BANCO BPI, S.A. – Publicly held company
Share capital: € 1 293 063 324.98
Registered in Oporto C.R.C. and corporate body no. 501 214 534
Head Office: Rua Tenente Valadim, no.284, Porto, Portugal

Earnings release

BANCO BPI CONSOLIDATED RESULTS
IN THE 1ST HALF 2015

(Unaudited)
Oporto, 29 July 2015

(Y-o-Y changes, except where indicated otherwise)

- **Consolidated net profit of 76.2 M.€**
- **Net interest income increases by 40% (+95 M.€) in the consolidated and 27% (+36 M.€) in the domestic activity**
- **Cost of credit risk drops from 0.72% to 0.64%**

PERFORMANCE AND RESULTS

- Consolidated ROE of 6.8%
- Net profit from international activity increases by 40% yoy
- Total customer resources increase by 3.3 Bi.€ yoy (+10.4%)
- Commercial banking income increases by 27%
- Operating costs fall by 1.1% in the domestic activity
- Consolidated cost-to-income ratio improves from 64.9% to 56.8%
- Commissions increase by 5.8%
- Employees' pension liabilities covered by 106%; pension funds return amount to 9.9% in the 1st half 2015 (non annualized)

RISK

- Credit at risk ratio decreased to 5.3%
- Impairments coverage of credit at risk increases to 84%

CAPITAL

- Common Equity Tier 1 ratio CRD IV / CRR
    - Fully implemented: 9.1%
    - Phasing in: 10.5%

I. BPI GROUP'S CONSOLIDATED RESULTS

Net profit of 76.2 million euro – BANCO BPI (Euronext Lisbon - Reuters BBPI.LS; Bloomberg BPI PL) recorded in the 1st half 2015 a consolidated net profit of 76.2 million euro (M.€). Earnings per share (Basic EPS) were 0.053 € (-0.077 € in the 1st half 2014).

The consolidated net profit in the 1st half 2015 is made up by a positive contribution of 6.6 M.€ from the **domestic activity** and a positive contribution of 69.6 M.€ from the **international activity**.

In the 1st half of 2014, the negative net income of 106.6 M.€ was severely penalized by non-recurring costs and losses recorded in the domestic activity that amounted to 138.8[1] M.€.

Consolidated income statement

Amounts in M.€

	2014	2015	Chg. 1H14 / 1H15	
	1H	1H	Chg. M.€	Chg.%
Net interest income	236.5	331.2	94.7	40.0%
Technical results of insurance contracts	14.9	19.4	4.5	30.4%
Commissions and other similar income (net)	146.9	155.4	8.5	5.8%
Gains and losses in financial operations	(57.3)	95.4	152.6	266.6%
Operating income and charges	(12.5)	(14.2)	(1.7)	-13.5%
Net operating revenue	**328.6**	**587.2**	**258.7**	**78.7%**
Personnel costs	181.3	189.1	7.8	4.3%
Outside supplies and services	121.0	127.1	6.1	5.0%
Depreciation of fixed assets	15.0	17.5	2.5	16.5%
Operating costs	**317.3**	**333.6**	**16.3**	**5.1%**
Operating profit before provisions	**11.3**	**253.6**	**242.3**	**n.s.**
Recovery of loans written-off	8.5	7.8	(0.7)	-8.2%
Loan provisions and impairments	100.1	86.9	(13.2)	-13.2%
Other impairments and provisions	6.3	16.0	9.7	153.8%
Profits before taxes	**(86.7)**	**158.4**	**245.1**	**282.8%**
Corporate income tax	(18.3)	25.5	43.9	239.3%
Equity-accounted results of subsidiaries	11.4	12.7	1.4	11.9%
Minority shareholders' share of profit	49.7	69.5	19.8	39.8%
Net Income	**(106.6)**	**76.2**	**182.8**	**171.5%**

1) Non-recurring costs and losses in the 1st half 2014: (1) losses of 101.6 M.€ (-131.9 M.€ before taxes) incurred with the sale of medium and long term public debt of Portugal and Italy; (2) costs of 20.5 M.€ (-26.7 M.€ before taxes) with interests on contingent convertible subordinated bonds (CoCo) and (3) others in the amount of 16.7 M.€.

Return on shareholders' equity (ROE)

The return on shareholders' equity (ROE) was 6.8% in the 1st half 2015.

The return on shareholders' equity in the domestic activity was 0.8% in the 1st half 2015.

In the international activity, in its individual accounts, BFA's posted a return on shareholders' equity (ROE) of 31.8% in the 1st half 2015 and BCI's ROE reached 17.3%. The ROE of the international activity (after consolidation adjustments) stood at 28.7%.

Capital allocation, net income and ROE by business in the 1st half 2015

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.€)[1]	1 712.2	36.2	12.1	1 760.5	874.4	485.0	**2 245.5**
As % of total	76.3%	1.6%	0.5%	78.4%	-	21.6%	**100.0%**
Net income (M.€)[2)]	8.8	0.7	(3.0)	6.6	139.1	69.6	**76.2**
ROE	**1.0%**	**4.1%**	**-48.9%**	**0.8%**	**31.8%**	**28.7%**	**6.8%**

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.

Loans

At 30 June 2015, the Customer loans portfolio (net, consolidated) amounted to 24.3 Bi.€, which corresponded to a year-on-year contraction of 3.5%.

Resources

Total Customer resources increased by 3.3 Bi.€ year-on-year (+10.4%), to 35.3 Bi.€.

Recourse to the European Central Bank of 1.5 Bi.€

The amount of funding raised by BPI from the Eurosystem (ECB) amounted to 1.5 Bi.€ at the end of June 2015.

Transformation ratio of deposits into loans

At 30 June 2015, in the consolidated accounts, the transformation ratio of deposits into loans was 82%[1]. In the domestic activity the transformation ratio of deposits into loans stood at 102%.

Income and costs

Consolidated net operating revenue increased by 258.7 M.€ yoy to 587.2 M.€ in the 1st half 2015.

The positive evolution of the net operating revenue is mainly explained by the improvement in net interest income by 94.7 M.€ (+40.0%) and the recovery of the profits from financial operations from a negative amount of 57.3 M.€ in the 1st half 2014, which included losses of 131.9 M.€ (before taxes) incurred with the sale of medium and long term public debt of Portugal and Italy, to a positive amount of 95.4 M.€ in the 1st half 2015 (yoy change of +152.6 M.€).

The commissions and the technical results from insurance contracts recorded also a positive evolution, increasing by 8.5 M.€ (+5.8%) and 4.5 M.€ (+30.4%), yoy, respectively.

Consolidated operating costs increased by 5.1% (+16.3 M.€), whereas in the domestic activity registered a decrease of 1.1% (-2.9 M.€).

The consolidated efficiency ratio – operating costs as a percentage of net operating revenue -, excluding non-recurring impacts in costs and income, improves from 64.9% in the 1st half 2014 to 56.8% in the 1st half 2015.

Quality of the loan portfolio

At 30 June 2015, the ratio of Customer loans in arrears for more than 90 days stood at 3.8% in the consolidated accounts. The credit at risk [2] ratio decreased to 5.3% in the consolidated accounts.

The accumulated impairment allowances in the balance sheet covered at 107% the loans in arrears for more than 90 days and at 84% 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.€

	Jun.14		Dec.14		Jun.15	
	M.€	% of loan portfolio 1)	M.€	% of loan portfolio 1)	M.€	% of loan portfolio 1)
Loans in arrears (+90 days)	971.2	3.7%	1 008.3	3.8%	963.8	3.8%
Credit at risk (Instruction 23/2011 BoP)	1 294.3	5.4%	1 304.0	5.4%	1 235.2	5.3%
Loans impairments (in the balance sheet)	1 070.0	4.1%	1 075.2	4.1%	1 035.4	4.1%
Write offs (in the period)	20.9		100.3		99.6	
Note:						
Gross loan portfolio	26 209.8		26 305.6		25 289.2	

1) As % of the gross loan portfolio

Cost of credit risk

Loan impairment charges decreased from 100.1 M.€ in the 1st half of 2014 to 86.9 M.€ in 1st half of 2015 (-13.2 M.€). The ratio of loan impairments as percentage of the loan portfolio decreased from 0.79% to 0.70%, in annualized terms.

On the other hand, arrear loans and interest previously written off of 7.8 M.€ were recovered (0.06% of the loan portfolio in annualized terms), with the result that impairments after deducting the abovementioned recoveries amounted to 79.1 M.€ in the 1st half of 2015 (91.6 M.€ in the 1st half of 2014), which, in annualized terms, represents 0.64% of the loan portfolio and an improvement relatively to the 0.72% recorded in the 1st half of 2014.

Loan portfolio quality

Amounts in M.€

	Jun.14		Jun.15	
	M.€	% of loan portfolio1)	M.€	% of loan portfolio1)
Loan impairments	100.1	0.79%	86.9	0.70%
Recovery of loans and interest in arrears written-off	8.5	0.07%	7.8	0.06%
Loan impairments, after deducting the recovery of loans and interest in arrears written-off	**91.6**	**0.72%**	**79.1**	**0.64%**

1) As percentage of the average balance of the performing loans portfolio. In annualised terms.

II. CAPITAL

Common Equity Tier 1 capital ratio

At 30 June 2015, the Common Equity Tier 1 (CET1) ratio calculated according to CRD IV / CRR rules amounts to:

- CET1 *phasing in* (rules for 2015): 10.5%;
- CET1 fully implemented: 9.1%

The above figures consider:

- the adhesion to the special scheme applicable to deferred tax assets approved in the Shareholders' General Meeting of 17 October 2014;
- the use of a 100% risk weighting to BFA's exposure (Banco BPI indirect exposure) to the Angolan State and to Banco Nacional de Angola (BNA), expressed in Kwanza, when previously that exposure was given a 0% or 20% weighting, depending on the cases.

The implementation of both rules began on the 1st of January 2015.

Own funds and own funds requirements

Amounts in M.€

	CRD IV / CRR Phasing in			CRD IV / CRR Fully implemented		
	31 Dec. 14	**31 Dec.14 proforma 1)**	**30 Jun. 15**	**31 Dec. 14**	**31 Dec.14 proforma 1)**	**30 Jun. 15**
Common Equity Tier 1 capital	2 425.5	2 529.9	2 528.9	1 700.7	2 118.7	2 181.4
Risk weighted assets	20 602.3	24 811.2	24 047.3	20 221.5	24 674.7	23 983.6
Common Equity Tier 1 ratio	**11.8%**	**10.2%**	**10.5%**	**8.4%**	**8.6%**	**9.1%**

1) Proforma ratios considering the adhesion to the special scheme applicable to deferred tax assets (DTA) and the change in risk weights aplicable to Banco BPI's indirect exposure to the Angolan State and to BNA. The application of both changes began on the 1st January 2015.

Leverage and Liquidity ratios

At 30 June 2015, the Leverage and Liquidity ratios calculated according to CRD IV / CRR rules are as follows:

- Leverage ratio *phasing in*: 6.1%
- Leverage ratio *Fully implemented*: 5.5%

- Liquidity Coverage Ratio (LCR) *fully implemented*: 139%
- Net Stable Funding Ratio (NSFR) *fully implemented*: 106%

III. DOMESTIC ACTIVITY RESULTS

Net income

The net income from domestic operations in the 1st half 2015 was positive by 6.6 M.€.

In the same half of 2014, the net income, negative by 156.2 M.€, was negatively affected by non-recurring costs and losses of 138.8[1] M.€.

Income statement

Amounts in M.€

	2014	2015	Chg. 1H14 / 1H15	
	1H	**1H**	**Chg. M.€**	**Chg.%**
Net interest income	133.8	169.5	35.7	26.7%
Technical results of insurance contracts	14.9	19.4	4.5	30.4%
Commissions and other similar income (net)	121.1	124.6	3.5	2.9%
Gains and losses in financial operations	(112.8)	22.5	135.3	120.0%
Operating income and charges	(6.8)	(5.4)	1.4	20.6%
Net operating revenue	**150.1**	**330.6**	**180.4**	**120.2%**
Personnel costs	149.3	147.5	(1.8)	-1.2%
Outside supplies and services	92.5	90.4	(2.1)	-2.2%
Depreciation of fixed assets	8.2	9.2	1.0	12.1%
Operating costs	**250.0**	**247.1**	**(2.9)**	**-1.1%**
Operating profit before provisions	**(99.8)**	**83.5**	**183.3**	**183.6%**
Recovery of loans written-off	7.5	6.8	(0.6)	-8.6%
Loan provisions and impairments	94.1	68.7	(25.3)	-26.9%
Other impairments and provisions	4.9	14.2	9.4	193.0%
Profits before taxes	**(191.3)**	**7.3**	**198.6**	**103.8%**
Corporate income tax	(28.1)	9.4	37.5	133.5%
Equity-accounted results of subsidiaries	7.7	8.7	1.0	13.2%
Minority shareholders' share of profit	0.7	0.0	(0.6)	-96.7%
Net Income	**(156.2)**	**6.6**	**162.8**	**104.2%**

1) Non-recurring costs and losses in the 1st half 2014: (1) losses of 101.6 M.€ (-131.9 M.€ before taxes) incurred with the sale of medium and long term public debt of Portugal and Italy; (2) costs of 20.5 M.€ (-26.7 M.€ before taxes) with interests on contingent convertible subordinated bonds (CoCo) and (3) others in the amount of 16.7 M.€.

Resources and loans

Resources

Total Customer resources in the domestic activity (on-balance sheet and off-balance sheet) attained 28.6 Bi.€. at the end of June 2015, increasing by 10.0% year-on-year (+2.6 Bi.€). When compared to December 2014, total customer resources registered an increase of 2.0% (non-annualized), i.e. of 0.6 Bi.€.

Customers resources

Amounts in M.€

	Jun.14	Dec.14	Jun.15	Chg.% Jun.14/ Jun.15
On-balance sheet resources				
Sight deposits	5 491.1	6 392.2	7 813.3	42.3%
Term deposits	12 905.6	12 729.7	11 319.0	(12.3%)
Customers' deposits	18 396.7	19 121.9	19 132.3	4.0%
Retail bonds	711.7	692.9	480.2	(32.5%)
Subtotal	19 108.4	19 814.8	19 612.5	2.6%
Capitalisation insurance and PPR (BPI Vida) and other	3 990.3	5 305.1	5 950.7	49.1%
On-balance sheet resources	**23 098.7**	**25 119.9**	**25 563.2**	**10.7%**
Off-balance sheet resources1)	3 242.4	3 216.2	3 284.3	1.3%
Total Customer resources2)	**25 982.0**	**28 004.3**	**28 569.2**	**10.0%**

1) Unit trust funds, PPR and PPA.

2) Corrected for double counting.

Customer deposits amounted to 19.1 Bi.€ at the end of June 2015, increasing by 4.0% yoy (+736 M.€).

Capitalisation insurance registered an increase of 49% yoy (+2.0 Bi.€) and the off-balance sheet resources (unit trust funds, Retirements savings – PPR - and equity savings – PPA - plans) increased by 1.3% yoy.

Loans

The Customer loans portfolio in domestic operations contracted by 4.9% (-1.2 Bi.€), in year-on-year terms.

In year-on-year terms:

- loans to large and medium-sized companies declined by 4.4%, i.e. -0.3 Bi.€ (when one takes into account both the Corporate Banking loan book and the BPI Vida e Pensões debt securities portfolio, which corresponds essentially to bonds and commercial paper issued by large Portuguese companies).
- loans domiciled at the Madrid branch fell by 29% (-0.4 Bi.€).
- loans to the public sector decreased by 13% (-0.2 Bi.€).

- The loans to individuals and small businesses portfolio presents a year-on-year decline of 1.4% (-0.2 Bi.€), with decreases of 3.0% (-0.3 Bi.€) in mortgage loans whereas loans to small businesses increased by 12.4% yoy (+0.2 Bi.€).

Loans to Customers

Amounts in M.€

	Jun.14	Dec.14	Jun.15	Chg.% Jun.14/ Jun.15
Corporate banking	**3 784.1**	**3 654.2**	**3 640.5**	**(3.8%)**
Large companies	1 491.5	1 419.9	1 380.0	(7.5%)
Medium-sized companies	2 292.6	2 234.3	2 260.5	(1.4%)
Project Finance - Portugal	**1 136.3**	**1 154.7**	**1 146.8**	**0.9%**
Madrid branch	**1 439.1**	**1 306.1**	**1 026.6**	**(28.7%)**
Project Finance	707.4	634.2	590.8	(16.5%)
Corporates	731.7	671.9	435.9	(40.4%)
Public Sector	**1 616.8**	**1 424.7**	**1 408.6**	**(12.9%)**
Central Administration	99.2	215.4	210.1	111.8%
Regional and local administrations	792.3	814.0	809.5	2.2%
State Corporate Sector - in the budget perimeter	208.5	64.1	42.1	(79.8%)
State Corporate Sector - outside the budget perimeter	475.6	295.4	314.9	(33.8%)
Other Institutional	41.2	35.8	32.2	(21.9%)
Individuals and Small Businesses Banking	**13 449.4**	**13 330.0**	**13 261.4**	**(1.4%)**
Mortgage loans to individuals	11 227.2	11 024.1	10 893.3	(3.0%)
Loans contracted before 2011	10 124.8	9 795.2	9 471.4	(6.5%)
Loans contracted in 2011 and thereafter	1 102.4	1 228.8	1 422.0	29.0%
Consumer credit / other purposes	571.4	553.9	553.2	(3.2%)
Credit Cards	150.6	166.9	156.5	4.0%
Car financing	142.8	134.8	132.5	(7.3%)
Small businesses	1 357.4	1 450.2	1 525.9	12.4%
BPI Vida	**2 052.7**	**2 005.7**	**1 939.1**	**(5.5%)**
Loans in arrears net of impairments	**- 13.1**	**21.1**	**10.4**	**(179.9%)**
Other	**614.2**	**539.4**	**474.3**	**(22.8%)**
Total	**24 079.5**	**23 436.0**	**22 907.8**	**(4.9%)**

Financial assets available for sale

At the end of June 2015, the portfolio of financial assets available for sale amounted to 4.2 Bi.€, at market prices.

This portfolio was comprised by 2.2 Bi.€ of Portuguese Treasury Bills, 840 M.€ of Portuguese Treasury Bonds, 559 M.€ of Italian public debt, 355 M.€ of corporate bonds, 116 M.€ of equities and 192 M.€ of participating units.

By the end of June 2015, the fair value reserve (before deferred taxes) relative to the financial assets available for sale was negative by 23 M.€.

Portfolio of assets available for sale

Amounts in M.€

M.€	31 Dec. 2014					30 Jun.15				
	Acquisition value	Book value	Gains / (losses) 1)			Acquisition value	Book value	Gains / (losses) 1)		
			in securities	in derivatives	Total			in securities	in derivatives	Total
Public debt	3 770	3 918	146	- 186	**- 40**	3 471	3 579	134	- 164	**- 30**
Portugal	3 265	3 352	83	- 108	**- 26**	2 966	3 020	76	- 96	**- 19**
Of which										
TBonds	787	865	81	- 108	**- 27**	787	840	77	- 96	**- 19**
TBills	2 478	2 487	1		**1**	2 179	2 180	0		**0**
Italy	505	566	63	- 77	**- 14**	505	559	57	- 68	**- 11**
Corporate Bonds	595	631	13	- 35	**- 22**	347	355	- 1	- 17	**- 18**
Equities	136	120	30		**30**	135	116	28		**28**
Other	239	193	- 4		**- 4**	240	192	- 3		**- 3**
Total	**4 741**	**4 862**	**185**	**- 220**	**- 35**	**4 193**	**4 242**	**158**	**- 180**	**- 23**

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

Liquidity

Total funding obtained by BPI from the European Central Bank (ECB) amounted to 1.5 Bi.€ at the end of June 2015, corresponding entirely to funds raised under the TLTRO.

At the end of June 2015 BPI still had 6.0 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 net refinancing needs for medium and long-term debt from June 2015 up till the end of 2018 amount to 617 M.€.

It is also worth mentioning that 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 amounted to 330.6 M.€ in the 1st half 2015.

The captions with a more recurring nature contributed with 95% of that amount: net interest income amounted to 169.5 M.€ (+35.7 M.€ than in the 1st half 2014), commissions amounted to 124.6 M.€ and the technical results of insurance contracts amounted to 19.4 M.€.

Profits from financial operations stood at 22.5 M.€ in the 1st half 2015, whereas in the same half 2014 they were negative by 112.8 M.€.

Net interest income increased by 26.7% (35.7 M.€) relative to the 1st half 2014.

The positive trend in net interest income mainly reflects:

- The reduction in the cost of term deposits. The margin (negative) on term deposits improved from 1.7% above Euribor in the 1st half of 2014 to 1.2% in the 1st half of 2015 (1.12% in 2nd quarter). This trend is expected to continue, reflecting the lower remuneration in the renewal of deposits and in new deposits raised;
- The full repayment of CoCo's in June 2014. In the 1st half 2014, the Bank booked an interest cost with those instruments of 26.7 M.€ (before tax).

It should be noted however that the net interest income continued to be penalized by:

- the negative volume effect from the reduction of the loan portfolio, intensified, though in a less extent, by the decrease in spread on loans to corporates;
- the reduction in the contribution from the sovereign debt securities portfolio, as a result of the sharp fall in the yields of Treasury Bills in the primary market and the reduction of the portfolio;
- the background of Euribor interest rates at historical minimums which directly reflects in the contraction in the average margin on sight deposits (average Euribor 3M in the 1st half 2015 stood at 0.02%).

Commissions (net) increased by 2.9% yoy (+3.5 M.€).

Net commissions and fees

Amounts in M.€

	30 Jun. 14	30 Jun. 15	Chg. M.€	Chg.%
Commercial banking 1)	90.2	99.8 (1)		
Asset management	20.8	20.4	- 0.4	(2.0%)
Investment banking 1)	10.1	4.4 (1)		
Total	**121.1**	**124.6**	**+3.5**	**2.9%**

1) Non comparable amounts due to the demerger operation ocurred in the last quarter of 2014 whereby part of the activities previously carried out by the investment bank were transferred to Banco BPI.

Profits from financial operations increased from -112.8 M.€ in the 1st half 2014, which included losses of 131.9 M.€ with the sale of Portuguese and Italian medium and long term public debt, to 22.5 M.€ in the 1st half 2015, thus corresponding to a positive variation of 135.3 M.€.

Equity-accounted results of subsidiaries

The equity-accounted results of subsidiaries in domestic operations amounted to 8.7 M.€ in the 1st half 2015, which corresponds to a year-on-year increase of 1.0 M.€. The contribution of the subsidiaries from the insurance sector amounted to 7.0 M.€ (contribution of 4.9 M.€ from Allianz Portugal and 2.1 M.€ from Cosec).

Equity-accounted earnings

Amounts in M.€

	30 Jun. 14	30 Jun. 15	Chg. M.€
Insurance companies	6.7	7.0	+0.3
Allianz Portugal	4.9	4.9	+0.0
Cosec	1.8	2.1	+0.3
Finangeste	(0.3)		+0.3
Unicre	1.2	1.9	+0.7
Other	0.0	(0.2)	- 0.2
Total	**7.7**	**8.7**	**+1.0**

Operating costs

Operating costs decreased by 1.1% yoy (-2.9 M.€).

Operating costs

Amounts in M.€

	30 Jun. 14	30 Jun. 15	Chg. M.€	Chg.%
Personnel costs	149.3	147.5	- 1.8	(1.2%)
Outside supplies and services	92.5	90.4	- 2.1	(2.2%)
Depreciation of fixed assets	8.2	9.2	+1.0	12.1%
Operating costs	**250.0**	**247.1**	**- 2.9**	**(1.1%)**
Operating costs as a % of net operating revenue [1)]	80.5%	74.8%		

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

Personnel costs decreased by 1.8 M.€ (-1.2%), third-party supplies and services decreased by 2.1 M.€ (-2.2%) and depreciation and amortization were up by 1.0 M.€ (+12.1%) yoy. In the last 12 months, BPI closed 18 retail branches and one corporate centre, which corresponded to a 2.9% reduction of the distribution network in Portugal. By the end of July 2015 BPI will close an additional 26 branches, thus reducing the distribution network in Portugal to 610 units. The workforce was reduced by 214 employees (-3.5%) in relation to June 2014.

The efficiency ratio in domestic operations – operating costs as a percentage of net operating revenue –, excluding non-recurring impacts in costs and income, improves from 80.5% in the 1st half 2014 to 74.8% in the 1st half 2015.

Cost of credit risk

Loan impairments decreased by 25.3 M.€, from 94.1 M.€ in the 1st half 2014 to 68.7 M.€ in the 1st half 2015. The indicator loan impairment allowances as a percentage of the loan portfolio's average balance was situated at 0.60% in the 1st half 2015, in annualised terms (0.77% in the 1st half 2014, in annualised terms).

On the other hand, arrear loans and interest of 6.8 M.€ previously written off were recovered in the 1st half 2015, with the result that impairments after deducting the abovementioned recoveries amounted to 61.9 M.€ (86.6 M.€ in the 1st half 2014), which represents 0.54% of the loan portfolio, in annualised terms (0.71% in the 1st half 2014, in annualised terms).

Credit risk cost

Amounts in M.€

	Jun.14		Jun.15	
	M.€	**% of loan portfolio[1)]**	**M.€**	**% of loan portfolio[1)]**
Loan impairments	94.1	0.77%	68.7	0.60%
Recovery of loans and interest in arrears written-off	7.5	0.06%	6.8	0.06%
Loan impairments, after deducting the recovery of loans and interest in arrears written-off	**86.6**	**0.71%**	**61.9**	**0.54%**

1) As percentage of the average balance of the performing loans portfolio. In annualised terms.

Quality of the loan portfolio

At 30 June 2015, the ratio of Customer loans in arrears for more than 90 days stood at 3.8% 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 104% in June 2015.

The credit at risk ratio, calculated in accordance with Bank of Portugal[1)] Instruction 23/2011 decreased to 5.2% in June 2015. The accumulated impairment allowances in the balance sheet represented 82% of the credit at risk.

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

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

	Jun.14		Dec.14		Jun.15	
	M.€	% of loan portfolio 1)	M.€	% of loan portfolio 1)	M.€	% of loan portfolio 1)
Loans in arrears (+90 days)	918.2	3.7%	947.1	3.9%	896.6	3.8%
Credit at risk (Instruction 23/2011 BoP)	1 218.4	5.3%	1 219.1	5.4%	1 142.4	5.2%
Loans impairments (in the balance sheet)	988.8	4.0%	988.5	4.1%	932.2	3.9%
Write offs (in the period)	20.9		90.0		99.6	
Note:						
Gross loan portfolio	25 025.2		24 394.8		23 807.1	

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, and the impairments coverage.

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

	Jun.14			Dec.14			Jun.15		
	M.€	% of loan portfolio1)	Impairments coverage	M.€	% of loan portfolio1)	Impairments coverage	M.€	% of loan portfolio1)	Impairments coverage
Corporate banking	621.6	7.4%	90%	634.5	7.9%	88%	583.7	7.6%	89%
Individuals Banking	591.9	4.2%	70%	581.6	4.2%	72%	555.9	4.0%	72%
Mortgage loans	397.7	3.4%	60%	396.5	3.5%	62%	391.0	3.5%	62%
Other loans to individuals	45.5	5.0%	98%	39.3	4.4%	97%	38.6	4.4%	101%
Small businesses	148.8	10.0%	90%	145.8	9.2%	91%	126.3	7.7%	96%
Other	4.9	0.8%		2.9	0.5%		2.8	0.6%	
Domestic activity	**1 218.4**	**5.3%**	**81%**	**1 219.1**	**5.4%**	**81%**	**1 142.4**	**5.2%**	**82%**

1) As % of the gross loan portfolio

Impairments for foreclosure properties

At 30 June 2015, foreclosed properties amounted to 152.9 M.€, in terms of gross balance sheet value. The accumulated amount of impairment allowances for foreclosed properties of 28.2 M.€, covered 18.4% of their gross balance sheet value. The net value of these properties was therefore 124.7 M.€, which compared to a market value of these properties of 151.6 M.€.

Real estate loans recovery at 30 June 2015

Amounts in M.€

	Gross value	Coverage by impairments		Net value	Appraisal
		Amount	%		
Mortgage	68.9	3.5	5.1%	**65.4**	81.0
Other	84.0	24.7	29.4%	**59.3**	70.6
Total	**152.9**	**28.2**	**18.4%**	**124.7**	**151.6**

Employee pension liabilities

At 30 June 2015 BPI's pension liabilities amounted to 1 279 M.€ and are 106% covered by the pension fund.

Financing of pension liabilities

Amounts in M.€

	30 Jun. 14	31 Dec.14	30 Jun. 15
Pension obligations	1 113.9	1 278.4	1 279.0
Pension funds[1)]	1 184.2	1 248.7	1 354.3
Financing surplus	70.3	(29.7)	75.3
Cover of pension obligations	**106.3%**	**97.7%**	**105.9%**
Total actuarial deviations[2)]	(64.0)	(184.0)	(79.9)
Pension fund return[3)]	5.5%	7.7%	9.9%

1) Includes in Dec.14 contributions transferred to the pension funds in the beginning of 2015 (47,0 M.€).
2) Recognized directly in Shareholders' equity (OCI - Other Comprehensive Income), in accordance with IAS19.
3) Year-to-date non-annualised return.

Pension funds’ income

In the 1st half 2015 the Bank’s pension funds posted a non-annualised return of 9.9%.

It should be pointed out that, up till the end of June 2015, the actual return achieved by Banco BPI’s pension fund since its creation in 1991 was 9.6% per year, and that in the last ten, five and three years, the actual annual returns were 7.7%, 10.0% and 15.8%, respectively.

Actuarial assumptions

The following table shows the main actuarial assumptions used to calculate the pension liabilities.

In the 1st half of 2015 BPI did not make any change in the actuarial assumptions.

Actuarial assumptions

	Dec.13	Jun.14	Dec.14	Jun.15
Discount rate - current employees	4.33%	3.83%	2.83%	2.83%
Discount rate - retirees	3.50%	3.00%	2.00%	2.00%
Salary growth rate	1.50%	1.25%	1.00%	1.00%
Pensions growth rate	1.00%	0.75%	0.50%	0.50%
Expected pension fund rate of return	4.00%	3.50%	2.50%	2.50%
Mortality table	(M): TV 73/77 – 2 years (1) (W): TV 88/ 90 – 3 years (1)			

1) 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.

IV. INTERNATIONAL ACTIVITY RESULTS

Net profit

The international activity's net profit stood at 69.6 M.€ in the 1st half 2015 (+40% over the 49.5 M.€ obtained in the 1st half of the previous 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 66.9 M.€[1], 43% higher than the contribution in the 1st half 2014 (46.8 M.€). Minority interests of 69.4 M.€ were recognised in BFA's net profit (49.0 M.€ in the 1st half 2014).

The contribution to the consolidated net profit of the 30% participating interest in BCI (Mozambique), which is equity-accounted, stood at 3.7 M.€ (3.4 M.€ in the 1st half 2014).

Income statement

Amounts in M.€

	2014	2015	Chg. 1H14 / 1H15	
	1H	1H	Chg. M.€	Chg.%
Net interest income	102.8	161.8	59.0	57.4%
Technical results of insurance contracts				
Commissions and other similar income (net)	25.8	30.8	5.0	19.4%
Gains and losses in financial operations	55.6	72.9	17.3	31.1%
Operating income and charges	(5.7)	(8.8)	(3.1)	-54.0%
Net operating revenue	**178.4**	**256.7**	**78.2**	**43.8%**
Personnel costs	32.0	41.6	9.6	29.9%
Outside supplies and services	28.5	36.6	8.1	28.5%
Depreciation of fixed assets	6.8	8.3	1.5	21.8%
Operating costs	**67.3**	**86.5**	**19.2**	**28.5%**
Operating profit before provisions	**111.1**	**170.1**	**59.0**	53.1%
Recovery of loans written-off	1.0	1.0	(0.0)	-4.6%
Loan provisions and impairments	6.0	18.2	12.2	203.2%
Other impairments and provisions	1.5	1.8	0.3	23.3%
Profits before taxes	**104.7**	**151.1**	**46.5**	**44.4%**
Corporate income tax	9.8	16.1	6.4	65.0%
Equity-accounted results of subsidiaries	3.7	4.0	0.3	9.0%
Minority shareholders' share of profit	49.0	69.4	20.4	41.6%
Net Income	**49.5**	**69.6**	**20.0**	**40.4%**

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

BFA's return on the average Shareholders' equity (individual accounts) stood at 31.8% in the 1st half 2015 and BCI's return on the average Shareholders' equity reached 17.3%.

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 28.7% in the 1st half 2015.

Customer resources and loans

Total Customer resources in the international activity, measured in euro (consolidation currency), have increased by 12.2%[1], reaching 6 711.1 M.€ in June 2015.

In the 2nd quarter 2015, Customer resources expressed in the consolidation currency (Eur) decreased by 0.8 Bi. € (-10.8%) compared to March 2015, which is mainly explained by the 10% depreciation of the kwanza against the euro in June. When expressed in the currency they were captured, Customer resources in kwanzas (representing c. 2/3 of total resources) decreased by 0.8% and the resources captured in USD (c. 1/3 of the total) decreased by 2.5%, both relative to March 2015.

Customers resources

Amounts in M.€

	Jun.14	Dec.14	Jun.15	Chg.% Jun.14/ Jun.15
Sight deposits	3 070.2	3 805.9	3 586.3	16.8%
Term deposits	2 913.4	3 590.4	3 124.8	7.3%
Total	**5 983.6**	**7 396.3**	**6 711.1**	**12.2%**

BFA's market share in deposits reached 15.5% in February 2015, granting it the third post in the Angolan market ranking.

1) When expressed in the currency they were captured, Customer resources in kwanzas (representing c. 2/3 of total resources) increased by 27% yoy and the resources captured in USD (c. 1/3 of the total) decreased by 21% yoy.

The loans to Customers portfolio, expressed in euro, increased 25.0%[1)], from 1 111.1 M.€ in June 2014, to 1 389.3 M.€ in June 2015.

In the 2nd quarter 2015, the loan portfolio expressed in the consolidation currency (Eur) decreased by 0.6 Bi.€ (-30%) compared to March 2015, which was explained by the 10% depreciation of the kwanza against the euro in June and by the conversion into bonds of a loan granted to the Angolan State in the 3rd quarter 2014. When expressed in the currency they were granted, the loan portfolio in kwanzas (1/2 of the total) decreased by 35% and the loan portfolio in USD (1/2 of the total) decreased 0.7%, both relative to March 2015.

Loans to Customers

Amounts in M.€

	Jun.14	Dec.14	Jun.15	Chg.% Jun.14/ Jun.15
Performing loans	1 122.1	1 836.0	1 395.1	24.3%
Loans in arrears	56.2	63.8	70.9	26.2%
Loan impairments	(73.5)	(77.9)	(92.8)	26.3%
Interests and other	6.3	11.1	16.1	153.3%
Total	**1 111.1**	**1 833.0**	**1 389.3**	**25.0%**
Guarantees	349.0	487.9	503.6	44.3%

Securities portfolio

At 30 June 2015, BFA's securities portfolio totalled 3 460 M.€ or 44% of the Bank's assets. The portfolio of short-term securities, comprising Treasury Bills, amounted to 1 017 M.€ at the end of June (+328 M.€ relative to June 2014) and the Treasury Bonds portfolio amounted to 2 422 M.€ (+254 M.€ relative to June 2014).

Customers

The number of Customers has increased by 8.7%, from 1.3 million Customers in June 2014 to 1.4 million Customers in June 2015.

Physical distribution network

The distribution network in Angola increased 5.0%, over June 2014. Nine new branches were opened over the last 12 months. At the end of June 2015, the distribution network comprised 163 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.

1) When expressed in the currency they were granted, the loan portfolio in kwanzas (representing c. 1/2 of the total) increased by 4% yoy and the loan portfolio in USD (1/2 of the total) increased by 38% yoy.

Cards

BFA holds a prominent position in the debit and credit cards with a 19.8% market share in June 2015 in terms of valid debit cards. At the end of June 2015, BFA had 941 thousand valid debit cards (Multicaixa cards) and 17 105 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 (533 thousand subscribers of BFA NET in June 2015, of which 522 thousand are individuals) and an extensive terminal network with 376 ATM and 7 540 active point-of-sale (POS) terminals connected to the EMIS network, corresponding to market shares of 14.6% (ranking 2nd) and 24.7% (ranking 1st), respectively.

Number of employees

BFA's workforce at the end of June 2015 stood at 2 559 employees, which represents an increase in staff of 124 (+5.1%) relative to the staff complement in June 2014. At the end of June 2015, BFA's workforce represented approximately 30% of the Group's total number of Employees.

Revenues and costs

Net operating revenue in the international activity reached 256.7 M.€ in the 1st half 2015, corresponding to an increase of 43.8% yoy (+78.2 M.€).

This growth was mainly explained by the increase in net interest income (+59.0 M.€), and, at a less extent, by the growth in profits from financial operations (+17.3 M.€).

Operating costs have increased by 19.2 M.€ (28.5%) over the 1st half of 2014. Personnel costs increased by 9.6 M.€, third-party supplies and services increased by 8.1 M.€ and depreciation and amortization increased by 1.5 M.€. The trend in costs, expressed in Euro, is greatly affected by the significant depreciation of the Kwanza and by the fact that personnel costs are indexed to the USD and a significant portion of Outside supplies and services are in foreign currency.

The ratio "operating costs as percentage of net operating revenue" stood at 33.7% in the 1st half 2015.

Cost of credit risk

In the international activity, loan provision charges were 18.2 M.€ in the 1st half 2015, which corresponded to 1.92% of the average performing loan portfolio, in annualised terms.

On the other hand, 1.0 M.€ of loans and interests in arrears, previously written-off, were recovered.

Loan provisions, deducted from recoveries of loans in arrears, have thus reached 17.2 M.€ in the 1st half 2015, corresponding to 1.82% of the average performing loan portfolio, in annualised terms.

Loan impairments and recoveries

Amounts in M.€

	Jun.14		Jun.15	
	M.€	% of loan portfolio[1)]	M.€	% of loan portfolio[1)]
Loan impairments	6.0	1.10%	18.2	1.92%
Recovery of loans and interest in arrears written-off	1.0	0.19%	1.0	0.10%
Loan impairments, after deducting the recovery of loans and interest in arrears written-off	**5.0**	**0.91%**	**17.2**	**1.82%**

1) As percentage of the average balance of the performing loans portfolio. In annualised terms.

At 30 June 2015, the ratio of Customer loans in arrears for more than 90 days stood at 4.5%. The provisioning coverage of loans in arrears for more than 90 days stood, at the end of June 2015, at 154%.

Loans in arrears for more than 90 days and impairments

	Jun.14		Dec.14		Jun.15	
	M.€	% of loan portfolio [1)]	M.€	% of loan portfolio [1)]	M.€	% of loan portfolio [1)]
Loans in arrears (+90 days)	53.0	4.5%	61.2	3.2%	67.2	4.5%
Credit a risk (Instruction 23/2011 BoP)	75.9	6.4%	84.9	4.4%	92.7	6.3%
Loans impairments (in the balance sheet)	81.2	6.9%	86.7	4.5%	103.2	7.0%
Write offs (in the period)			10.4			
Note:						
Gross loan portfolio	1 184.6		1 910.8		1 482.1	

1) As % of the gross loan portfolio

Equity-accounted results of subsidiaries

In the international activity, the equity-accounted earnings of subsidiaries amounted to 4.0 M.€ in the 1st half 2015 (+0.3 M.€ over 1st half 2014)[1], and refer to the appropriation of 30% of the net profit earned by BCI, a commercial bank operating in Mozambique and in which BPI holds a 30% participating interest.

BCI recorded a 16.9%[2] yoy increase in net total assets. Customer deposits have grown by 17.5%[2] year-on-year, to 1 770 M.€ at the end of June 2015, while the Customer loan portfolio has expanded by 23.3%[2] year-on-year, to 1 460 M.€. BCI market shares in deposits and loans, at the end of June 2015, reached 28.5% and 29.8%, respectively.

At the end of June 2015, BCI served 1.2 million clients (+30.4% relative to June 2014) through a network of 171 branches (+32 than one year before), representing 29.7% of the total Mozambican banking system distribution network. The staff complement reached 2 742 Employees at 30 June 2015 (+22.2% than in June 2014).

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1) BCI's total contribution to consolidated net profit was 3.4 M.€ in the 1st half 2014 and 3.7 M.€ in the 1st half 2015, given that, besides the equity-accounted results, deferred tax relating to the distributable earnings of BCI is recorded in the caption "Corporate income tax" (0.3 M.€ in the 1st half of 2014 and 1st half of 2015).
2) Expressed in USD, net total assets decrease by 4.0%, deposits decrease by 3.6% and the loan portfolio grows by 1.2%.

V. ANNEXES

Leading indicators

Amounts in M.€

	Domestic activity			International activity			Consolidated		
	Jun.14	Jun.15	Chg.%	Jun.14	Jun.15	Chg.%	Jun.14	Jun.15	Chg.%
Net income, efficiency and profitability									
Net income (as reported)	- 156.2	**6.6**	104.2%	49.5	**69.6**	40.4%	- 106.6	**76.2**	171.5%
Net income (as reported) per share (EPS)	-0.112	**0.005**	104.1%	0.036	**0.048**	34.8%	-0.077	**0.053**	168.6%
Weighted average number of shares [1)]	1,392	**1,450**	4.2%	1,392	**1,450**	4.2%	1,392	**1,450**	4.2%
Efficiency ratio excl. non-recurring impacts [2)]	80.5%	**74.8%**		37.7%	**33.7%**		64.9%	**56.8%**	
Return on average total assets (ROA)	-0.6%	**0.0%**		3.0%	**3.3%**		0.0%	**0.7%**	
Return on Shareholders' equity (ROE)	-11.4%	**0.8%**		27.7%	**28.7%**		-5.1%	**6.8%**	
Balance sheet									
Net total assets [3)]	35 273	**34 261**	(2.9%)	6 847	**7 859**	14.8%	41 287	**41 434**	0.4%
Loans to Customers	24 080	**22 908**	(4.9%)	1 111	**1 389**	25.0%	25 191	**24 297**	(3.5%)
Deposits	18 397	**19 132**	4.0%	5 984	**6 711**	12.2%	24 380	**25 843**	6.0%
On-balance sheet Customer resources	23 099	**25 563**	10.7%	5 984	**6 711**	12.2%	29 082	**32 274**	11.0%
Off-balance sheet Customer resources[4)]	3 242	**3 284**	1.3%				3 242	**3 284**	1.3%
Total Customer resources[5)]	25 982	**28 569**	10.0%	5 984	**6 711**	12.2%	31 966	**35 280**	10.4%
Loans to deposits ratio (Instruction 23/2011 BoP)	115%	**102%**		19%	**21%**		92%	**82%**	
Asset quality									
Loans in arrears for more than 90 days	918	**897**	(2.3%)	53	**67**	26.7%	971	**964**	(0.8%)
Ratio of loans in arrears [6)]	3.7%	**3.8%**		4.5%	**4.5%**		3.7%	**3.8%**	
Impairments cover of loans in arrears [6)]	108%	**104%**		153%	**154%**		110%	**107%**	
Credit at risk [7)]	1 218	**1 142**	(6.2%)	76	**93**	22.2%	1 294	**1 235**	(4.6%)
Ratio of credit at risk [7)]	5.3%	**5.2%**		6.4%	**6.3%**		5.4%	**5.3%**	
Impairments cover of credit at risk [7)]	81%	**82%**		107%	**111%**		83%	**84%**	
Cost of credit risk [8)]	0.71%	**0.54%**		0.91%	**1.82%**		0.72%	**0.64%**	
Pension liabilities									
Employees pension liabilities	1 114	**1 279**	14.8%				1 114	**1 279**	14.8%
Employees pension funds assets	1 184	**1 354**	14.4%				1 184	**1 354**	14.4%
Cover of pension obligations [9)]	106%	**106%**					106%	**106%**	
Capital									
Shareholders' equity and minority interests	1 860	**1 784**	(4.1%)	680	**837**	23.0%	2 541	**2 621**	3.2%
CRD IV/CRR phasing in									
Common Equity Tier I							2 512	**2 529**	
Risk weighted assets							20 111	**24 047**	
Common Equity Tier I ratio							12.5%	**10.5%**	
Leverage ratio							6.4%	**6.1%**	
LCR = Liquidity coverage ratio							216%	**139%**	
NSFR = Net Stable Funding Ratio							103%	**106%**	
CRD IV/CRR fully implemented									
Common Equity Tier I							1 701	**2 181**	
Risk weighted assets							19 682	**23 984**	
Common Equity Tier I ratio							8.6%	**9.1%**	
Leverage ratio							4.7%	**5.5%**	
LCR = Liquidity coverage ratio							216%	**139%**	
NSFR = Net Stable Funding Ratio							103%	**106%**	
Distribution network and staff									
Distribution network [10)]	668	**623** [11)]	(6.7%)	179	**188**	5.0%	847	**811**	(4.3%)
BPI Group staff [12)]	6 166	**5 952**	(3.5%)	2 453	**2 559**	4.3%	8 619	**8 511**	(1.3%)

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
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
8) Loan impairments in the period (P&L account), net of arrear loans recovered, as percentage of the average performing loan portfolio.
9) Cover of pension obligations by the pension funds assets.
10) 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).
11) At 1 August 2015.
12) Excludes temporary workers.

Consolidated income statement

Amounts in M.€

	2014						2015			Chg.% 1H14 / 1H15
	1Q	2Q	1H	3Q	4Q	2014	1Q	2Q	1H	
Net interest income (narrow sense)	105.6	115.1	**220.7**	134.3	130.3	**485.3**	147.4	164.9	**312.4**	41.5%
Unit linked gross margin	0.9	1.1	**2.0**	1.3	1.7	**5.0**	2.2	3.2	**5.4**	169.9%
Income from securities (variable yield)	0.1	3.3	**3.4**	0.1	0.1	**3.6**	0.0	3.6	**3.6**	6.9%
Commissions related to deferred cost (net)	5.4	5.1	**10.5**	4.9	5.2	**20.5**	4.6	5.3	**9.9**	(5.5%)
Net interest income	**112.0**	**124.5**	**236.5**	**140.7**	**137.2**	**514.5**	**154.2**	**177.0**	**331.2**	**40.0%**
Technical results of insurance contracts	6.9	8.0	**14.9**	9.0	10.5	**34.4**	10.6	8.8	**19.4**	30.4%
Commissions and other similar income (net)	71.7	75.2	**146.9**	83.8	81.5	**312.2**	73.9	81.5	**155.4**	5.8%
Gains and losses in financial operations	(91.7)	34.4	**(57.3)**	44.0	38.2	**24.9**	47.6	47.8	**95.4**	266.6%
Operating income and charges	(4.1)	(8.4)	**(12.5)**	(6.1)	(9.6)	**(28.2)**	(6.1)	(8.0)	**(14.2)**	(13.5%)
Net operating revenue	**94.8**	**233.8**	**328.6**	**271.4**	**257.7**	**857.7**	**280.2**	**307.1**	**587.2**	**78.7%**
Personnel costs, excluding non-recurring costs	89.8	91.5	**181.3**	94.0	94.8	**370.1**	94.2	94.9	**189.1**	4.3%
Outside supplies and services	59.4	61.6	**121.0**	62.7	54.5	**238.2**	62.6	64.4	**127.1**	5.0%
Depreciation of fixed assets	7.6	7.4	**15.0**	7.8	8.0	**30.8**	8.7	8.8	**17.5**	16.5%
Operating costs, excluding non-recurring costs	156.8	160.5	**317.3**	164.5	157.2	**639.1**	165.5	168.1	333.6	5.1%
Non-recurring costs				26.1	6.3	**32.5**				
Operating costs	**156.8**	**160.5**	**317.3**	**190.7**	**163.6**	**671.5**	**165.5**	**168.1**	**333.6**	**5.1%**
Operating profit before provisions	**(62.0)**	**73.3**	**11.3**	**80.8**	**94.2**	**186.2**	**114.7**	**138.9**	**253.6**	**n.s.**
Recovery of loans written-off	4.3	4.2	**8.5**	3.9	4.0	**16.5**	3.5	4.3	**7.8**	(8.2%)
Loan provisions and impairments	45.3	54.7	**100.1**	41.2	51.9	**193.2**	36.6	50.3	**86.9**	(13.2%)
Other impairments and provisions	3.4	2.9	**6.3**	9.2	29.7	**45.3**	7.4	8.6	**16.0**	153.8%
Profits before taxes	**(106.4)**	**19.8**	**(86.7)**	**34.3**	**16.6**	**(35.8)**	**74.2**	**84.2**	**158.4**	**282.8%**
Corporate income tax	(22.7)	4.4	**(18.3)**	16.6	32.4	**30.7**	15.4	10.1	**25.5**	239.3%
Equity-accounted results of subsidiaries	5.3	6.1	**11.4**	8.1	6.6	**26.1**	5.4	7.3	**12.7**	11.9%
Minority shareholders' share of profit	26.4	23.3	**49.7**	33.5	40.1	**123.3**	33.4	36.1	**69.5**	39.8%
Net Income	**(104.8)**	**(1.8)**	**(106.6)**	**(7.7)**	**(49.3)**	**(163.6)**	**30.9**	**45.3**	**76.2**	**171.5%**

Consolidated balance sheet

Amounts in M.€

	30 Jun.14	31 Dec.14	30 Jun.15	Chg.% Jun.14/ Jun.15
Assets				
Cash and deposits at central banks	1 274.3	1 894.2	2 012.8	58.0%
Amounts owed by credit institutions repayable on demand	344.7	380.5	551.6	60.0%
Loans and advances to credit institutions	2 021.0	2 588.8	1 913.5	(5.3%)
Loans and advances to Customers	25 190.6	25 269.0	24 297.1	(3.5%)
Financial assets held for dealing	1 895.2	3 017.7	3 513.2	85.4%
Financial assets available for sale	8 633.6	7 525.8	7 352.3	(14.8%)
Financial assets held to maturity	103.5	88.4	22.4	(78.4%)
Hedging derivatives	137.0	148.7	109.1	(20.4%)
Investments in associated companies and jointly controlled entities	224.4	213.0	214.6	(4.4%)
Investment properties[1)]	158.6	154.8	154.8	(2.4%)
Non-current assets held for sale		11.6		
Other tangible assets	193.5	204.2	198.5	2.6%
Intangible assets	18.6	24.9	22.5	21.2%
Tax assets	468.9	422.5	398.9	(14.9%)
Other assets	622.7	684.8	673.0	8.1%
Total assets	**41 286.7**	**42 628.9**	**41 434.2**	**0.4%**
Liabilities and shareholders' equity				
Resources of central banks	3 055.0	1 561.2	1 520.1	(50.2%)
Financial liabilities held for dealing	342.5	326.8	332.2	(3.0%)
Credit institutions' resources	1 682.4	1 372.4	1 388.3	(17.5%)
Customers' resources and other loans	25 600.4	28 134.6	28 255.5	10.4%
Debts evidenced by certificates	2 419.2	2 238.1	1 227.4	(49.3%)
Technical provisions	3 211.4	4 151.8	3 962.0	23.4%
Financial liabilities associated to transferred assets	1 199.6	1 047.7	956.1	(20.3%)
Hedging derivatives	319.6	327.2	237.5	(25.7%)
Provisions	113.3	107.3	119.7	5.7%
Tax liabilities	54.2	42.6	61.9	14.3%
Contingently convertible subordinated bonds				
Other subordinated loans	69.5	69.5	69.5	(0.0%)
Other liabilities	679.1	703.8	683.0	0.6%
Share capital	1 293.1	1 293.1	1 293.1	
Share premium account and reserves	1 035.6	1 006.5	869.4	(16.0%)
Other equity instruments	3.7	5.3	3.9	3.1%
Treasury stock	(8.2)	(13.8)	(12.8)	(56.9%)
Net profit	(106.6)	(163.6)	76.2	171.5%
Shareholders' equity attributable to the shareholders of BPI	2 217.6	2 127.4	2 229.7	0.5%
Minority interests	323.0	418.3	391.3	21.1%
Shareholders' equity	**2 540.6**	**2 545.6**	**2 621.0**	**3.2%**
Total liabilities and shareholders' equity	**41 286.7**	**42 628.9**	**41 434.2**	**0.4%**

1) According to IFRS10, in 2014 Banco BPI began to consolidate using the full consolidation method the stakes in the unit trust funds BPI Obrigações Mundiais, in Imofomento and in the BPI Strategies.

Domestic activity income statement

Amounts in M.€

	2014						2015			Chg.% 1H14 / 1H15
	1Q	2Q	1H	3Q	4Q	2014	1Q	2Q	1H	
Net interest income (narrow sense)	57.1	60.9	**118.0**	66.7	64.0	**248.7**	70.7	79.9	**150.6**	27.6%
Unit linked gross margin	0.9	1.1	**2.0**	1.3	1.7	**5.0**	2.2	3.2	**5.4**	169.9%
Income from securities (variable yield)	0.1	3.3	**3.4**	0.1	0.1	**3.6**	0.0	3.6	**3.6**	6.9%
Commissions related to deferred cost (net)	5.4	5.0	**10.4**	4.8	5.2	**20.4**	4.6	5.3	**9.9**	(5.0%)
Net interest income	**63.5**	**70.3**	**133.8**	**73.0**	**71.0**	**277.7**	77.5	91.9	**169.5**	**26.7%**
Technical results of insurance contracts	6.9	8.0	**14.9**	9.0	10.5	**34.4**	10.6	8.8	**19.4**	30.4%
Commissions and other similar income (net)	58.4	62.7	**121.1**	61.9	63.2	**246.3**	60.1	64.5	**124.6**	2.9%
Gains and losses in financial operations	(120.1)	7.2	**(112.8)**	13.4	6.7	**(92.7)**	16.2	6.3	**22.5**	120.0%
Operating income and charges	(3.4)	(3.4)	**(6.8)**	(3.5)	(6.6)	**(16.9)**	(2.7)	(2.7)	**(5.4)**	20.6%
Net operating revenue	**5.3**	**144.9**	**150.1**	**153.8**	**144.8**	**448.8**	161.8	168.8	**330.6**	**120.2%**
Personnel costs, excluding non-recurring costs	74.8	74.5	**149.3**	76.6	76.2	**302.1**	73.4	74.1	**147.5**	(1.2%)
Outside supplies and services	45.7	46.7	**92.5**	46.5	39.5	**178.5**	44.6	45.9	**90.4**	(2.2%)
Depreciation of fixed assets	4.2	4.0	**8.2**	4.1	4.3	**16.7**	4.6	4.6	**9.2**	12.1%
Operating costs, excluding non-recurring costs	124.7	125.2	**250.0**	127.2	120.0	**497.2**	122.5	124.6	**247.1**	**(1.1%)**
Non-recurring costs				26.1	6.3	**32.5**				
Operating costs	**124.7**	**125.2**	**250.0**	**153.3**	**126.4**	**529.7**	122.5	124.6	**247.1**	**(1.1%)**
Operating profit before provisions	**(119.5)**	**19.6**	**(99.8)**	**0.5**	**18.5**	**(80.9)**	39.3	44.2	**83.5**	**183.6%**
Recovery of loans written-off	3.9	3.6	**7.5**	3.2	3.3	**14.0**	3.0	3.8	**6.8**	(8.6%)
Loan provisions and impairments	42.1	51.9	**94.1**	34.0	44.4	**172.5**	33.4	35.4	**68.7**	(26.9%)
Other impairments and provisions	2.6	2.2	**4.9**	8.5	24.6	**37.9**	6.5	7.7	**14.2**	193.0%
Profits before taxes	**(160.3)**	**(31.0)**	**(191.3)**	**(38.8)**	**(47.1)**	**(277.3)**	2.4	4.9	**7.3**	**103.8%**
Corporate income tax	(29.4)	1.3	**(28.1)**	8.0	46.5	**26.3**	8.4	1.0	**9.4**	133.5%
Equity-accounted results of subsidiaries	3.6	4.1	**7.7**	5.6	1.2	**14.6**	4.1	4.7	**8.7**	13.2%
Minority shareholders' share of profit	1.8	(1.2)	**0.7**	0.2	(0.2)	**0.7**	0.0	0.0	**0.0**	(96.7%)
Net Income	**(129.2)**	**(27.0)**	**(156.2)**	**(41.3)**	**(92.2)**	**(289.7)**	(2.0)	8.6	**6.6**	**104.2%**

Domestic activity balance sheet

Amounts in M.€

	30 Jun.14	31 Dec.14	30 Jun.15	Chg.% Jun.14/ Jun.15
Assets				
Cash and deposits at central banks	215.4	439.9	402.0	86.6%
Amounts owed by credit institutions repayable on demand	319.6	364.5	472.3	47.8%
Loans and advances to credit institutions	1 208.7	1 208.9	1 429.7	18.3%
Loans and advances to Customers	24 079.5	23 436.0	22 907.8	(4.9%)
Financial assets held for dealing	1 740.2	2 803.6	3 163.7	81.8%
Financial assets available for sale	5 929.1	4 862.1	4 241.8	(28.5%)
Financial assets held to maturity	103.5	88.4	22.4	(78.4%)
Hedging derivatives	137.0	148.7	109.1	(20.4%)
Investments in associated companies and jointly controlled entities	179.6	158.2	147.6	(17.9%)
Investment properties[1)]	158.6	154.8	154.8	(2.4%)
Non-current assets held for sale		11.6		
Other tangible assets	63.2	62.4	56.7	(10.2%)
Intangible assets	16.3	22.1	19.9	21.9%
Tax assets	465.0	413.8	392.3	(15.6%)
Other assets	656.7	671.4	740.5	12.7%
Total assets	**35 272.6**	**34 846.3**	**34 260.5**	**(2.9%)**
Liabilities and shareholders' equity				
Resources of central banks	3 055.0	1 561.2	1 520.1	(50.2%)
Financial liabilities held for dealing	342.2	324.5	314.2	(8.2%)
Credit institutions' resources	2 466.7	2 007.2	2 008.7	(18.6%)
Customers' resources and other loans	19 562.1	20 685.7	21 485.7	9.8%
Debts evidenced by certificates	2 419.2	2 238.1	1 227.4	(49.3%)
Technical provisions	3 211.4	4 151.8	3 962.0	23.4%
Financial liabilities associated to transferred assets	1 199.6	1 047.7	956.1	(20.3%)
Hedging derivatives	319.6	327.2	237.5	(25.7%)
Provisions	88.0	76.0	88.1	0.1%
Tax liabilities	37.8	25.5	38.5	1.7%
Contingently convertible subordinated bonds				
Other subordinated loans	69.5	69.5	69.5	(0.0%)
Other liabilities	641.3	662.3	568.6	(11.3%)
Shareholders' equity attributable to the shareholders of BPI	1 858.5	1 667.6	1 782.4	(4.1%)
Minority interests	1.8	1.8	1.8	(0.2%)
Shareholders' equity	**1 860.3**	**1 669.4**	**1 784.2**	**(4.1%)**
Total liabilities and shareholders' equity	**35 272.6**	**34 846.3**	**34 260.5**	**(2.9%)**

Note: The balance sheet relating to domestic operations presented above has not been corrected for the balances resulting from operations with the "International Operations" geographical segment.

1) According to IFRS10, in 2014 Banco BPI began to consolidate using the full consolidation method the stakes in the unit trust funds BPI Obrigações Mundiais, in Imofomento and in the BPI Strategies.

International activity income statement

Amounts in M.€

	2014						2015			Chg.% 1H14 / 1H15
	1Q	2Q	**1H**	3Q	4Q	**2014**	1Q	2Q	**1H**	
Net interest income (narrow sense)	48.5	54.2	**102.7**	67.6	66.3	**236.6**	76.7	**85.1**	**161.8**	57.5%
Unit linked gross margin										
Income from securities (variable yield)										
Commissions related to deferred cost (net)	0.0	0.0	**0.1**	0.1	(0.1)	**0.1**	0.0		**0.0**	(93.1%)
Net interest income	**48.6**	**54.2**	**102.8**	**67.7**	**66.2**	**236.7**	**76.7**	**85.1**	**161.8**	**57.4%**
Technical results of insurance contracts										
Commissions and other similar income (net)	13.3	12.5	**25.8**	21.9	18.2	**65.9**	13.8	**17.0**	**30.8**	19.4%
Gains and losses in financial operations	28.4	27.2	**55.6**	30.6	31.5	**117.6**	31.3	**41.5**	**72.9**	31.1%
Operating income and charges	(0.7)	(5.0)	**(5.7)**	(2.6)	(3.0)	**(11.3)**	(3.5)	**(5.3)**	**(8.8)**	(54.0%)
Net operating revenue	**89.5**	**88.9**	**178.4**	**117.6**	**112.9**	**408.9**	**118.4**	**138.3**	**256.7**	**43.8%**
Personnel costs	15.0	17.0	**32.0**	17.5	18.6	**68.0**	20.8	**20.8**	**41.6**	29.9%
Outside supplies and services	13.7	14.8	**28.5**	16.2	15.0	**59.7**	18.1	**18.6**	**36.6**	28.5%
Depreciation of fixed assets	3.4	3.4	**6.8**	3.6	3.6	**14.1**	4.1	**4.2**	**8.3**	21.8%
Operating costs	**32.1**	**35.3**	**67.3**	**37.3**	**37.2**	**141.8**	**43.0**	**43.5**	**86.5**	**28.5%**
Operating profit before provisions	**57.4**	**53.6**	**111.1**	**80.3**	**75.7**	**267.1**	**75.4**	**94.7**	**170.1**	**53.1%**
Recovery of loans written-off	0.4	0.7	**1.0**	0.8	0.7	**2.5**	0.5	**0.5**	**1.0**	(4.6%)
Loan provisions and impairments	3.2	2.8	**6.0**	7.2	7.5	**20.7**	3.2	**15.0**	**18.2**	203.2%
Other impairments and provisions	0.7	0.7	**1.5**	0.8	5.2	**7.4**	0.9	**0.9**	**1.8**	23.3%
Profits before taxes	**53.9**	**50.8**	**104.7**	**73.1**	**63.7**	**241.5**	**71.8**	**79.3**	**151.1**	**44.4%**
Corporate income tax	6.6	3.2	**9.8**	8.6	(14.1)	**4.3**	7.0	**9.2**	**16.1**	65.0%
Equity-accounted results of subsidiaries	1.6	2.0	**3.7**	2.5	5.4	**11.6**	1.4	**2.6**	**4.0**	9.0%
Minority shareholders' share of profit	24.5	24.5	**49.0**	33.3	40.3	**122.6**	33.4	**36.1**	**69.4**	41.6%
Net Income	**24.4**	**25.2**	**49.5**	**33.6**	**43.0**	**126.1**	**32.8**	**36.7**	**69.6**	**40.4%**

International activity balance sheet

Amounts in M.€

	30 Jun.14	31 Dec.14	30 Jun.15	Chg.% Jun.14/ Jun.15
Assets				
Cash and deposits at central banks	1 058.9	1 454.3	1 610.8	52.1%
Amounts owed by credit institutions repayable on demand	41.3	57.6	133.3	223.0%
Loans and advances to credit institutions	1 583.6	2 002.6	1 050.8	(33.6%)
Loans and advances to Customers	1 111.1	1 833.0	1 389.3	25.0%
Financial assets held for dealing	155.0	214.1	349.5	125.4%
Financial assets available for sale	2 704.6	2 663.7	3 110.5	15.0%
Financial assets held to maturity				
Hedging derivatives				
Investments in associated companies and jointly controlled entities	44.8	54.8	67.0	49.6%
Investment properties				
Non-current assets held for sale				
Other tangible assets	130.3	141.8	141.7	8.8%
Intangible assets	2.3	2.8	2.6	16.4%
Tax assets	3.9	8.7	6.6	70.9%
Other assets	11.1	18.3	(2.8)	(125.3%)
Total assets	**6 846.8**	**8 451.7**	**7 859.3**	**14.8%**
Liabilities and shareholders' equity				
Resources of central banks				
Financial liabilities held for dealing	0.3	2.3	18.0	n.s.
Credit institutions' resources	3.2	29.4	0.6	(82.4%)
Customers' resources and other loans	6 038.4	7 448.9	6 769.8	12.1%
Debts evidenced by certificates				
Technical provisions				
Financial liabilities associated to transferred assets				
Hedging derivatives				
Provisions	25.3	31.3	31.7	25.3%
Tax liabilities	16.3	17.1	23.5	43.5%
Contingently convertible subordinated bonds				
Other subordinated loans				
Other liabilities	83.0	46.4	179.0	115.8%
Shareholders' equity attributable to the shareholders of BPI	359.1	459.8	447.3	24.6%
Minority interests	321.2	416.5	389.5	21.3%
Shareholders' equity	**680.3**	**876.2**	**836.8**	**23.0%**
Total liabilities and shareholders' equity	**6 846.8**	**8 451.7**	**7 859.3**	**14.8%**

Note:
The balance sheet relating to international operations presented above has not been corrected for the balances resulting from operations with the "Domestic Operations" geographical segment.

Profitability, efficiency, loan quality and solvency
Consolidated indicators according to the Bank of Portugal Notice 23/2011

	30 Jun.14	30 Jun.15
Net operating revenue and results of equity accounted subsidiaries / ATA	1.6%	2.8%
Profit before taxation and minority interests / ATA	-0.4%	0.8%
Profit before taxation and minority interests / average shareholders' equity (including minority interests)	-6.0%	12.8%
Personnel costs / net operating revenue and results of equity accounted subsidiaries [1]	53.3%	31.5%
Operating costs / net operating revenue and results of equity accounted subsidiaries [1]	93.3%	55.6%
Loans in arrears for more than 90 days + doubtful loans / loan portfolio (gross)	4.2%	4.2%
Loans in arrears for more than 90 days + doubtful loans, net of accumulated loan impairments / loan portfolio (net)	0.0%	0.0%
Non-performing loans ratio [2]	5.4%	5.3%
Non-performing loans ratio [2], net of accumulated loan impairments / loan portfolio (net)	1.2%	1.1%
Restructured loans as % of total loans[3]	6.8%	6.4%
Restructured loans not included in non-performing loans ("credit at risk") as % of total loans[3]	4.8%	4.5%
Total capital ratio (according to Bank of Portugal rules)	12.5% [4)]	10.7% [5)]
Tier I (according to Bank of Portugal rules)	12.5% [4)]	10.7% [5)]
Core Tier I	12.5% [4)]	10.5% [5)]
Loans (net) to deposits ratio	92%	82%

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 CRD IV/CRR phasing in rules for 2014.

5) According to CRD IV/CRR phasing in rules for 2015.

ATA = Average total assets.