financial assets held for trading and at fair value through profit or loss		160	160
Loans	54		54
Other assets	14 831		14 831
	<b>56 011</b>	<b>160</b>	<b>56 171</b>
<b>Liabilities</b>			
Deposits and technical provisions	29 845	139 040	168 885
Other financial resources		60 072	60 072
Other liabilities	68		68
	<b>29 913</b>	<b>199 112</b>	<b>229 025</b>
<b>Off balance sheet items</b>			
Guarantees given and other contingent liabilities			
Guarantees and sureties	10 519		10 519
Commitments to third parties			
Revocable commitments	2 224		2 224
Responsibilities for services rendered			
Deposit and safeguard of assets	1 123 943	961 581	2 085 524
	<b>1 136 686</b>	<b>961 581</b>	<b>2 098 267</b>

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 September 30, 2014 are as follows:

	Shareholders of Banco BPI <sup>1</sup>	Members of the Board of Directors of Banco BPI <sup>2</sup>	Companies in which Members of the Board of Directors of Banco BPI have significant influence	Total
<b>Assets</b>				
Financial applications	123 590			123 590
Financial assets held for trading and at fair value through profit or loss	4 345		3 042	7 387
Financial assets available for sale			45 049	45 049
Loans	866	11 053	339 364	351 283
Investments held to maturity	15 323			15 323
Other assets	16 400		51	16 451
	<b>160 524</b>	<b>11 053</b>	<b>387 506</b>	<b>559 083</b>
<b>Liabilities</b>				
Deposits and technical provisions	14 004	10 053	55 211	79 268
Other liabilities		25	108	133
	<b>14 004</b>	<b>10 078</b>	<b>55 319</b>	<b>79 401</b>
<b>Off balance sheet items</b>				
Guarantees given and other contingent liabilities				
Guarantees and sureties	21 663	93	127 773	149 529
Commitments to third parties				
Revocable commitments	209	415	96 475	97 099
Responsibilities for services rendered				
Deposit and safeguard of assets	1 080 622	27 790	281 317	1 389 729
Other			52 000	52 000
Foreign exchange operations and derivatives instruments				
Purchases	557 237		3 734	560 971
Sales	( 540 843)		( 3 747)	( 544 590)
	<b>1 118 888</b>	<b>28 298</b>	<b>557 552</b>	<b>1 704 738</b>

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
<b>Assets</b>			
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
	<b>50 619</b>	<b>156</b>	<b>50 775</b>
<b>Liabilities</b>			
Deposits and technical provisions	32 859	116 250	149 109
Other financial resources		60 078	60 078
Other liabilities	944		944
	<b>33 803</b>	<b>176 328</b>	<b>210 131</b>
<b>Off balance sheet items</b>			
Guarantees given and other contingent liabilities			
Guarantees and sureties	9 631		9 631
Responsibilities for services rendered			
Deposit and safeguard of assets	1 052 565	919 179	1 971 744
	<b>1 062 196</b>	<b>919 179</b>	<b>1 981 375</b>

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 <sup>1</sup>	Members of the Board of Directors of Banco BPI <sup>2</sup>	Companies in which Members of the Board of Directors of Banco BPI have significant influence	Total
<b>Assets</b>				
Financial applications	86 226			<b>86 226</b>
Financial assets held for trading and at fair value through profit or loss	5 191			<b>5 191</b>
Financial assets available for sale			48 094	<b>48 094</b>
Loans	16 487	10 894	200 292	<b>227 673</b>
Investments held to maturity	14 856			<b>14 856</b>
Other assets			102	<b>102</b>
	<b>122 760</b>	<b>10 894</b>	<b>248 488</b>	<b>382 142</b>
<b>Liabilities</b>				
Deposits and technical provisions	4 229	6 378	34 885	<b>45 492</b>
Other liabilities	7 110	25	108	<b>7 243</b>
	<b>11 339</b>	<b>6 403</b>	<b>34 993</b>	<b>52 735</b>
<b>Off balance sheet items</b>				
Guarantees given and other contingent liabilities				
Guarantees and sureties	18 330	93	127 499	<b>145 922</b>
Commitments to third parties				
Revocable commitments	204		75 000	<b>75 204</b>
Responsibilities for services rendered				
Deposit and safeguard of assets	781 234	22 683	399 545	<b>1 203 462</b>
Other			69 557	<b>69 557</b>
Foreign exchange operations and derivatives instruments				
Purchases	472 787		54 958	<b>527 745</b>
Sales	( 479 634)		( 54 992)	<b>( 534 626)</b>
	<b>792 921</b>	<b>22 776</b>	<b>671 567</b>	<b>1 487 264</b>

<sup>1</sup> 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%.

<sup>2</sup> 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 September 30, 2014 are as follows:

	Associated and jointly controlled companies	Pension funds of Employees of the BPI Group	Total
<b>Net income</b>			
Financial margin (narrow sense)	( 1)	( 1 498)	<b>( 1 499)</b>
Net comission income	30 648	7	<b>30 655</b>
General administrative costs	( 369)	( 12 338)	<b>( 12 707)</b>
	<b>30 278</b>	<b>( 13 829)</b>	<b>16 449</b>



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 September 30, 2014 are as follows:

	Shareholders of Banco BPI <sup>1</sup>	Members of the Board of Directors of Banco BPI <sup>2</sup>	Companies in which Members of the Board of Directors of Banco BPI have significant influence	Total
<b>Net income</b>				
Financial margin (narrow sense)	581	( 91)	171	<b>661</b>
Net comission income		12	51	<b>63</b>
Net income on financial operations	35			<b>35</b>
	<b>616</b>	<b>( 79)</b>	<b>222</b>	<b>759</b>

<sup>1</sup> 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%

<sup>2</sup> 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 September 30, 2013 are as follows:

	Associated and jointly controlled companies	Pension funds of Employees of the BPI Group	Total
<b>Net income</b>			
Financial margin (narrow sense)		( 1 914)	<b>( 1 914)</b>
Net comission income	30 516	24	<b>30 540</b>
General administrative costs	( 603)	( 12 562)	<b>( 13 165)</b>
	<b>29 913</b>	<b>( 14 452)</b>	<b>15 461</b>

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 September 30, 2013 are as follows:

	Shareholders of Banco BPI <sup>1</sup>	Members of the Board of Directors of Banco BPI <sup>2</sup>	Companies in which Members of the Board of Directors of Banco BPI have significant influence	Total
<b>Net income</b>				
Financial margin (narrow sense)	1 113	( 23)	452	<b>1 542</b>
Net comission income		10	5	<b>15</b>
	<b>1 113</b>	<b>( 13)</b>	<b>457</b>	<b>1 557</b>

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.

## 5. NOTE ADDED FOR TRANSLATION

These consolidated financial statements are a translation of financial statements originally issued in Portuguese in conformity with the International Financial Reporting Standards as adopted by the European Union, some of which may not conform to or be required by generally accepted accounting principles in other countries. In the event of discrepancies, the Portuguese language version prevails.



**Banco BPI**

**Publicly held company**

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

Share capital: €1 293 063 324.98

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