



Consolidated quarterly information (unaudited accounts)

Banco BPI

30 September 2016

(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.15	Sep.16	Chg.%	Sep.15	Sep.16	Chg.%	Sep.15	Sep.16	Chg.%
Net income, efficiency and profitability									
Net income (as reported)	38.9	57.5	47.8%	112.0	125.4	11.9%	151.0	182.9	21.2%
Net income (as reported) per share (EPS)	0.027	0.040	47.7%	0.077	0.086	11.9%	0.104	0.126	21.1%
Weighted average number of shares ¹⁾	1,450	1,451	0.0%	1,450	1,451	0.0%	1,450	1,451	0.0%
Cost-to-income ratio ²⁾	74.8%	73.8%		32.5%	31.9%		56.2%	55.7%	
Return on total assets (ROA)	0.2%	0.2%		3.6%	4.7%		0.8%	1.1%	
Return on Shareholders' equity (ROE)	2.9%	4.1%		31.6%	38.5%		8.9%	10.5%	
Balance sheet									
Net total assets ³⁾	33 953	32 251	(5.0%)	7 682	6 998	(8.9%)	40 891	38 718	(5.3%)
Loans to Customers	22 721	22 614	(0.5%)	1 439	1 288	(10.5%)	24 159	23 902	(1.1%)
Sight, term and savings deposits	18 820	19 799	5.2%	6 577	5 889	(10.5%)	25 397	25 689	1.1%
On-balance sheet Customer resources	25 100	24 452	(2.6%)	6 577	5 889	(10.5%)	31 677	30 342	(4.2%)
Off-balance sheet Customer resources ⁴⁾	3 724	4 687	25.9%				3 724	4 687	25.9%
Total Customer resources ⁵⁾	28 052	28 226	0.6%	6 577	5 889	(10.5%)	34 629	34 115	(1.5%)
Loans to deposits ratio (Instruction 23/2011 BoP)	103%	104%		22%	22%		83%	86%	
Asset quality									
Loans in arrears for more than 90 days	877	813	(7.3%)	66	51	(22.8%)	942	863	(8.4%)
Ratio of loans in arrears for more than 90 days	3.7%	3.5%		4.3%	3.7%		3.7%	3.5%	
Impairments cover of loans in arrears for more than 90 days	107%	109%		153%	160%		110%	112%	
Credit at risk (consolidation perimeter IAS/IFRS) ⁶⁾	1 107	1 073	(3.0%)	89	66	(26.0%)	1 196	1 139	(4.7%)
Ratio of credit at risk (consolidation perimeter IAS/IFRS) ⁶⁾	4.7%	4.6%		5.8%	4.8%		4.8%	4.6%	
Impairments cover of credit at risk (consolidation perimeter IAS/IFRS) ⁶⁾	85%	83%		113%	123%		87%	85%	
Cost of credit risk net of recoveries ⁷⁾	0.45%	0.16%		1.64%	1.27%		0.54%	0.22%	
Employees pension liabilities									
Total past service liability	1 280	1 307	2.1%				1 280	1 307	2.1%
Net assets of the pension funds	1 350	1 306	(3.3%)				1 350	1 306	(3.3%)
Degree of coverage of pension liabilities ⁸⁾	105%	100%					105%	100%	
Capital									
Shareholders' equity attributable to the shareholders of BPI and non-controlling interests	1 825	1 938	6.2%	824	874	6.0%	2 650	2 812	6.1%
CRD IV/CRR phasing in									
Common Equity Tier I							2 455	2 670	
Risk weighted assets							23 661	23 392	
Common Equity Tier I ratio							10.4%	11.4%	
Leverage ratio							6.5%	7.3%	
LCR = Liquidity coverage ratio							125%	175%	
NSFR = Net Stable Funding Ratio							107%	117%	
CRD IV/CRR fully implemented									
Common Equity Tier I							2 199	2 580	
Risk weighted assets							23 600	23 374	
Common Equity Tier I ratio							9.3%	11.0%	
Leverage ratio							6.0%	7.1%	
LCR = Liquidity coverage ratio							125%	175%	
NSFR = Net Stable Funding Ratio							107%	117%	
Distribution network and staff									
Distribution network ⁹⁾	598	545	(8.9%)	190	190		788	735	(6.7%)
BPI Group staff ¹⁰⁾	5 934	5 757	(3.0%)	2 639	2 661	0.8%	8 573	8 418	(1.8%)

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

2) Overhead costs as a % of Operating income from banking activity.

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 and placements of pension funds under management in on-balance sheet and off-balance sheet resources.

6) Calculated in accordance with credit at risk definition of Bank of Portugal Instruction 23/2011 and considering the IAS /IFRS consolidation perimeter which results in the consolidation in full of BPI Vida e Pensões (whereas in Bank of Portugal supervision perimeter that subsidiary is recognised using the equity method). 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.

7) Impairment losses and provisions for loans and guarantees in the period (P&L account), net of recovery of loans, interest and expenses, as percentage of the average performing loan portfolio.

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

9) Includes traditional branches, housing shops, investment centres, corporate centres, Institutionals and one Project Finance centre. Domestic activity distribution network includes branches in Paris (9 branches at Sep.16).

10) Excludes temporary workers.

CONSOLIDATED OVERVIEW

Performance and results

Banco BPI recorded in the period from January to September 2016 a **consolidated net profit** of 182.9 million euro (M.€), up 21.2% relative to the same period of 2015. Earnings per share (Basic EPS) were 0.126 € (0.104 € in the same period of 2015).

The **return on consolidated shareholders' equity** was 10.5% in the period from January to September 2016.

Consolidated operating income from banking activity increased by 1.5% yoy (+13.4 M.€) led by the progression of the financial margin which increased by 12.6% (+62.1 M. €).

In the domestic activity, **the financial margin** increased by 15.4% yoy (+40.0 M. €) and the **commercial banking income**¹ increased by 6.5% yoy (+31.0 M. €).

Consolidated overhead costs increased 0.7% yoy.

Consolidated cost-to-income ratio stood at 55.7% in the period from January to September 2016.

Risk

The **impairment losses and provisions for loans and guarantees net of recovery of loans, interest and expenses** (designated cost of credit risk net of recoveries), fell from 99.1 M.€ in September 2015 to 38.8 M.€ in September 2016.

The indicator **cost of credit risk net of recoveries** (which corresponds to impairment losses and provisions for loans and guarantees net of recovery of loans, interest and expenses, as percentage of the loan portfolio's average balance, in annualised terms) decreased from 0.54% in September 2015 to 0.22% in September 2016.

The consolidated **credit at risk ratio** (non-performing loans)² decreased from 4.8% in September 2015 to 4.6% in September 2016. Impairments coverage (accumulated allowances in the balance sheet) of credit at risk stood at 85% (without considering the coverage by associated collaterals) at the end of September 2016.

Capital

At 30 September 2016, the **Common Equity Tier 1 (CET1)** ratio calculated according to CRD IV / CRR rules amounts to:

- CET1 *phasing in*: 11.4%
- CET1 fully implemented: 11.0%.

1) Financial margin, net commissions income and technical result of insurance contracts.

2) Calculated in accordance with credit at risk definition of Bank of Portugal Instruction 23/2011 and considering the IAS /IFRS consolidation perimeter which results in the consolidation in full of BPI Vida e Pensões (whereas in Bank of Portugal supervision perimeter that subsidiary is recognised using the equity method).

BPI GROUP'S CONSOLIDATED RESULTS

Banco BPI recorded in the period from January to September 2016 a consolidated net profit of 182.9 million euro (M.€) , which corresponds to a 21.2% increase relative to the same period of 2015. Earnings per share (Basic EPS) were 0.126 € (0.104 € in September 2015).

The consolidated net profit in the period from January to September 2016 (182.9 M.€) is made up of a contribution of 57.5 M.€ from the **domestic activity** (+18.6 M.€ relative to the same period in 2015) and a contribution of 125.4 M.€ from the **international activity** (+13.3 M.€ relative to the same period in 2015).

Consolidated income statement

Amounts in M.€

	Sep.15	Sep.16	Sep.15 / Sep.16	
			Chg. M.€	Chg.%
Financial margin	493.5	555.6	62.1	12.6%
Technical result of insurance contracts	27.6	18.9	(8.7)	-31.6%
Net commission income	237.1	234.9	(2.3)	-0.9%
Net income on financial operations	153.6	138.4	(15.3)	-10.0%
Net operating loss	(17.3)	(39.7)	(22.4)	-129.2%
Operating income from banking activity	894.5	908.0	13.4	1.5%
Personnel costs	288.5	292.3	3.8	1.3%
General administrative costs	187.7	188.1	0.3	0.2%
Depreciation and amortisation	26.2	25.5	(0.7)	-2.7%
Overhead costs	502.5	505.9	3.5	0.7%
Operating profit before impairments and provisions	392.1	402.0	10.0	2.5%
Recovery of loans, interest and expenses	14.3	14.2	(0.1)	-0.7%
Impairment losses and provisions for loans and guarantees, net	113.4	53.0	(60.5)	-53.3%
Impairment losses and other provisions, net	18.0	41.6	23.7	131.5%
Net income before income tax	274.9	321.6	46.7	17.0%
Income tax	37.6	37.6	(0.0)	-0.1%
Earnings of associated companies (equity method)	23.2	25.4	2.2	9.7%
Income attributable to non-controlling interests	109.5	126.5	17.0	15.5%
Net Income	151.0	182.9	31.9	21.2%

Return on shareholders' equity (ROE)

The **return on shareholders' equity (ROE)** was 10.5% in the period from January to September 2016.

The return on shareholders' equity in the domestic activity was 4.1% in that period.

In the international activity, in its individual accounts, BFA's posted a return on shareholders' equity (non-consolidated ROE) of 42.6% in the period from January to September 2016 and BCI's non-consolidated ROE reached 15.0%. The ROE of the international activity (after consolidation adjustments) stood at 38.5%.

Capital allocation, net income and ROE by business area from Jan. to Sep. 2016

Amounts in M.€

	Domestic activity	International activity		BPI Group (consolidated)
		BFA (individual accounts)	Contribution to consolidated (BFA, BCI and Other)	
Capital allocated adjusted ¹	1 892.3	792.7	434.6	2 326.9
As % of total	81.3%	-	18.7%	100.0%
Net income	57.5	253.5	125.4	182.9
Return on Shareholders' Equity (ROE)	4.1%	42.6%	38.5%	10.5%

1) In the calculation of the ROE the average accounting capital is considered excluding the fair value reserve (net of deferred taxes) relating to the portfolio of available-for-sale financial assets.

Loans

At 30 September 2016, the **Customer loans portfolio** (net, consolidated) amounted to 23.9 Bi.€, which corresponded to a year-on-year contraction of 1.1%.

Resources

Total Customer resources decreased by 514 M.€ year-on-year (-1.5%), to 34.1 Bi.€.

Recourse to the European Central Bank of 2.0 Bi.€

The amount of funding raised by BPI from the Eurosystem (ECB) amounted to 2.0 Bi.€ at the end of September 2016.

Transformation ratio of deposits into loans

At 30 September 2016, in the consolidated accounts, the transformation ratio of deposits into loans was 86%¹. In the domestic activity the transformation ratio of deposits into loans stood at 104%.

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

Income and costs

Consolidated **operating income from banking activity** increased by 13.4 M.€ yoy to 908.0 M.€ in the period from January to September 2016.

The positive evolution of operating income from banking activity was explained by the improvement in the financial margin by 62.1 M.€ (+12.6%) to 555.6 M.€.

Net commissions income amounted to 234.9 M€ (-2.3 M.€ vs. Sep.15), net income on financial operations amounted to 138.4 M.€ (-15.3 M.€ vs Sep.15) and net operating income was negative at 39.7 M.€, which includes 18.1 M.€ of the annual contribution to the Resolution Fund.

Consolidated overhead costs increased 0.7% yoy.

The **consolidated cost-to-income ratio** – overhead costs as a percentage of operating income from banking activity - stood at 55.7% in the period from January to September 2016 (56.2% in the same period of 2015).

Quality of the loan portfolio

At 30 September 2016, the ratio of **loans in arrears for more than 90 days** stood at 3.5% in the consolidated accounts. The **credit at risk**² ratio (consolidation perimeter IAS/IFRS) stood at 4.6%.

The accumulated impairment allowances and provisions for loans and guarantees in the balance sheet covered at 112% the loans in arrears for more than 90 days and at 85% the credit at risk.

Loans in arrears for more than 90 days, credit at risk and impairments

Amounts in M.€

	Sep. 15		Dec. 15		Sep. 16	
	M.€	% of loan portfolio ¹⁾	M.€	% of loan portfolio ¹⁾	M.€	% of loan portfolio ¹⁾
Loans in arrears for more than 90 days	942.4	3.7%	908.2	3.6%	863.2	3.5%
Credit at risk (consolidation perimeter IAS/IFRS) ²⁾	1 195.6	4.8%	1 158.1	4.6%	1 139.2	4.6%
Impairments and provisions for loans and guarantees (in the balance sheet)	1 035.9	4.1%	1 012.8	4.0%	968.7	3.9%
Write offs (in the period)	124.7		169.2		87.4	
Note:						
Gross loan portfolio	25 155.6		25 260.3		24 843.6	

1) As % of the gross loan portfolio

2) Calculated in accordance with credit at risk definition of Bank of Portugal Instruction 23/2011 and considering the IAS /IFRS consolidation perimeter which results in the consolidation in full of BPI Vida e Pensões (whereas in Bank of Portugal supervision perimeter that subsidiary is recognised using the equity method). According to Instruction 23/2011 and taken into account the supervision perimeter, at 30 Sep. 2016 the credit at risk amounts to 1 139.2 M.€ and the credit at risk ratio to 4.8%.

Cost of credit risk

Impairment losses and provisions for loans and guarantees decreased from 113.4 M.€ in September 2015 to 53.0 M.€ in September 2016 (-60.5 M.€). The ratio of impairments and provisions for loans and guarantees as percentage of the loan portfolio (designated cost of credit risk indicator) decreased from 0.61% to 0.30%, in annualised terms.

On the other hand, arrear loans and interest previously written off and expenses of 14.2 M.€ were recovered in the period from January to September 2016 (0.08% of the loan portfolio), with the result that impairments and provisions for loans and guarantees after deducting the abovementioned recoveries amounted to 38.8 M.€ in September 2016 (99.1 M.€ in the same period of 2015), which represents an indicator of cost of credit risk net of recoveries of 0.22%, in annualised terms, and an improvement relatively to the 0.54% recorded in the same period of 2015.

Cost of credit risk and cost of credit risk net of recoveries

Amounts in M.€

	Sep. 15		Sep. 16	
	M.€	% of loan portfolio ¹⁾	M.€	% of loan portfolio ¹⁾
Impairment losses and provisions for loans and guarantees, net	113.4	0.61%	53.0	0.30%
Recovery of loans, interest and expenses	14.3	0.08%	14.2	0.08%
Impairment losses and provisions for loans and guarantees (net), after deducting the recovery of loans, interest and expenses	99.1	0.54%	38.8	0.22%

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

CAPITAL

Common Equity Tier 1 capital ratio

At 30 September 2016, the consolidated Common Equity Tier 1 (CET1) ratio calculated according to CRD IV / CRR rules stands at:

- CET1 phasing in (rules for 2016): 11.4%;
- CET1 fully implemented: 11.0%

Own funds and own funds requirements

Amounts in M.€

	CRD IV / CRR Phasing in			CRD IV / CRR Fully implemented		
	30 Sep. 15 (rules for 2015)	31 Dec. 15 (rules for 2015)	30 Sep. 16 (rules for 2016)	30 Sep. 15	31 Dec. 15	30 Sep. 16
Common Equity Tier 1 capital	2 454.7	2 574.3	2 670.4	2 199.3	2 313.4	2 579.9
Risk weighted assets	23 660.9	23 702.3	23 391.6	23 600.1	23 652.8	23 373.6
Common Equity Tier 1 ratio	10.4%	10.9%	11.4%	9.3%	9.8%	11.0%

In the domestic activity, the Common Equity Tier 1 (CET1) calculated according to CRD IV / CRR rules were as follows:

- CET1 phasing in (rules for 2016) amounted to 1.8 Bi.€ and corresponded to a CET1 ratio of 11.6%;
- CET1 fully implemented amounted to 1.7 Bi.€ and corresponded to a CET1 ratio of 10.9%.

In the international activity, the Common Equity Tier 1 (CET1) calculated according to CRD IV / CRR rules were as follows:

- CET1 phasing in (rules for 2016) amounted to 0.9 Bi.€ and corresponded to a CET1 ratio of 11.1%;
- CET1 fully implemented amounted to 0.9 Bi.€ and corresponded to a CET1 ratio of 11.4%.

Leverage and Liquidity ratios

At 30 September 2016, the Leverage and Liquidity ratios calculated according to CRD IV / CRR rules are as follows:

- Leverage ratio *phasing in*: 7.3% in the consolidated accounts and 6.1% in the domestic activity;
- Leverage ratio *Fully implemented*: 7.1% in the consolidated accounts and 5.7% in the domestic activity (vs. a minimum ratio of 3% required on 1 Jan. 2018).
- Liquidity Coverage Ratio (LCR) *fully implemented*: 175% in the consolidated accounts and 185% in the domestic activity (vs. a minimum ratio of 100% required in 2018).
- Net Stable Funding Ratio (NSFR) *fully implemented*: 117% in the consolidated accounts and 112% in the domestic activity (the minimum level is under revision; it is expected to be 100% for 2018).

Profitability, efficiency, loan quality and solvency

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

	30 Sep. 15	30 Sep. 16
Net operating revenue and results of equity accounted subsidiaries / ATA	2.9%	3.2%
Profit before taxation and minority interests / ATA	0.9%	1.2%
Profit before taxation and minority interests / average shareholders' equity (including minority interests)	14.9%	16.9%
Personnel costs / net operating revenue and results of equity accounted subsidiaries ¹	30.9%	25.9%
Operating costs / net operating revenue and results of equity accounted subsidiaries ¹	54.3%	48.8%
Loans in arrears for more than 90 days + doubtful loans / loan portfolio (gross)	4.1%	4.0%
Loans in arrears for more than 90 days + doubtful loans, net of accumulated loan impairments / loan portfolio (net)	-0.2%	0.1%
Non-performing loans ratio ²	5.1%	4.8%
Non-performing loans ratio ² , net of accumulated loan impairments / loan portfolio (net)	0.9%	0.9%
Restructured loans as % of total loans ³	6.4%	6.5%
Restructured loans not included in non-performing loans ("credit at risk") as % of total loans ³	4.5%	4.5%
Total capital ratio (according to Bank of Portugal rules)	10.4% ⁴⁾	11.4% ⁵⁾
Tier I (according to Bank of Portugal rules)	10.4% ⁴⁾	11.4% ⁵⁾
Core Tier I	10.4% ⁴⁾	11.4% ⁵⁾
Loans (net) to deposits ratio	83%	86%

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 2015.

5) According to CRD IV/CRR phasing in rules for 2016.

ATA = Average total assets.

DOMESTIC ACTIVITY RESULTS

Net income

The **net income** from domestic operations in the period from January to September 2016 was 57.5 M.€, which corresponds to a 48% increase relative to the net income of 38.9 M.€ recorded in the same period of 2015.

Income statement

Amounts in M.€

	Sep.15	Sep.16	Sep.15 / Sep.16	
			Chg. M.€	Chg. %
Financial margin	258.9	298.9	40.0	15.4%
Technical result of insurance contracts	27.6	18.9	(8.7)	-31.6%
Net commission income	188.8	188.5	(0.3)	-0.1%
Net income on financial operations	33.4	31.2	(2.2)	-6.6%
Net operating loss	(7.5)	(20.5)	(13.0)	-172.0%
Operating income from banking activity	501.1	516.9	15.8	3.2%
Personnel costs	225.3	226.9	1.6	0.7%
General administrative costs	135.0	138.4	3.4	2.5%
Depreciation and amortisation	14.3	15.9	1.6	11.2%
Overhead costs	374.6	381.2	6.6	1.8%
Operating profit before impairments and provisions	126.5	135.7	9.2	7.3%
Recovery of loans, interest and expenses	12.8	10.6	(2.2)	-17.2%
Impairment losses and provisions for loans and guarantees, net	90.4	36.9	(53.6)	-59.2%
Impairment losses and other provisions, net	15.3	38.9	23.6	154.6%
Net income before income tax	33.6	70.4	36.9	109.9%
Income tax	9.0	32.9	23.9	266.8%
Earnings of associated companies (equity method)	14.4	20.0	5.6	39.0%
Income attributable to non-controlling interests	0.0	0.0	0.0	3.8%
Net Income	38.9	57.5	18.6	47.8%

Resources and loans

Resources

Total Customer resources in the domestic activity (on-balance sheet and off-balance sheet) stood at 28.2 Bi.€ at the end of September 2016, increasing by 0.6% year-on-year (+174 M.€).

Total Customers resources

Amounts in M.€

	Sep.15	Dec.15	Sep.16	Chg.% Sep.15/ Sep.16
On-balance sheet resources				
Sight and other deposits	8 398.1	8 851.9	10 260.5	22.2%
Term and savings deposits	10 421.9	9 925.3	9 538.7	(8.5%)
Customers' deposits	18 819.9	18 777.2	19 799.3	5.2%
Bonds placed with Customers	362.6	336.2	133.2	(63.3%)
Subtotal	19 182.5	19 113.3	19 932.4	3.9%
Capitalisation insurance and PPR (BPI Vida) and other	5 917.4	5 875.4	4 519.8	(23.6%)
Unit links insurance capitalisation	1 823.2	1 957.4	1 886.0	3.4%
"Aforro" insurance capitalisation products and other ¹⁾	3 911.4	3 691.0	2 357.2	(39.7%)
Participating units in consolidated trust funds	182.8	227.0	276.7	51.4%
On-balance sheet resources	25 099.9	24 988.7	24 452.2	(2.6%)
Off-balance sheet resources ²⁾	3 724.0	4 474.2	4 687.1	25.9%
Corrections for double counting and placements of pension funds under management ³⁾	(772.1)	(958.6)	(913.8)	
Total Customer resources⁴⁾	28 051.8	28 504.3	28 225.5	0.6%

1) Includes insurance capitalisation products that guarantee the invested capital and whose remuneration corresponds to the participation in the results and guaranteed rate and guaranteed retirement capitalisation products.

2) Unit trust funds, PPR and PPA.

3) Placements of the unit trust funds managed by the BPI Group in deposits and structured products and placements of pension funds under management in on-balance sheet and off-balance sheet resources.

4) Corrected for double counting.

Customer deposits increased by 5.2% yoy (+1.0 Bi.€) to 19.8 Bi.€ at the end of September 2016.

The capitalisation insurance products with guaranteed invested capital and participation in the portfolios results registered a decrease of 40% yoy (-1.6 Bi.€), whereas unit links insurance capitalisation products increased by 3.4% (+63 M.€) and the off-balance sheet Customer resources (unit trust funds, Retirements savings – PPR - and equity savings – PPA - plans) increased by 25.9% (+1.0 Bi.€).yoy.

Loans

The **Customer loans portfolio** in domestic activity starts to show some signals of inversion of the contraction trend in the majority of the segments, but still records a year-on-year decrease of 0.5% (-106 M.€).

In September 2016, relative to September 2015, it should be noted that:

- loans to large and medium-sized companies increase by 8.7%, i.e., +324 M.€¹
- loans to small businesses increase by 9.6% (+152 M.€).
- the portfolio of mortgage loans decreases by 0.4% (-45 M.€), but presents a significant growth in new loans contracted (+64% in the period from January to September 2016 relative to the same period of 2015).
- Consumer loans and car financing increase by 13.1% (+91 M.€).

Loans to Customers

Amounts in M.€

	Sep.15	Dec.15	Sep.16	Chg.% Sep.15/ Sep.16
Corporate banking	3 738.6	3 831.7	4 062.5	8.7%
Large companies	1 409.4	1 445.5	1 581.2	12.2%
Medium-sized companies	2 329.1	2 386.2	2 481.3	6.5%
Project Finance - Portugal	1 172.0	1 161.0	1 088.8	(7.1%)
Madrid branch	964.2	943.6	826.1	(14.3%)
Project Finance	575.1	557.3	466.9	(18.8%)
Corporates	389.1	386.3	359.2	(7.7%)
Public Sector	1 401.2	1 358.8	1 493.8	6.6%
Central Administration	212.5	204.8	198.2	(6.7%)
Regional and local administrations	799.1	774.6	854.5	6.9%
State Corporate Sector - in the budget perimeter	41.9	51.8	55.0	31.1%
State Corporate Sector - outside the budget perimeter	269.1	267.4	359.3	33.5%
Other Institutional	78.6	60.2	26.9	(65.8%)
Individuals and Small Businesses Banking	13 272.7	13 364.4	13 469.2	1.5%
Mortgage loans to individuals	10 837.1	10 813.9	10 792.2	(0.4%)
Loans contracted before 2011	9 294.1	9 115.7	8 571.0	(7.8%)
Loans contracted in 2011 and thereafter	1 543.0	1 698.1	2 221.2	44.0%
Consumer credit / other purposes	560.6	576.2	629.0	12.2%
Credit Cards	154.7	164.7	153.2	(1.0%)
Car financing	132.7	136.2	155.3	17.0%
Small businesses	1 587.5	1 673.5	1 739.6	9.6%
BPI Vida	1 713.1	1 724.9	1 319.4	(23.0%)
Loans in arrears net of impairments	- 19.4	- 30.0	- 42.8	120.4%
Other	478.2	433.6	397.5	(16.9%)
Total	22 720.6	22 788.1	22 614.5	(0.5%)

1) Excludes BPI Vida e Pensões securities loan portfolio (corresponds essentially to bonds and commercial paper issued by large Portuguese companies).

The evolution of the loan portfolio in the last quarters has showed a progressive deceleration of the downward trend and, more recently, showed signals of a beginning growth trend, as a result of the resume of growth in the loans to large and medium sized companies, the increase in new mortgage loans and the expansion in loans to small businesses which remains in high levels.

Financial assets available for sale

At the end of September 2016, the portfolio of financial assets available for sale amounted to 4.1 Bi.€, at market prices. The fair value reserve (before deferred taxes) was positive by 9 M.€.

At 30 September 2016 the portfolio of financial assets available for sale was comprised by 2.9 Bi.€ of EU sovereign short term debt (2.0 Bi.€ of Portuguese Treasury Bills, 446 M.€ of Spanish debt and 440 M.€ of Italian debt), 335 M.€ of Portuguese Treasury Bonds, 434 M.€ of MLT Italian public debt, 161 M.€ of corporate bonds, 116 M.€ of equities and 189 M.€ of participating units.

Portfolio of financial assets available for sale

Amounts in M.€

M.€	31 Dec. 15					30 Sep. 16				
	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	3 081	3 169	96	- 99	- 4	3 585	3 633	66	- 74	- 8
Portugal	1 746	1 778	34	- 36	- 2	2 296	2 313	24	- 31	- 6
Of which										
TBonds	320	351	34	- 36	- 2	319	335	24	- 31	- 7
TBills	1 426	1 427	0		0	1 977	1 978	0		0
Italy	505	562	61	- 63	- 3	403	434	41	- 43	- 2
T-Bills Spain	440	440	0		0	446	446	0		0
T-Bills Italy	390	390	0		0	440	440	0		0
Corporate Bonds	234	227	- 15	- 6	- 21	163	161	- 7	- 1	- 8
Equities	134	133	46		46	137	116	26		26
Other	244	194	- 1		- 1	243	189	0		0
Total	3 693	3 723	126	- 106	20	4 128	4 099	84	- 75	9

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 2.0 Bi.€ at the end of September 2016, corresponding entirely to funds raised under the TLTRO.

At the end of the 3rd quarter 2016 BPI still had 6.4 Bi.€ of additional assets (net of haircuts) not used, 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 2021, net of redemptions in the bonds portfolio, are nil.

Operating income from banking activity

Operating income from banking activity generated by domestic operations amounted to 516.9 M.€ in the period from January to September 2016, which corresponds to an increase of 15.8 M.€ (+3.2%) relative to the same period of 2015.

That amount is essentially composed of captions with a more recurring nature: financial margin amounted to 298.9 M.€ (+40.0 M.€ year-on-year), net commission income amounted to 188.5 M.€ (-0.3 M.€ year-on-year) and the technical results of insurance contracts amounted to 18.9 M.€. The sum of these captions – designated by commercial banking income – increased by 6.5% (+31.0 M.€) yoy.

Net income on financial operations amounted to 31.2 M.€ (33.4 M.€ in the same period of 2015) and net operating income was negative at 20.5 M.€, which includes 18.1 M.€ of the annual contribution to the Resolution Fund.

Financial margin in the domestic activity increased by 15.4% (+40.0 M.€) yoy.

The positive trend in financial margin mainly reflects the reduction in the cost of term deposits. The margin (negative) on term deposits relative to the Euribor improved from 1.0% in the period from January to September 2015 to 0.4% in the period from January to September 2016 (0.3% in the 3rd quarter 2016), reflecting the lower remuneration in the renewal of deposits and in new deposits raised;

It should be noted however that the financial margin continued to be penalized by:

- the background of Euribor interest rates at historical minimums, close to zero or even negative, which directly reflects in the contraction in the average margin on sight deposits.
- the low yields of short term public debt securities in the primary market, namely Treasury Bills, which reflect in a reduced contribution to net interest income from the securities portfolio;
- the reduction in spreads on new loans to corporates.

Net commissions income registered a slight decrease of 0.3 M.€ (-0.1%).

Net commission income

Amounts in M.€

	30 Sep. 15	30 Sep. 16	Chg. M.€	Chg. %
Commercial banking	151.2	155.0	+3.8	2.5%
Asset management	30.3	29.6	- 0.8	(2.6%)
Investment banking	7.2	3.9	- 3.3	(45.8%)
Total	188.8	188.5	- 0.3	(0.1%)

Net income on financial operations amounted to 31.2 M.€ in the period from January to September 2016 (33.4 M.€ in the same period of 2015). In the period from January to September 2016 from the net income on financial operations includes equities gains of 22.9 M.€ (before taxes) from the merger operation of Visa Europe into Visa Inc.

Earnings of associated companies (equity-accounted)

The earnings of associated companies (equity-accounted) in domestic operations amounted to 20.0 M.€ in the period from January to September 2016, increasing by 5.6 M.€ over the same period last year.

The contribution of the subsidiaries from the insurance sector amounted to 7.7 M.€ (contribution of 4.9 M.€ from Allianz Portugal and 2.8 M.€ from Cosec).

The contribution of the participation in Unicre, of 12.3 M.€, includes a gain of 8.6 M.€ (after taxes) from the merger operation of Visa Europe into Visa Inc.

Earnings of associated companies (equity-accounted earnings)

Amounts in M.€

	30 Sep. 15	30 Sep. 16	Chg. M.€
Insurance companies	11.5	7.7	- 3.9
Allianz Portugal	7.9	4.9	- 3.0
Cosec	3.7	2.8	- 0.9
Unicre	3.1	12.3	+9.2
Other	(0.2)	0.0	+0.3
Total	14.4	20.0	+5.6

Overhead costs

Overhead costs increased by 1.8% (+6.6 M.€). It included in the period from January to September 2016 the following costs which totalled a net amount of 7.5 M.€:

- Costs with early retirements of 50.5 M.€ corresponding to 276 early retirements, of which 75 were concluded by end of September 2016 and 200 will occur until the end of this year;
- Gain of 43.0 M.€ following the revision of the Collective Labour Agreement of the Banking Sector (ACT), due to changes in the conditions of the pension plan and the extinction of the long service premiums and constitution of the final career premium.

Excluding the above mentioned costs (7.5 M.€), the overhead costs increase 1.0% year on year (+3.7 M.€).

Operating costs

Amounts in M.€

	30 Sep.15	30 Sep.16	Chg. M.€	Chg. %
Personnel costs	225.3	226.9	+1.6	0.7%
General administrative costs	135.0	138.4	+3.4	2.5%
Depreciation and amortisation	14.3	15.9	+1.6	11.2%
Overhead costs	374.6	381.2	+6.6	1.8%
Of which:				
Costs with early-retirements	4.6	50.5	+45.9	
Gains with the revision of the Collective Labour Agreement (ACT)	0.0	-43.0	- 43.0	
Overhead costs, excluding costs with early-retirements and gains with the revision of the ACT				
Personnel costs, excluding costs with early-retirements and gains with the revision of the ACT	220.7	219.4	- 1.3	(0.6%)
General administrative costs	135.0	138.4	+3.4	2.5%
Depreciation and amortisation	14.3	15.9	+1.6	11.2%
Overhead costs, excluding costs with early-retirements and gains with the revision of the ACT	370.0	373.7	+3.7	1.0%
Cost-to-income ratio ¹⁾	74.8%	73.8%		

1) Overhead costs as a % of Operating income from banking activity.

Personnel costs, excluding costs with early-retirements and gains with the revision of the ACT decreased by 1.3 M.€ (-0.6%), general administrative costs increased by 3.4 M.€ (+2.5%) and depreciation and amortization increased by 1.6 M.€ (+11.2%), yoy.

The cost-to-income ratio in domestic operations – operating costs as a percentage of net operating revenue – stood at 73.8% in the period from January to September 2016.

Cost of credit risk

Impairment losses and provisions for loans and guarantees decreased by 53.6 M.€, from 90.4 M.€ in September 2015 to 36.9 M.€ in September 2016. The indicator of impairments and provisions for loans and guarantees as a percentage of the loan portfolio (designated cost of credit risk indicator) was situated at 0.22% in September 2016 (0.53% in September 2015), in annualised terms.

On the other hand, arrear loans and interest previously written off and expenses of 10.6 M.€ were recovered in the period from January to September 2016, with the result that impairments and provisions for loans and guarantees after deducting the abovementioned recoveries amounted to 26.3 M.€ (77.7 M.€ in the same period of 2015), which represents an indicator of cost of credit risk net of recoveries of 0.16% in annualised terms (0.45% in the same period of 2015).

Cost of credit risk and cost of credit risk net of recoveries

Amounts in M.€

	Sep. 15		Sep. 16	
	M.€	% of loan portfolio ¹⁾	M.€	% of loan portfolio ¹⁾
Impairment losses and provisions for loans and guarantees, net	90.4	0.53%	36.9	0.22%
Recovery of loans, interest and expenses	12.8	0.07%	10.6	0.06%
Impairment losses and provisions for loans and guarantees (net), after deducting the recovery of loans, interest and expenses	77.7	0.45%	26.3	0.16%

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

Quality of the loan portfolio

At 30 September 2016, the ratio of **Customer loans in arrears for more than 90 days** stood at 3.5% in the domestic operations' accounts.

Cover for loans in arrears for more than 90 days by accumulated impairment allowances and provisions for loans and guarantees in the balance sheet (without considering cover from associated guarantees) was situated at 109% in September 2016.

The **credit at risk** ratio (consolidation perimeter IAS/IFRS), calculated in accordance with Bank of Portugal Instruction 23/2011 and considering the consolidation perimeter IAS/IFRS¹⁾, stood at 4.6% in September 2016. The accumulated impairment allowances and provisions for loans and guarantees in the balance sheet represented 83% of the credit at risk.

Loans in arrears for more than 90 days, credit at risk and loan impairments

	Sep. 15		Dec. 15		Sep. 16	
	M.€	% of loan portfolio ¹⁾	M.€	% of loan portfolio ¹⁾	M.€	% of loan portfolio ¹⁾
Loans in arrears for more than 90 days	876.8	3.7%	841.4	3.6%	812.6	3.5%
Credit at risk (consolidation perimeter IAS/IFRS) ²⁾	1 106.8	4.7%	1 070.9	4.5%	1 073.5	4.6%
Impairments and provisions for loans and guarantees (in the balance sheet)	935.7	4.0%	906.7	3.8%	887.6	3.8%
Write offs (in the period)	124.7		162.0		62.1	
Note:						
Gross loan portfolio	23 625.1		23 668.1		23 476.8	

1) As % of the gross loan portfolio

2) Calculated in accordance with credit at risk definition of Bank of Portugal Instruction 23/2011 and considering the IAS /IFRS consolidation perimeter which results in the consolidation in full of BPI Vida e Pensões (whereas in Bank of Portugal supervision perimeter that subsidiary is recognised using the equity method). According to Instruction 23/2011 and taken into account the supervision perimeter, at 30 Sep. 2016 the credit at risk amounts to 1 073.5 M.€ and the credit at risk ratio to 4.8%.

1) For purposes of calculating the credit at risk ratio (non-performing ratio), the Group consolidation perimeter according to IAS/IFRS rules was taken into account, and therefore BPI Vida e Pensões is consolidated in full and its loan portfolio (securities loan portfolio) included in the consolidated loan portfolio (whereas in Bank of Portugal supervision perimeter, in the case of BPI, that subsidiary is recognised using the equity method).

The following table details by major credit segments the credit at risk ratio, calculated in accordance with Bank of Portugal Instruction 23/2011 and considering the consolidation perimeter IAS/IFRS, and the impairments coverage.

Credit at risk

According to Bank of Portugal Instruction 23/2011 and considering the consolidation perimeter IAS/IFRS

	Sep.15			Dec.15			Sep.16		
	M.€	% of loan portfolio ¹⁾	Impairments coverage	M.€	% of loan portfolio ¹⁾	Impairments coverage	M.€	% of loan portfolio ¹⁾	Impairments coverage
Corporate banking	542.4	7.1%	95%	525.0	6.8%	96%	543.8	6.9%	91%
Individuals Banking	561.5	4.1%	72%	543.2	3.9%	71%	525.3	3.8%	71%
Mortgage loans	389.1	3.5%	62%	375.0	3.4%	62%	364.1	3.3%	61%
Other loans to individuals	40.5	4.6%	100%	40.0	4.4%	101%	44.2	4.5%	107%
Small businesses	131.9	7.7%	93%	128.2	7.2%	89%	117.0	6.3%	91%
Other	2.8	0.1%		2.8	0.1%		4.4	0.3%	
Domestic activity	1 106.8	4.7%	85%	1 070.9	4.5%	85%	1 073.5	4.6%	83%

1) As % of the gross loan portfolio

Impairments for foreclosure properties

At 30 September 2016, foreclosed properties amounted to 136.3 M.€, in terms of gross balance sheet value. The accumulated amount of impairment allowances for foreclosed properties of 30.3 M.€, covered 22.2% of their gross balance sheet value. The net value of these properties was therefore 106.0 M.€, which compared to a market value of these properties, according to the valuation of the Bank, of 133.9 M.€.

Foreclosed properties at 30 September 2016

Amounts in M.€

	Gross value	Coverage by impairments		Net value	Appraisal
		Amount	%		
Mortgage	52.3	1.8	3.5%	50.5	63.7
Other	84.0	28.4	33.8%	55.6	70.2
Total	136.3	30.3	22.2%	106.0	133.9

Impairment losses and other provisions

Impairment losses and other provisions stood at 38.9 M.€ in the period from January to September 2016 and include impairments in bonds of PT International Finance (Oi Group) in the amount of 18.3 M.€.

Employee pension liabilities

At 30 September 2016 BPI's pension liabilities (total past service liability) amounted to 1 307 M.€ and are 100% covered by the pension fund.

Financing of pension liabilities

Amounts in M.€

	Sep.15	Dec.15	Sep.16
Total past service liability	1 280.4	1 279.9	1 306.9
Net assets of the pension funds ¹⁾	1 350.3	1 392.3	1 306.0
Excess / (insufficient) cover	69.9	112.4	(0.9)
Degree of coverage of pension liabilities	105.5%	108.8%	99.9%
Total actuarial deviations ²⁾	(86.3)	(40.5)	(146.1)
Pension fund return ³⁾	10.0%	14.0%	-4.7%

1) Includes in Dec.15 contributions transferred to the pension funds in the beginning 2016 (1,3 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

The Bank's pension funds posted a non-annualised return of -4.7% in the period from January to September 2016.

It should be pointed out that, up till the end of September 2016, the actual return achieved by Banco BPI's pension fund since its creation in 1991 was 9.0% per year, and that in the last ten, five and three years, the actual annual returns were 6.1%, 10.6% and 7.7%, respectively.

Actuarial assumptions

The Bank adopted in June 2016 an unique discount rate of 2.5% for pension liabilities, which is equivalent to the use until that date of different discount rates for current employees (2.83%) and retirees (2.00%).

Actuarial assumptions

	Dec.14	Dec.15	Jun.16	Sep.16
Discount rate - current employees	2.83%	2.83%	2.50%	2.50%
Discount rate - retirees	2.00%	2.00%	2.50%	2.50%
Salary growth rate	1.00%	1.00%	1.00%	1.00%
Pensions growth rate	0.50%	0.50%	0.50%	0.50%
Expected pension fund rate of return	2.50%	2.50%	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.

INTERNATIONAL ACTIVITY RESULTS

Net income

The international activity's **net profit** (contribution for the BPI consolidated net income) stood at 125.4 M.€ in the period January-September 2016 (+11.9% over the 112.0 M.€ obtained in the same period of 2015).

Main contributions to net profit from international activity corresponded to:

- BFA's contribution of 121.9 M.€¹, relating to the appropriation of 50.1% of its individual net profit, which was 15.5% higher than the contribution in the same period of 2015 (105.5 M.€). Income attributable to non-controlling interests of 126.5 M.€ was recognised (109.5 M.€ in the same period of 2015).
- BCI's (Mozambique) contribution of 5.0 M.€ relating to the appropriation of 30% of its individual net profit (recognised using the equity-method), which decreased 38% relative to the contribution in the same period of 2015 (8.0 M.€).

Income statement

Amounts in M.€

			Sep.15 / Sep.16	
	Sep.15	Sep.16	Chg. M.€	Chg.%
Financial margin	234.6	256.7	22.1	9.4%
Technical result of insurance contracts	0.0	0.0	0.0	0.0%
Net commission income	48.3	46.4	(2.0)	-4.1%
Net income on financial operations	120.3	107.2	(13.1)	-10.9%
Net operating loss	(9.8)	(19.2)	(9.4)	-96.1%
Operating income from banking activity	393.4	391.1	(2.3)	-0.6%
Personnel costs	63.2	65.4	2.2	3.5%
General administrative costs	52.7	49.6	(3.1)	-5.9%
Depreciation and amortisation	11.9	9.6	(2.3)	-19.3%
Overhead costs	127.9	124.7	(3.2)	-2.5%
Operating profit before impairments and provisions	265.6	266.4	0.8	0.3%
Recovery of loans, interest and expenses	1.5	3.6	2.1	138.6%
Impairment losses and provisions for loans and guarantees, net	23.0	16.1	(6.9)	-30.0%
Impairment losses and other provisions, net	2.7	2.7	0.0	0.6%
Net income before income tax	241.4	251.2	9.8	4.1%
Income tax	28.7	4.7	(23.9)	-83.5%
Earnings of associated companies (equity method)	8.8	5.4	(3.4)	-38.4%
Income attributable to non-controlling interests	109.5	126.5	17.0	15.5%
Net Income	112.0	125.4	13.3	11.9%

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

BFA's **return on Shareholders' equity** (non-consolidated ROE) stood at 42.6% in the period January-September 2016 and BCI's non-consolidated ROE reached 15.0%.

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 38.5% in the period January-September 2016.

Customer resources and loans

Total Customer resources in the international activity, measured in euro (consolidation currency), recorded a year-on-year decrease of 10.5%, to 5 889 M.€ in September 2016.

The year-on-year evolution of deposits expressed in euro is penalized by the 18% depreciation of the kwanza relative to the euro, whereas the exchange rate USD/EUR stood roughly stable.

When expressed in the currencies they were captured, Customer resources captured in USD (c. 1/3 of the total) decreased by 21.1% yoy (a 20.7% decrease when expressed in euro) and Customer resources in kwanzas (representing c. 2/3 of total resources) increased by 15.2% yoy (a 5.5% decrease when expressed in euro).

Total Customers resources

Amounts in M.€

	Sep.15	Dec.15	Sep.16	Chg.% Sep.15/ Sep.16
Sight deposits	3 714.5	4 045.3	3 544.8	(4.6%)
Term deposits	2 862.6	2 814.7	2 344.6	(18.1%)
Total	6 577.2	6 860.0	5 889.4	(10.5%)

The BFA **loans to Customers portfolio**, expressed in euro, decreased by 10.5%, from 1 439 M.€ in September 2015, to 1 288 M.€ in September 2016.

When expressed in the currency they were granted, the loan portfolio in USD (1/2 of the total) decreased by 13.7% yoy (a 13.2% decrease when expressed in euro) and the loan portfolio in kwanzas (1/2 of the total) grew by 12.3% yoy (a 7.9% decrease when expressed in euro).

Loans to Customers

Amounts in M.€

	Sep.15	Dec.15	Sep.16	Chg.% Sep.15/ Sep.16
Performing loans	1 442.2	1 498.5	1 285.5	(10.9%)
Loans in arrears	69.7	72.4	58.0	(16.8%)
Loan impairments	(91.7)	(98.7)	(78.9)	(14.0%)
Interests and other	18.6	21.3	23.3	25.1%
Total	1 438.8	1 493.6	1 287.9	(10.5%)
Guarantees	425.2	385.7	226.7	(46.7%)

Securities portfolio

At 30 September 2016, BFA's securities portfolio totalled 3 322 M.€ or 48% of the Bank's assets. The portfolio of short-term securities, comprising Treasury Bills, amounted to 1 244 M.€ at the end of September (+476 M.€ relative to September 2015) and the Treasury Bonds portfolio amounted to 2 066 M.€ (-192 M.€ relative to September 2015).

Customers

The number of Customers has increased by 10.7%, from 1.4 million Customers in September 2015 to 1.5 million Customers in September 2016.

Physical distribution network

The distribution network in Angola comprised, at the end of September 2016, 165 branches, 9 investment centres and 16 corporate centres.

Cards

BFA holds a prominent position in the debit and credit cards with a 24.7% market share in September 2016 in terms of valid debit cards. At the end of September 2016, BFA had 1 051 thousand valid debit cards (Multicaixa cards) and 15 481 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 (576 thousand subscribers of BFA NET in September 2016, of which 563 thousand are individuals) and an extensive terminal network with 380 ATM and 9 553 active point-of-sale (POS) terminals connected to the EMIS network, corresponding to market shares of 13.6% (ranking 2nd) and 26.7% (ranking 1st), respectively.

Number of employees

BFA's workforce at the end of September 2016 stood at 2 640 employees (+0.8% relative to September 2015), which represented approximately 31% of the Group's total number of Employees.

Revenues and costs

Operating income from banking in the international activity reached 391.1 M.€ in September 2016 (-0.6% yoy).

The evolution of the financial margin, with an increase of 22.1 M.€ (+ 9.4%) year on year, almost offset the reductions recorded in other components of operating income from banking – net commission income decreased 2.0 M.€ (-4.1%), net income on financial operations decreased by 13.1 M.€ (-10.9%) and net operating income decreased by 9.4 M.€.

Overhead costs have decreased by 3.2 M.€ (-2.5%)¹ over September 2015. Personnel costs increased by 2.2 M.€, general administrative costs decreased by 3.1 M.€ and depreciation and amortisation fell by 2.3 M.€.

The **cost-to-income ratio** (overhead costs as percentage of operating income from banking) stood at 31.9% in the period January-September 2016.

Cost of credit risk

In the international activity, **impairment losses and provisions for loans and guarantees** were 16.1 M.€ in September 2016, which corresponded to a cost of credit risk indicator² of 1.6%, in annualised terms.

On the other hand, 3.6 M.€ of loans and interests in arrears previously written-off and expenses, were recovered.

Impairment losses and provisions for loans and guarantees, deducted from recoveries of loans, interests and expenses, have thus reached 12.5 M.€ in September 2016, corresponding to 1.3% of the average performing loan portfolio (indicator of cost of credit risk net of recoveries), in annualised terms.

Loan impairments and recoveries

Amounts in M.€

	Sep. 15		Sep. 16	
	M.€	% of loan portfolio ¹⁾	M.€	% of loan portfolio ¹⁾
Impairment losses and provisions for loans and guarantees, net	23.0	1.76%	16.1	1.64%
Recovery of loans, interest and expenses	1.5	0.12%	3.6	0.37%
Impairment losses and provisions for loans and guarantees (net), after deducting the recovery of loans, interest and expenses	21.5	1.64%	12.5	1.27%

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

At 30 September 2016, the **ratio of Customer loans in arrears for more than 90 days** stood at 3.7%. Cover for loans in arrears for more than 90 days by accumulated impairment allowances and provisions for loans and guarantees in the balance sheet stood, at the end of September 2016, at 160%.

The **credit at risk ratio**, calculated in accordance with Bank of Portugal Instruction 23/2011, stood at 4.8% at the end of September 2016. The accumulated impairment allowances and provisions for loans and guarantees in the balance sheet represented 123% of the credit at risk.

1) The evolution of the USD exchange rate against the euro has influence on the evolution of BFA costs denominated in euro (consolidation currency) 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 Euro / USD exchange rate has remained relatively stable over the period (the USD depreciated 0.2% against the euro, when comparing the average exchange rate in the period January to September 2016 relative to the same period of 2015) and therefore the currency effect on the yoy evolution of costs expressed in Euro was not significant.

2) Impairments and provisions for loans and guarantees as a percentage of the loan portfolio, in annualised terms.

Loans in arrears for more than 90 days, credit at risk and impairments

	Sep. 15		Dec. 15		Sep. 16	
	M.€	% of loan portfolio ¹⁾	M.€	% of loan portfolio ¹⁾	M.€	% of loan portfolio ¹⁾
Loans in arrears for more than 90 days	65.6	4.3%	66.8	4.2%	50.6	3.7%
Credit at risk (consolidation perimeter IAS/IFRS)	88.8	5.8%	87.1	5.5%	65.7	4.8%
Impairments and provisions for loans and guarantees (in the balance sheet)	100.2	6.5%	106.1	6.7%	81.1	5.9%
Write offs (in the period)			7.3		25.3	
Note:						
Gross loan portfolio	1 530.5		1 592.2		1 366.8	

1) As % of the gross loan portfolio

Earnings of associated companies (equity-accounted)

In the international activity, the **earnings of associated companies (equity-accounted)** amounted to 5.4 M.€ in September 2016 (-3.4 M.€ over September 2015)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 27.3%²⁾ yoy decrease in net total assets. Customer deposits fell by 30.9%²⁾ year-on-year, to 1 212.0 M.€ at the end of September 2016, while the Customer loan portfolio decreased 28.9%²⁾ year-on-year, to 985.5 M.€. BCI market shares in deposits and loans, at the end of August 2016, reached 28.9% and 30.9%, respectively.

At the end of September 2016, BCI served 1.4 million clients (+17% relative to September 2015) through a network of 193 branches (+16 than one year before), representing 31.0% of the total Mozambican banking system distribution network. The staff complement reached 3 018 Employees at the end of September 2016 (+3.0% than in September 2015).

1) BCI's total contribution to consolidated net profit was 8.0 M.€ in the period January-September 2015 and 5.0 M.€ in the the period January-September 2016, given that, besides the equity-accounted results, deferred tax relating to the distributable earnings of BCI is recorded in the caption "Income tax" (0.7 M.€ from January to September 2015 and 0.5 M.€ from January to September 2016).

2) Expressed in USD, net total assets decreased by 27%, deposits decreased by 31% and the loan portfolio decreased by 29%.

Banco BPI, S.A.

**Interim consolidated financial statements as of
September 30, 2016 and 2015**

	Sep. 30, 16			Dec. 31, 15					
	Notes	Amounts before impairment, depreciation and amortisation	Impairment, depreciation and amortisation	Net	Net		Notes	Sep. 30, 16	Dec. 31, 15
ASSETS						LIABILITIES			
Cash and deposits at central banks	4.1	2 341 589		2 341 589	2 728 185	Resources of central banks	4.14	2 000 737	1 520 735
Deposits at other credit institutions	4.2	345 375		345 375	612 055	Financial liabilities held for trading	4.15/4.4	247 081	294 318
Financial assets held for trading and at fair value through profit or loss	4.3/4.4	3 983 884		3 983 884	3 674 604	Resources of other credit institutions	4.16	1 143 079	1 311 791
Financial assets available for sale	4.5	5 962 539	123 701	5 838 838	6 509 388	Resources of customers and other debts	4.17	28 082 826	28 177 814
Loans and advances to credit institutions	4.6	958 178		958 178	1 230 043	Debt securities	4.18	546 423	1 077 381
Loans and advances to customers	4.7	24 843 629	941 230	23 902 399	24 281 622	Financial liabilities relating to transferred assets	4.19	641 674	689 522
Held to maturity investments	4.8	16 317		16 317	22 417	Hedging derivatives	4.4	128 155	161 556
Hedging derivatives	4.4	34 760		34 760	91 286	Provisions	4.20	100 952	99 864
Other tangible assets	4.9	633 966	476 738	157 228	195 095	Technical provisions	4.21	2 335 085	3 663 094
Intangible assets	4.10	128 283	99 175	29 108	29 138	Tax liabilities	4.22	46 747	92 050
Investments in associated companies and jointly controlled entities	4.11	186 920		186 920	210 447	Other subordinated debt and participating bonds	4.23	69 498	69 512
Tax assets	4.12	453 853		453 853	420 214	Other liabilities	4.24	564 069	680 156
Other assets	4.13	502 482	32 609	469 873	668 798	Total Liabilities		35 906 326	37 837 793
						SHAREHOLDERS' EQUITY			
						Subscribed share capital			
						4.25			
						1 293 063			
						Other equity instruments			
						4.26			
						4 906			
						Revaluation reserves			
						4.27			
						(214 205)			
						Other reserves and retained earnings			
						4.28			
						1 130 450			
						(Treasury shares)			
						4.26			
						(10 912)			
						Consolidated net income of the BPI Group			
						4.43			
						182 915			
						236 369			
						Shareholders' equity attributable to the shareholders of BPI			
						2 386 217			
						2 406 852			
						Non-controlling interests			
						4.29			
						425 779			
						428 647			
						Total Shareholders' Equity			
						2 811 996			
						2 835 499			
Total Assets		40 391 775	1 673 453	38 718 322	40 673 292	Total Liabilities and Shareholders' Equity		38 718 322	40 673 292
OFF BALANCE SHEET ITEMS									
Guarantees given and other contingent liabilities	4.30			1 625 941	1 828 781				
Of which:									
[Guarantees and sureties]				[1 432 516]	[1 497 070]				
[Others]				[193 425]	[331 711]				
Commitments	4.30			3 494 377	3 372 509				

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.
INTERIM CONSOLIDATED STATEMENTS OF INCOME FOR THE PERIODS ENDED SEPTEMBER 30, 2016 AND 2015

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

	Notes	3rd Quarter 2016	3rd Quarter 2015	Sep. 30, 2016	Sep. 30, 2015
Interest and similar income		244 174	261 795	720 347	863 579
Interest and similar expenses		(57 392)	(107 930)	(194 830)	(397 360)
Financial margin (narrow sense)	4.31	186 782	153 865	525 517	466 219
Gross margin on unit links	4.32	3 258	3 695	10 309	9 074
Income from equity instruments	4.33	33	39	3 943	3 638
Net commission relating to amortised cost	4.34	5 258	4 671	15 816	14 557
Financial margin		195 331	162 270	555 585	493 488
Technical result of insurance contracts	4.35	5 386	8 206	18 881	27 607
Commissions received		78 952	76 462	230 057	229 151
Commissions paid		(10 190)	(9 614)	(30 471)	(30 429)
Other income, net		12 204	14 858	35 269	38 385
Net commission income	4.36	80 966	81 706	234 855	237 107
Gain and loss on operations at fair value		34 429	57 434	113 865	154 241
Gain and loss on assets available for sale		(1 154)	388	23 301	(564)
Interest and financial gain and loss with pensions		(144)	443	1 184	(29)
Net income on financial operations	4.37	33 131	58 265	138 350	153 648
Operating income		3 702	7 217	12 846	21 361
Operating expenses		(3 478)	(4 826)	(29 867)	(22 123)
Other taxes		(9 416)	(5 534)	(22 668)	(16 554)
Net operating income	4.38	(9 192)	(3 143)	(39 689)	(17 316)
Operating income from banking activity		305 622	307 304	907 982	894 534
Personnel costs	4.39	(97 475)	(99 418)	(292 336)	(288 495)
General administrative costs	4.40	(60 430)	(60 677)	(188 062)	(187 739)
Depreciation and amortisation	4.9/4.10	(8 541)	(8 744)	(25 542)	(26 248)
Overhead costs		(166 446)	(168 839)	(505 940)	(502 482)
Recovery of loans, interest and expenses		5 907	6 517	14 202	14 304
Impairment losses and provisions for loans and guarantees, net	4.20	(5 691)	(26 535)	(52 976)	(113 437)
Impairment losses and other provisions, net	4.20	(5 963)	(1 954)	(41 649)	(17 989)
Net income before income tax		133 429	116 493	321 619	274 930
Income tax	4.41	(16 028)	(12 067)	(37 573)	(37 608)
Earnings of associated companies (equity method)	4.42	4 042	10 421	25 399	23 158
Global consolidated net income		121 443	114 847	309 445	260 480
Income attributable to non-controlling interests	4.29	(44 458)	(40 057)	(126 530)	(109 512)
Consolidated net income of the BPI Group	4.43	76 985	74 790	182 915	150 968
Earnings per share (in Euro)					
Basic		0.053	0.181	0.126	0.104
Diluted		0.053	0.180	0.126	0.104

The accompanying notes form an integral part of these statements.

The Accountant

The Executive Committee of the Board of Directors

BANCO BPI, S.A.**INTERIM CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE PERIODS ENDED SEPTEMBER 30, 2016 AND 2015**(Translation of statements of cash flows originally issued in Portuguese - Note 5)
(Amounts expressed in thousands of Euro)

	Sep. 30, 16			Sep. 30, 15		
	Attributable to shareholders of the BPI Group	Attributable to non- controlling interest	Total	Attributable to shareholders of the BPI Group	Attributable to non-controlling interest	Total
Consolidated net income	182 915	126 530	309 445	150 968	109 512	260 480
Income not included in the consolidated statements of income:						
Items that will not be reclassified to net income						
Actuarial deviations	(106 193)		(106 193)	97 385		97 385
Tax effect	29 425		29 425	(28 839)		(28 839)
	(76 768)	0	(76 768)	68 546	0	68 546
Items that may be reclassified subsequently to net income						
Foreign exchange translation differences	(117 780)	(88 591)	(206 371)	(85 684)	(77 062)	(162 746)
Revaluation reserves of financial assets available for sale:	(10 900)		(10 900)	29 611		29 611
Tax effect	2 039		2 039	(8 771)		(8 771)
Valuation of assets of associated companies	652		652	(7 791)		(7 791)
Tax effect	(331)		(331)	2 302		2 302
	(126 320)	(88 591)	(214 911)	(70 333)	(77 062)	(147 395)
Income not included in the consolidated statements of income	(203 088)	(88 591)	(291 679)	(1 787)	(77 062)	(78 849)
Consolidated comprehensive income	(20 173)	37 939	17 766	149 181	32 450	181 631

	3 rd Quarter 2016			3 rd Quarter 2015		
	Attributable to shareholders of the BPI Group	Attributable to non- controlling interest	Total	Attributable to shareholders of the BPI Group	Attributable to non-controlling interest	Total
Consolidated net income	76 985	44 458	121 443	74 790	40 057	114 847
Income not included in the consolidated statements of income:						
Items that will not be reclassified to net income						
Actuarial deviations	19 816		19 816	(7 627)		(7 627)
Tax effect	(5 175)		(5 175)	1 385		1 385
	14 641	0	14 641	(6 242)	0	(6 242)
Items that may be reclassified subsequently to net income						
Foreign exchange translation differences	(9 729)	(15)	(9 744)	(51 056)	(44 865)	(95 921)
Revaluation reserves of financial assets available for sale:	5 450		5 450	17 184		17 184
Tax effect	(1 476)		(1 476)	(4 715)		(4 715)
Valuation of assets of associated companies	1 096		1 096	242		242
Tax effect	(157)		(157)	(22)		(22)
	(4 816)	(15)	(4 831)	(38 367)	(44 865)	(83 232)
Income not included in the consolidated statements of income	9 825	(15)	9 810	(44 609)	(44 865)	(89 474)
Consolidated comprehensive income	86 810	44 443	131 253	30 181	(4 808)	25 373

The accompanying notes form an integral part of these statements.

The Accountant

The Executive Committee of the Board of Directors

BANCO BPI, S.A.**INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE PERIODS ENDED SEPTEMBER 30, 2016 AND 2015**

(Translation of statements of changes in shareholders' equity 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	Non-controlling interests	Shareholders' equity
Balance at December 31, 2014 Proforma	1 293 063	5 270	(51 143)	1 042 087	(13 828)	(164 558)	418 269	2 529 160
Appropriation of net income for 2014 to reserves				(164 558)		164 558		
Dividends paid on preference shares							(35)	(35)
Dividends distributed to non-controlling interests							(64 207)	(64 207)
Variable Remuneration Program (RVA)		(811)		249	1 039			477
Comprehensive income for the first nine months of 2015			(64 844)	63 057		150 968	32 450	181 631
Other				2 788				2 788
Balance at September 30, 2015	1 293 063	4 459	(115 987)	943 623	(12 789)	150 968	386 477	2 649 814
Dividends paid on preference shares							(11)	(11)
Variable Remuneration Program (RVA)		735			(8)			727
Comprehensive income for the last three months of 2015			28 423	28 949		85 401	42 181	184 954
Other				15				15
Balance at December 31, 2015	1 293 063	5 194	(87 564)	972 587	(12 797)	236 369	428 647	2 835 499
Appropriation of net income for 2015 to reserves				236 369		(236 369)		
Dividends paid on preference shares							(32)	(32)
Dividends paid to non-controlling interests							(40 775)	(40 775)
Variable Remuneration Program (RVA)		(288)		(488)	1 885			1 109
Comprehensive income for the first nine months of 2016			(126 641)	(76 447)		182 915	37 939	17 766
Other				(1 571)				(1 571)
Balance at September 30, 2016	1 293 063	4 906	(214 205)	1 130 450	(10 912)	182 915	425 779	2 811 996

The accompanying notes form an integral part of these statements.

The Accountant

The Executive Committee of the Board of Directors

INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE PERIODS ENDED SEPTEMBER 30, 2016 AND 2015

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

	Sep. 30, 16	Sep. 30, 15
Operating activities		
Interest, commissions and similar income received	1 350 853	1 927 082
Interest, commissions and similar expenses paid	(668 971)	(1 228 512)
Recovery of loans and interest in arrears	14 202	14 304
Payments to personnel and suppliers	(493 088)	(456 655)
Net cash flow from income and expenses	202 996	256 219
Decrease (increase) in:		
Financial assets held for trading, available for sale and held to maturity	430 332	265 457
Loans and advances to credit institutions	270 408	534 359
Loans and advances to customers	280 944	925 485
Propriedades de investimento		
Other assets	122 504	431 383
Net cash flow from operating assets	1 104 188	2 156 684
Increase (decrease) in:		
Resources of central banks and other credit institutions	312 194	53 577
Resources of customers	(1 305 443)	(546 863)
Financial liabilities held for trading	(47 236)	1 943
Other liabilities	(214 448)	(291 861)
Net cash flow from operating liabilities	(1 254 933)	(783 204)
Contributions to the Pension Funds	(1 643)	(7 798)
Income tax paid	(85 052)	(26 906)
	(34 444)	1 594 995
Investing activities		
Sale of Finangeste – Empresa Financeira de Gestão e Desenvolvimento, S.A.		11 604
Subscription of the increase in share capital of Banco Comercial e de Investimentos, S.A.R.L.		(12 988)
Purchase of other tangible assets and intangible assets	(17 742)	(37 465)
Sale of other tangible assets	83	29
Dividends received and other income	22 859	17 368
	5 200	(21 452)
Financing activities		
Liability for assets not derecognised	(47 550)	(125 453)
Issuance of debt securities and subordinated debt	16 882	47 073
Redemption of debt securities	(537 418)	(1 145 185)
Purchase and sale of own debt securities and subordinated debt	(7 402)	(12 470)
Interest on debt securities and subordinated debt	(8 850)	(45 895)
Dividends paid on preference shares	(32)	(35)
Dividends paid to non-controlling interests	(40 775)	(64 207)
Purchase and sale of own shares	1 109	477
	(624 036)	(1 345 695)
Net increase (decrease) in cash and equivalents	(653 280)	227 848
Cash and equivalents at the beginning of the period	3 340 236	2 274 661
Cash and equivalents at the end of the period	2 686 956	2 502 509
Cash and deposits at central banks	2 341 581	2 036 579
Deposits at other credit institutions	345 375	465 930
Cash and equivalents	2 686 956	2 502 509
Of which:		
Cash and equivalents of Banco de Fomento Angola	1 536 091	1 927 144
Of which: in AKZ	1 253 424	1 142 048
in USD	275 106	156 265
Cash and equivalents by currencies	2 686 956	2 502 509
EUR	1 091 682	661 323
USD	308 686	642 788
AKZ	1 253 424	1 142 048
Other currencies	33 165	56 349

The accompanying notes form an integral part of these statements.

The Accountant
Alberto Pitôrra

The Executive Committee of the Board of Directors

President Fernando Ulrich
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 interim consolidated financial statements as of September 30, 2016 and 2015

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

(These notes are a translation of notes originally issued in Portuguese – Note 5)

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, 2016 the Group's banking operations were carried out mainly 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 the share capital of Banco de Fomento Angola, S.A. which operates as a commercial bank in Angola.

In the first half of 2016 Banco BPI ceased having control over BPI Strategies, Ltd, as it holds less than 20% of the participating units in these fund. For this reason, the fund BPI Strategies, Ltd ceased being to consolidate in accordance with the full consolidated method.

In the second half of 2015 Banco BPI ceased having control over Imofomento – Fundo de Investimento Imobiliário, as it became holder of less than 20% of the participating units in the fund. Consequently, the fund Imofomento – Fundo de Investimento Imobiliário ceased being consolidated in accordance with the full consolidated method.

During the second half of 2015 BPI Locação de Equipamentos, Lda, a wholly owned subsidiary of Banco BPI, S.A., was liquidated.

During the first half of 2015 Banco BPI subscribed the amount of 12 988 t. euro in the share capital increase of Banco Comercial de Investimentos, maintaining its 30% participation in that company.

The vehicles through which the Bank's loan securitisation operations are carried out are recorded in the consolidated financial statements in accordance with the BPI Group's continuing involvement in these operations, based on the percentage held of the equity piece of the corresponding vehicles. In the first half of 2016 and in 2015, the BPI Group held 100% of the equity pieces of these vehicles and so they were consolidated in accordance with the full consolidation method.

At September 30, 2016 the BPI Group was made up of the following companies::

	Head Office	Shareholder's Equity ³	Total Assets	Net Income (loss) for the period	Direct Participation	Effective Participation	Consolidation / Recognition method
Banks							
Banco BPI, S.A.	Portugal	1 797 570	32 558 868	165 803			
Banco Português de Investimento, S.A.	Portugal	27 236	31 995	(2 526)	100.00%	100.00%	Full consolidation
Banco Comercial e de Investimentos, S.A.R.L.	Mozambique	129 173	1 768 777	13 810	30.00%	30.00%	Equity method
Banco de Fomento Angola, S.A.	Angola	849 648	7 067 175	249 172	50.09%	50.10%	Full consolidation
Banco BPI Cayman, Ltd.	Cayman Islands	156 195	401 407	6 238		100.00%	Full consolidation
Asset management							
BPI Gestão de Activos - Sociedade Gestora de Fundos de Investimento Mobiliários, S.A	Portugal	12 507	24 689	3 520	100.00%	100.00%	Full consolidation
BPI – Global Investment Fund Management Company, S.A.	Luxembourg	1 929	5 291	1 328	100.00%	100.00%	Full consolidation
BPI (Suisse), S.A.	Switzerland	10 559	11 158	1 615	100.00%	100.00%	Full consolidation
BPI Alternative Fund: Iberian Equities Long/Short Fund (Lux) ¹	Luxembourg	334 141	358 482	(15 638)		24.19%	Full consolidation
BPI Obrigações Mundiais - Fundo de Investimento Aberto de Obrigações ¹	Portugal	29 937	30 095	1 430	18.30%	21.81%	Full consolidation
Venture Capital							
BPI Private Equity - Sociedade de Capital de Risco, S.A.	Portugal	33 615	40 782	(86)	100.00%	100.00%	Full consolidation
Inter-Risco – Sociedade de Capital de Risco, S.A.	Portugal	1 108	1 581	53		49.00%	Equity method
Insurance							
BPI Vida e Pensões – Companhia de Seguros, S.A.	Portugal	113 572	4 442 306	11 938	100.00%	100.00%	Full consolidation
Cosec – Companhia de Seguros de Crédito, S.A.	Portugal	61 439	107 446	5 597	50.00%	50.00%	Equity method
Companhia de Seguros Allianz Portugal, S.A.	Portugal	200 425	1 248 173	13 229	35.00%	35.00%	Equity method
Other							
BPI Capital Finance Ltd. ²	Cayman Islands	1 810	1 820	35	100.00%	100.00%	Full consolidation
BPI Capital Africa (Proprietary) Limited	South Africa	(4 681)	1 508	(1 138)		100.00%	Full consolidation
BPI, Inc.	U.S.A.	760	761	(4)	100.00%	100.00%	Full consolidation
BPI Madeira, SGPS, Unipessoal, S.A.	Portugal	161 594	167 764	8 469	100.00%	100.00%	Full consolidation
BPI Moçambique – Sociedade de Investimento, S.A.	Mozambique	255	745	(297)	98.40%	100.00%	Full consolidation
Unicre - Instituição Financeira de Crédito, S.A.	Portugal	143 883	323 730	58 542	21.01%	21.01%	Equity method

Note: Unless otherwise indicated, all amounts are as of September 30, 2016 (accounting balances before consolidation adjustments).

¹ Funds managed by asset management companies controlled by the BPI Group.

² Share capital is made up of 5 000 ordinary shares of 1 Euro each, and 1 786 000 non-voting preference shares of 1 Euro each. Considering the total share capital of the company, the effective participation of the BPI Group in this company corresponds to 0.28%.

³ Includes net income for the period.

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, 2016.

3. SEGMENT REPORTING

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

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

Commercial banking

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

- Retail Banking – includes commercial operations with private clients, sole traders and businesses with turnover of up to 5 million euro through a multi-channel distribution network made up of traditional branches, investment centres, home banking services and telephone banking. It also includes the Private Banking area which is responsible for implementing strategies and investment proposals presented to customers and ensures the management of their financial assets.
- Corporate Banking, Project Finance and Institutional Banking – includes commercial operations with companies with a turnover of more than 2 million euro and also with Retail Banking for the segment of up to 5 million euro. This 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 home banking services adapted to the business needs.

Investment banking

Investment banking covers the following business areas:

- 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.
- Share department – Includes trading activities, financial instrument primary market, brokerage and research.
- Portfolio management – Includes services rendered to BPI Global Investment Fund Management Company, S.A in the management of BPI Alternative Fund – Iberian Equities Long Short.

Equity investments and others

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

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

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

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

The BPI Group's balance sheet as of September 30, 2016 and investments in tangible and intangible assets during the period, by segment, are as follows:

	Domestic operations					International operations			Inter segment operations	BPI Group
	Commercial banking	Investment banking	Equity investments and others	Inter segment operations	Total	Angola (BFA)	Others	Total		
ASSETS										
Cash and deposits at central banks	889 145				889 145	1 452 444		1 452 444		2 341 589
Deposits at other credit institutions	452 537	28 852	11 748	(231 467)	261 670	380 976	59	381 035	(297 330)	345 375
Financial assets held for trading and at fair value through profit or loss	2 130 311	276 652		(4 869)	2 402 094	1 581 790		1 581 790		3 983 884
Financial assets available for sale	4 036 306	633	61 883		4 098 822	1 740 016		1 740 016		5 838 838
Loans and advances to credit institutions	1 135 700	60 002	2 895	(458 385)	740 212	377 717	1 348	379 065	(161 099)	958 178
Loans and advances to customers	23 016 599			(402 128)	22 614 471	1 287 928		1 287 928		23 902 399
Held to maturity investments	28 531			(12 214)	16 317					16 317
Hedging derivatives	35 565			(805)	34 760					34 760
Other tangible assets	53 674	898			54 572	102 549	107	102 656		157 228
Intangible assets	23 255	311			23 566	5 526	16	5 542		29 108
Investment in associated companies and jointly controlled entities	73 482		74 686		148 168		38 752	38 752		186 920
Tax assets	442 839	1 516	(321)		444 034	9 163	656	9 819		453 853
Other assets	573 411	5 141	111	(55 694)	522 969	18 456	105	18 561	(71 657)	469 873
TOTAL ASSETS	32 891 355	374 005	151 002	(1 165 562)	32 250 800	6 956 565	41 043	6 997 608	(530 086)	38 718 322
LIABILITIES										
Resources of central banks	2 000 737				2 000 737					2 000 737
Financial liabilities held for trading	242 426	260		(4 297)	238 389	8 692		8 692		247 081
Resources of other credit institutions	1 605 890	(375)	25 248	(29 765)	1 600 998	55	455	510	(458 429)	1 143 079
Resources of customers and other debts	22 583 795	253 300		(686 201)	22 150 894	5 931 932		5 931 932		28 082 826
Debt securities	946 601			(400 178)	546 423					546 423
Financial liabilities relating to transferred assets	641 674				641 674					641 674
Hedging derivatives	128 288			(133)	128 155					128 155
Provisions	75 346		3 204		78 550	22 402		22 402		100 952
Technical provisions	2 335 085				2 335 085					2 335 085
Tax liabilities	19 669	112	(407)		19 374	22 147	5 226	27 373		46 747
Other subordinated debt and participating bonds	83 503			(14 005)	69 498					69 498
Other liabilities	514 689	11 908	7 167	(30 983)	502 781	126 683	6 262	132 945	(71 657)	564 069
TOTAL LIABILITIES	31 177 703	265 205	35 212	(1 165 562)	30 312 558	6 111 911	11 943	6 123 854	(530 086)	35 906 326
SHAREHOLDERS' EQUITY										
Shareholders' equity attributable to the shareholders of BPI	1 711 847	108 800	115 790		1 936 437	420 680	29 100	449 780		2 386 217
Non-controlling interests	1 805				1 805	423 974		423 974		425 779
TOTAL SHAREHOLDERS' EQUITY	1 713 652	108 800	115 790		1 938 242	844 654	29 100	873 754		2 811 996
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	32 891 355	374 005	151 002	(1 165 562)	32 250 800	6 956 565	41 043	6 997 608	(530 086)	38 718 322
Investments made in:										
Property	758				758	529		529		1 287
Equipment and other tangible assets	1 010				1 010	7 712	11	7 723		8 733
Intangible assets	3 521				3 521	4 191	10	4 201		7 722

The caption Other assets – Inter segment operations at September 30, 2016 includes 65 775 t.euro relating to dividends payable by BFA to Banco BPI, of which 29 070 t euro relating to 50% of the dividends for the year 2014 and 36 705 t. euro relating to the total amount of dividends for 2015. According to a communication received from BNA, it is expected that the dividends for 2014 will be received up to the end of 2016. As regards the dividends for 2015, request was made to BNA to authorize their transfer.

The BPI Group's income statement for the period ended September 30, 2016, by segment, is as follows:

	Domestic operations					International operations			Inter segment operations	BPI Group
	Commercial banking	Investment banking	Equity investment and others	Inter segment operations	Total	Angola (BFA)	Others	Total		
Interest and similar income	398 601	71		(946)	397 726	324 419	59	324 478	(1 857)	720 347
Interest and similar expenses	(128 582)	(1 078)	(169)	946	(128 883)	(67 415)	(389)	(67 804)	1 857	(194 830)
Financial margin (narrow sense)	270 019	(1 007)	(169)		268 843	257 004	(330)	256 674		525 517
Gross margin on unit links	10 309				10 309					10 309
Income from equity instruments	1 890		2 053		3 943					3 943
Net commission relating to amortised cost	15 816				15 816					15 816
Financial margin	298 034	(1 007)	1 884		298 911	257 004	(330)	256 674		555 585
Technical result of insurance contracts	18 881				18 881					18 881
Commissions received	218 044	8 409		(36 823)	189 630	40 884	481	41 365	(938)	230 057
Commissions paid	(51 758)	(7 722)	(3)	36 823	(22 660)	(8 749)		(8 749)	938	(30 471)
Other income, net	21 508	(2)			21 506	13 763		13 763		35 269
Net commission income	187 794	685	(3)		188 476	45 898	481	46 379		234 855
Gain and loss on operations at fair value	(1 709)	8 374			6 665	107 140	60	107 200		113 865
Gain and loss on assets available for sale	23 259	42			23 301					23 301
Interest and financial gain and loss with pensions	1 191	(7)			1 184					1 184
Net income on financial operations	22 741	8 409			31 150	107 140	60	107 200		138 350
Operating income	12 361				12 361	414	71	485		12 846
Operating expenses	(28 321)	(7)			(28 328)	(1 538)	(1)	(1 539)		(29 867)
Other taxes	(3 619)	(930)			(4 549)	(18 047)	(72)	(18 119)		(22 668)
Net operating expenses	(19 579)	(937)			(20 516)	(19 171)	(2)	(19 173)		(39 689)
Operating income from banking activity	507 871	7 150	1 881		516 902	390 871	209	391 080		907 982
Personnel costs	(221 740)	(4 996)	(165)		(226 901)	(64 108)	(1 327)	(65 435)		(292 336)
General administrative costs	(134 935)	(3 465)	(18)		(138 418)	(49 172)	(472)	(49 644)		(188 062)
Depreciation and amortisation	(15 835)	(77)			(15 912)	(9 561)	(69)	(9 630)		(25 542)
Overhead costs	(372 510)	(8 538)	(183)		(381 231)	(122 841)	(1 868)	(124 709)		(505 940)
Recovery of loans, interest and expenses	10 587				10 587	3 615		3 615		14 202
Impairment losses and provisions for loans and guarantees, net	(36 877)				(36 877)	(16 099)		(16 099)		(52 976)
Impairment losses and other provisions, net	(38 154)	(13)	(768)		(38 935)	(2 714)		(2 714)		(41 649)
Net income before income tax	70 917	(1 401)	930		70 446	252 832	(1 659)	251 173		321 619
Income tax	(33 040)	35	148		(32 857)	(4 415)	(301)	(4 716)		(37 573)
Earnings of associated companies (equity method)	4 863		15 124		19 987		5 412	5 412		25 399
Global consolidated net income	42 740	(1 366)	16 202		57 576	248 417	3 452	251 869		309 445
Income attributable to non-controlling interests	(35)				(35)	(126 495)		(126 495)		(126 530)
Consolidated net income of the BPI Group	42 705	(1 366)	16 202		57 541	121 922	3 452	125 374		182 915
Cash flow after taxes	133 571	(1 276)	16 970		149 265	150 296	3 521	153 817		303 082

The BPI Group's balance sheet as of December 31, 2015 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 (BFA)	Others	Total		
ASSETS										
Cash and deposits at central banks	997 650				997 650	1 730 534	1	1 730 535		2 728 185
Deposits at other credit institutions	618 324	101 568	12 648	(298 102)	434 438	345 267	77	345 344	(167 727)	612 055
Financial assets held for trading and at fair value through profit or loss	2 916 392	236 279		(5 608)	3 147 063	527 541		527 541		3 674 604
Financial assets available for sale	3 673 603	1 716	47 677		3 722 996	2 786 392		2 786 392		6 509 388
Loans and advances to credit institutions	1 226 368	80 178	2 895	(576 896)	732 545	913 238	792	914 030	(416 532)	1 230 043
Loans and advances to customers	23 293 723			(505 661)	22 788 062	1 493 560		1 493 560		24 281 622
Held to maturity investments	34 638			(12 221)	22 417					22 417
Hedging derivatives	92 554			(1 268)	91 286					91 286
Other tangible assets	65 085	925			66 010	128 863	222	129 085		195 095
Intangible assets	25 141	336			25 477	3 645	16	3 661		29 138
Investment in associated companies and jointly controlled entities	77 843		68 284		146 127		64 320	64 320		210 447
Tax assets	409 808	1 456	(245)		411 019	8 308	887	9 195		420 214
Other assets	765 671	9 739	105	(89 625)	685 890	17 089	992	18 081	(35 173)	668 798
TOTAL ASSETS	34 196 800	432 197	131 364	(1 489 381)	33 270 980	7 954 437	67 307	8 021 744	(619 432)	40 673 292
LIABILITIES										
Resources of central banks	1 520 735				1 520 735					1 520 735
Financial liabilities held for trading	274 261	85		(5 725)	268 621	25 697		25 697		294 318
Resources of other credit institutions	1 934 507	3 012	8 504	(50 288)	1 895 735	58	256	314	(584 258)	1 311 791
Resources of customers and other debts	21 953 022	167 534		(855 761)	21 264 795	6 913 020		6 913 020	(1)	28 177 814
Debt securities	1 577 967			(500 586)	1 077 381					1 077 381
Financial liabilities relating to transferred assets	689 522				689 522					689 522
Hedging derivatives	161 840			(284)	161 556					161 556
Provisions	70 300		3 204		73 504	26 360		26 360		99 864
Technical provisions	3 663 094				3 663 094					3 663 094
Tax liabilities	51 738	30	(473)		51 295	35 881	4 874	40 755		92 050
Other subordinated debt and participating bonds	83 525			(14 013)	69 512					69 512
Other liabilities	600 815	59 279	8 238	(62 724)	605 608	103 154	6 567	109 721	(35 173)	680 156
TOTAL LIABILITIES	32 581 326	229 940	19 473	(1 489 381)	31 341 358	7 104 170	11 697	7 115 867	(619 432)	37 837 793
SHAREHOLDERS' EQUITY										
Shareholders' equity attributable to the shareholders of BPI	1 613 672	202 257	111 891		1 927 820	423 422	55 610	479 032		2 406 852
Non-controlling interests	1 802				1 802	426 845		426 845		428 647
TOTAL SHAREHOLDERS' EQUITY	1 615 474	202 257	111 891		1 929 622	850 267	55 610	905 877		2 835 499
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	34 196 800	432 197	131 364	(1 489 381)	33 270 980	7 954 437	67 307	8 021 744	(619 432)	40 673 292
Investments made in:										
Property	18				18	9 350		9 350		9 368
Equipment and other tangible assets	18 478	437			18 915	15 265	17	15 282		34 197
Intangible assets	10 275	95			10 370	3 106	18	3 124		13 494

At December 31, 2015 the caption Other assets – Inter segment operations includes 29 801 t.euro relating to 50% of the dividends payable by BFA to Banco BPI relating to 2014 profits. According to a communication received from BFA, it is expected that that these dividends will be received up to the end of 2016.

The BPI Group's income statement for the period ended September 30, 2015, by segment, is as follows:

	Domestic operations					International operations			Inter segment operations	BPI Group
	Commercial banking	Investment banking	Equity investment and others	Inter segment operations	Total	Angola (BFA)	Others	Total		
Interest and similar income	550 923	589			551 512	326 990	75	327 065	(14 998)	863 579
Interest and similar expenses	(318 464)	(913)	(479)		(319 856)	(92 125)	(377)	(92 502)	14 998	(397 360)
Financial margin (narrow sense)	232 459	(324)	(479)		231 656	234 865	(302)	234 563		466 219
Gross margin on unit links	9 074				9 074					9 074
Income from equity instruments	1 323		2 315		3 638					3 638
Net commission relating to amortised cost	14 553				14 553	4		4		14 557
Financial margin	257 409	(324)	1 836		258 921	234 869	(302)	234 567		493 488
Technical result of insurance contracts	27 607				27 607					27 607
Commissions received	224 321	17 106		(47 876)	193 551	35 719	819	36 538	(938)	229 151
Commissions paid	(59 924)	(12 060)	(9)	47 876	(24 117)	(7 250)		(7 250)	938	(30 429)
Other income, net	19 330	(5)			19 325	19 060		19 060		38 385
Net commission income	183 727	5 041	(9)		188 759	47 529	819	48 348		237 107
Gain and loss on operations at fair value	23 144	10 812			33 956	120 285		120 285		154 241
Gain and loss on assets available for sale	(672)		108		(564)					(564)
Interest and financial gain and loss with pensions	(19)	(10)			(29)					(29)
Net income on financial operations	22 453	10 802	108		33 363	120 285		120 285		153 648
Operating income	16 977	6			16 983	4 147	231	4 378		21 361
Operating expenses	(19 885)	(193)			(20 078)	(2 042)	(3)	(2 045)		(22 123)
Other taxes	(3 923)	(524)			(4 447)	(11 878)	(229)	(12 107)		(16 554)
Net operating expenses	(6 831)	(711)			(7 542)	(9 773)	(1)	(9 774)		(17 316)
Operating income from banking activity	484 365	14 808	1 935		501 108	392 910	516	393 426		894 534
Personnel costs	(218 406)	(6 736)	(157)		(225 299)	(61 569)	(1 627)	(63 196)		(288 495)
General administrative costs	(131 827)	(3 153)	(20)		(135 000)	(52 232)	(507)	(52 739)		(187 739)
Depreciation and amortisation	(14 242)	(68)			(14 310)	(11 845)	(93)	(11 938)		(26 248)
Overhead costs	(364 475)	(9 957)	(177)		(374 609)	(125 646)	(2 227)	(127 873)		(502 482)
Recovery of loans, interest and expenses	12 789				12 789	1 515		1 515		14 304
Impairment losses and provisions for loans and guarantees, net	(90 442)				(90 442)	(22 995)		(22 995)		(113 437)
Impairment losses and other provisions, net	(6 603)	13	(8 700)		(15 290)	(2 699)		(2 699)		(17 989)
Net income before income tax	35 634	4 864	(6 942)		33 556	243 085	(1 711)	241 374		274 930
Income tax	(7 642)	(1 628)	314		(8 956)	(28 089)	(563)	(28 652)		(37 608)
Earnings of associated companies (equity method)	7 869		6 505		14 374		8 784	8 784		23 158
Global consolidated net income	35 861	3 236	(123)		38 974	214 996	6 510	221 506		260 480
Income attributable to non-controlling interests	(35)				(35)	(109 477)		(109 477)		(109 512)
Consolidated net income of the BPI Group	35 826	3 236	(123)		38 939	105 519	6 510	112 029		150 968
Cash flow after taxes	147 113	3 291	8 577		158 981	143 058	6 603	149 661		308 642

4. NOTES

4.1. Cash and deposits at Central Banks

This caption is made up as follows:

	Sep. 30, 16	Dec. 31, 15
Cash	343 765	520 524
Demand deposits at the Bank of Portugal	676 423	738 402
Demand deposits at foreign Central Banks	1 321 393	1 469 253
Accrued interest	8	6
	2 341 589	2 728 185

4.2. Deposits at other Credit Institutions

This caption is made up as follows:

	Sep. 30, 16	Dec. 31, 15
Domestic Credit Institutions		
Demand deposits	2 319	34 441
Cheques for collection	62 195	70 123
Other	273	337
Foreign Credit Institutions		
Demand deposits	277 313	502 960
Cheques for collection	3 275	4 197
Impairment		(3)
	345 375	612 055

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.

The changes in impairment losses and provisions in the first nine months of 2016 and 2015 are presented in Note 4.20.

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

This caption is made up as follows:

	Sep. 30, 16	Dec. 31, 15
Financial assets held for trading		
Debt Instruments		
Bonds issued by Portuguese government entities	76 379	33 322
Bonds issued by foreign government entities	1 627 292	513 721
Bonds issued by other Portuguese entities		
Non-subordinated debt	8 289	12 751
Subordinated debt	315	
Bonds issued by foreign financial entities		372
Bonds issued by other foreign entities		
Non-subordinated debt	37 057	59 190
Subordinated debt	474	
	1 749 806	619 356
Equity instruments		
Shares issued by Portuguese entities	116 262	173 978
Shares issued by foreign entities	152 192	184 541
	268 454	358 519
Other securities		
Participating units issued by Portuguese entities	206	140
Participating units issued by foreign entities	2	2
	208	142
	2 018 468	978 017
Financial assets at fair value through profit or loss		
Debt Instruments		
Bonds issued by Portuguese government entities	240 367	39 002
Bonds issued by foreign government entities	497 062	1 299 163
Bonds issued by other Portuguese entities		
Non-subordinated debt	132 676	74 565
Bonds issued by foreign financial entities	62 029	22 060
Bonds issued by other foreign entities		
Non-subordinated debt	229 003	173 340
Subordinated debt	4 715	1 104
	1 165 852	1 609 234
Equity instruments		
Shares issued by Portuguese entities	87	735
Shares issued by foreign entities	6 541	17 030
	6 628	17 765
Other securities		
Participating units issued by Portuguese entities	91 396	99 644
Participating units issued by foreign entities	479 299	716 037
	570 695	815 681
	1 743 175	2 442 680
Derivative instruments with positive fair value (Note 4.4)	222 241	253 907
	3 983 884	3 674 604

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

	Sep. 30, 16	Dec. 31, 15
Debt Instruments		
Of public entities	737 429	1 338 166
Other entities	428 424	270 907
Equity Instruments	525	18 069
Other securities	570 695	768 718
Derivative instruments with positive fair value		3 107
	1 737 073	2 398 967

4.4. Derivatives

The caption "Derivative instruments held for trading" (Notes 4.3 and 4.15) is made up as follows:

	Sep. 30, 16			Dec. 31, 15		
	Notional value ¹	Book value		Notional value ¹	Book value	
		Assets	Liabilities		Assets	Liabilities
Exchange rate contracts						
Futures	1 263		4	500	3	
Options				67		
Exchange forwards and swaps	1 140 116	8 728	8 814	1 989 721	22 187	26 701
Interest rate contracts						
Futures	501 229	18	21	3 249	42	
Options	221 741	694	686	374 914	1 617	1 217
Swaps	4 925 293	192 981	230 063	5 329 039	186 081	212 459
Contracts over shares						
Futures	1 784	14		7 156	35	89
Swaps	355 236	9 898	2 649	412 332	5 274	22 000
Options	50			996 416	2 675	47
Contracts over other underlying items						
Futures	184 754			151 550		
Others						
Options ²	1 122 487	4 509	4 845	859 473	31 821	31 805
Others ³	1 553 766	2 926		1 660 502	4 074	
Overdue derivatives		2 473			98	
	10 007 719	222 241	247 082	11 784 919	253 907	294 318

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

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

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

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

	Sep. 30, 16			Dec. 31, 15		
	Notional value ¹	Book value		Notional value ¹	Book value	
		Assets	Liabilities		Assets	Liabilities
Interest rate contracts						
Futures	22 263		25	70 619	5	16
Swaps	6 998 011	34 760	127 786	7 744 856	91 281	159 493
Contracts over shares						
Swaps	524 677		344	733 413		2 047
	7 544 951	34 760	128 155	8 548 888	91 286	161 556

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

The BPI Group's operations include carrying out derivative transactions to manage its own positions based on expectations regarding market evolution, to 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:

	Sep. 30, 16	Dec. 31, 15
Debt instruments		
Bonds issued by Portuguese government entities	2 312 519	1 777 581
Bonds issued by foreign government entities	3 057 958	4 175 426
Bonds issued by Portuguese government entities	30 930	29 782
Bonds issued by other foreign entities	130 460	197 203
	5 531 867	6 179 992
Equity instruments		
Shares issued by Portuguese entities	63 207	66 494
Shares issued by Portuguese entities	(28 348)	(28 432)
Quotas	57 107	60 784
Shares issued by foreign entities	44 868	55 328
Impairment	(18 573)	(18 619)
	118 261	135 555
Other securities		
Participating units issued by Portuguese entities	225 449	226 470
Impairment	(53 001)	(49 044)
Participating units issued by foreign entities	16 731	16 822
Impairment	(1 784)	(1 784)
	187 395	192 464
Loans and other receivables	23 310	23 049
Impairment	(21 995)	(21 672)
	1 315	1 377
	5 838 838	6 509 388

Banco BPI holds a portfolio of fixed rate bonds, issued by national and international entities, in which the interest rate risk is hedged by derivative instruments.

In 2015 the BPI Group sold bonds issued by Portuguese government entities with a nominal value of 440 000 t. euro. The impact of the sale was recognised in "Net income on financial operations" (Note 4.37).

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 2016 and 2015 are shown in Note 4.20.

At September 30, 2016 this caption was made up as follows:

Nature and type of security	Quantity	Amounts per unit		Cost	Book Value / Fair Value ¹	Net gain/ (loss) on securities ²	Hedge accounting effect ²	Impair-ment
		Nominal	Listing / Price					
Debt Instruments								
Issued by Portuguese Entities								
Portuguese Public Debt								
<i>Treasury Bills</i>								
BILHETES DO TESOIRO-CZ-17-03-2017	471 000 000	1.00	1.00	470 881	471 000	51		
BILHETES DO TESOIRO-CZ-18.11.2016	101 487 000	1.00	1.00	101 492	101 497	5		
BILHETES DO TESOIRO-CZ-19.05.2017	357 000 000	1.00	1.00	356 901	357 011	72		
BILHETES DO TESOIRO-CZ-20.01.2017	360 280 000	1.00	1.00	360 256	360 298	14		
BILHETES DO TESOIRO-CZ-21.07.2017	520 570 000	1.00	1.00	520 488	520 570	66		
BILHETES DO TESOIRO-CZ-22.09.2017	167 216 000	1.00	1.00	167 220	167 210	(10)		
				1 977 238	1 977 586	198		
<i>Treasury Bonds</i>								
OT - 4.35% (16.10.2017)	60 000	0.01	104.54	93	65	1		
OT - 4.35% (16.10.2017)	500 000	0.01	0.01	525	543	16		
OT-4.75%-14.06.2019	300 000 000	0.01	0.01	318 513	334 246	24 128	(30 840)	
OT-4.8%-15.06.2020	70 000	0.01	111.31	79	79	(1)		
				319 210	334 933	24 144	(30 840)	
Other Residents								
Non - Subordinated debt								
<i>Other Bonds</i>								
VIOLAS-SGPS SA-TV-06.11.2023	30 000 000		102.18	30 000	30 930	654		
				30 000	30 930	654		
Issued by non - residents								
By foreign government entities								
<i>Bonds</i>								
BUONI ORDINARI DEL TES-CZ-1.06.2017	30 000 000	1 000.00	1 001.79	30 012	30 054	45		
BUONI ORDINARI DEL TES-CZ-13.01.2017	50 000 000	1 000.00	1 000.88	50 045	50 044	2		
BUONI ORDINARI DEL TES-CZ-13.04.2017	20 000 000	1 000.00	1 001.45	20 033	20 029			
BUONI ORDINARI DEL TES-CZ-14.07.2017	20 000 000	1 000.00	1 001.98	20 041	20 040	5		
BUONI ORDINARI DEL TES-CZ-14.10.2016	70 000 000	1 000.00	1 000.14	69 985	70 010	10		
BUONI ORDINARI DEL TES-CZ-14.11.2016	50 000 000	1 000.00	1 000.46	49 994	50 023	24		
BUONI ORDINARI DEL TES-CZ-14.12.2016	200 000 000	1 000.00	1 000.80	199 979	200 160	164		
BUONI POLIENNALI DEL T-4.25%-01.09.2019	212 500 000	1 000.00	1 123.65	217 299	239 503	24 869	(25 076)	
BUONI POLIENNALI DEL T-4.5%-01.03.2019	175 000 000	1 000.00	1 109.50	185 458	194 797	16 515	(17 854)	
OBRIGAÇÕES DO TESOIRO - AKZ (Angola)	1 497 558	539.47		1 086 360	1 128 472			
OBRIGAÇÕES DO TESOIRO - USD (Angola)	77 475	107.89		597 926	609 173			
SPAIN LETRAS DEL TESORO-CZ-07.04.2017	80 000 000	1 000.00	1 001.55	80 123	80 124	4		
SPAIN LETRAS DEL TESORO-CZ-09.12.2016	35 000 000	1 000.00	1 001.10	34 995	35 038	39		
SPAIN LETRAS DEL TESORO-CZ-10.03.2017	80 000 000	1 000.00	1 001.48	80 112	80 118	13		
SPAIN LETRAS DEL TESORO-CZ-16.06.2017	80 000 000	1 000.00	1 001.98	80 161	80 158	15		
SPAIN LETRAS DEL TESORO-CZ-17.02.2017	90 000 000	1 000.00	1 001.34	90 034	90 121	89		
SPAIN LETRAS DEL TESORO-CZ-20.01.2017	80 000 000	1 000.00	1 001.17	80 088	80 094	23		
				2 972 645	3 057 958	41 817	(42 930)	
Others non - residents								
Non - subordinated Debt								
<i>Bonds</i>								
ALLIANZ FINANCE BV-4.375% PERP.	47 500 000		101.21	45 175	49 356	663	(759)	
BARCLAYS BANK PLC-TV-25.05.2017	2 378 381	33 976.87	19 735.19	1 718	1 382	(906)		
C8 CAPITAL SPV -TV - PERPETUA	58 238 509	895.98	786.22	57 994	51 104	(7 134)		
COSAN FINANCE LTD-7%-01.02.2017	17 919 541		101.02	17 730	18 308	197	(354)	
EIRLES TWO LIMITED-TV. PERP.	800 000	100 000.00	61 030.00	794	491	(312)		
GAZ CAPITAL(GAZPROM)-6.212% (22.11.2016)	8 959 771		100.50	8 929	9 202	45	(62)	
KION MORTGAGE FIN SR.06-1 CL.A-15.07.51	52 267	816.68	674.25	52	43	(9)		
MADRID RMBS FTA-SR.06-1 CL.A2-22.06.2049	168 082	42 020.43	38 586.86	165	154	(11)		
LUSITANO MTGE-SR.1-CL.D-TV (15.12.2035)	200 000	100 000.00	78 470.00	198	157	(43)		
PELICAN MORTGAGES-2/B (15.9.2036)	290 000	10 000.00	9 045.81	286	263	(28)		
RHODIUM BV - SR.1X- CL.C (27.5.2084)	340	42.47	42.47					
				133 041	130 460	(7 538)	(1 175)	

¹ Net of impairment.

² Amount recorded in revaluation reserves (Note 4.27).

Nature and type of security	Quantity	Amounts per unit		Cost	Book Value / Fair Value ¹	Net gain/ (loss) on securities ²	Hedge accounting effect ²	Impair-ment
		Nominal	Listing / Price					
Equity instruments								
Issued by residents								
<i>Shares</i>								
AGROGARANTE SA	172 650	1.00	1.00	173	173			
ALBERTO GASPAR, SA (CÓD LB0001: 92020020501)	60 000	5.00	0,000	141				141
APOR-AG.P/MODERNIZAÇÃO PORTO - CL.B	5 665	5.00		26	26			
BOAVISTA FUTEBOL CLUBE, FUTEBOL,SAD	21 900	5.00		110				110
BOMBARDIER TRANSPORTATION PORTUGAL SA	1	5.00						
BUCIQUEIRA SGPS	8	5.00		1	1			
Cª AG.FONTE SANTA MONFORTINHO-D.SUB/E.98	10	5.00						
CIMPOR - CIM.DE PORTUGAL-SGPS	3 565	1.00	0.31	7	1	(6)		
CITEVE-QUOTA ASSOCIACAO	20	498.80		10	10			
COMPª AURIFICIA - N	1 186	7.00	1 111.30	25	1 318	1 293		
COMPª PRESTAMISTA PORTUGUEZA	10	1.00						
COMPª.FIAÇÃO E TECIDOS DE FAFE - P	168	4.99						
CONDURIL, SA (C)	184 262	5.00	54.47	806	10 036	9 230		
CORTICEIRA AMORIM - SGPS	127 419	1.00	8.66	315	1 104	1 030		241
DIGITMARKET-SIST.INF.-N	4 950	1.00		743				743
EMP.CINEMATOGRAFICA S.PEDRO	100	4.99						
ESENC - SOC.NAC.CORTICEIRA - N	54 545	4.99						
ESTAMPARIA IMPERIO-EMP.IND.IMOBILIARIOS	170	4.99		1	1			
EURODEL-IND.METALURGICAS E PARTICIPAÇÕES	8	5.00						
F.I.T.-FOM.IND.TOMATE - P	148	4.99		3	3			
FAB. VASCO DA GAMA - IND.TRANSF.	33	4.99		1	1			
GARVAL - SOCIEDADE DE GARANTIA MUTUA	159 000	1.00	1.00	159	159			
GEIE - GESTÃO ESPAÇOS INC.EMPRESARIAL(C)	12 500	1.00		13				13
GESTINSUA - AQ.AL.PATRIMONIOS IMOB.MOB.	430	5.00		2				2
IMPRESA SGPS	6 200 000	0.50	0.23	22 791	1 395			21 396
INEGI-INST.ENG.MECANICA-QUOTA ASSOCIAÇÃO	5 000	1.00		25	25			
INTERSIS AUTOMAÇÃO, ENG.DE SISTEMAS	42 147	4.99		1 307				1 307
J.SOARES CORREIA-ARMAZENS DE FERRO	84	5.00		2	2			
LISGARANTE - SOC.DE GARANTIA MUTUA	97 495	1.00	1.00	97	97			
LISNAVE - EST.NAVAIS	180	5.00		1	1			
MARGUEIRA-SOC.GEST.DE FUNDOS INV.IMOB.-N	3 511	5.00		18	18			
MATUR-SOC.EMPREEND.TURISTICOS DA MADEIRA	13 175	5.00		143				143
MATUR-SOC.EMPREEND.TURISTICOS MADEIRA-N	4	5.00						
METALURGIA CASAL - P	128	4.99		1	1			
MIMALHA, SA (CÓD LB0001: 92017022101)	40 557	4.99	0,000	336				336
MORETEXTILE,SGPS,SA	711	1.00		1	1			
NET - NOVAS EMPRESAS E TECNOLOGIAS - N	20 097	5.00	2.28	73	46	(27)		
NEWPLASTICS	1 445	1.00		1	1			
NEXPONOR-SICAFI	1 933 840	5.00	3.98	9 669	7 704	300		2 265
NORGARANTE - SOC.DE GARANTIA MUTUA	67 930	1.00	1.00	68	68			
NOTORIOUSWAY, SA	2 500	1.00		3	3			
NUTROTON SGPS - C	11 395	5.00	4.38	50	50			
OFICINA DA INOVACAO	10 000	5.00	7.18	50	72	32		10
PORTUGAL CAP. VENTURES-SOC.CAP.RISCO	500 641	5.00	6.02	2 692	3 012	320		
SALVOR - SOC.INV.HOTELEIRO - P	10	5.00						

¹ Net of impairment.

² Amount recorded in revaluation reserves (Note 4.27).

Natureza e espécie dos títulos	Quantidade	Amounts per unit		Cost	Book Value /		Net gain/ (loss) on securities ²	Hedge accounting effect ²	Impair-ment
		Nominal	Listing / Price		Fair Value ¹	Value ¹			
<i>Shares (cont.)</i>									
SANJIMO - SOCIEDADE IMOBILIARIA	1 620	4.99		8					8
SAPHETY LEVEL - TRUSTED SERVICES	5 069	1.00		98					98
SDEM - SOC.DE DESENV.EMPR.MADEIRA,SGPS-N	937 500	1.00	0.24	938	225				713
SENAL-SOC.NAC.DE PROMOÇÃO DE EMPRESAS-P	450	0.50							
SIBS - SGPS, SA	738 455	5.00		3 115	3 115				
SOC.CONSTRUÇÕES ERG	50	4.99							
SOC.CONSTRUÇÕES ERG (EM.93) - IR (C)	6	4.99							
SOC.INDUSTRIAL ALIANÇA (VN 500.\$00)	1	2.49							
SOFID-SOC.P/FIN.DES.-INST.FIN.CREDITO SA	1 000 000	1.00	0.89	1 250	891				359
SOMOTEL-SOC.PORTUGUESA DE MOTEIS	1 420	2.50							
SONAE - SGPS	36 868	1.00	0.68	69	25		11		55
SOPEAL-SOC.PROM.EDUC.ALCACERENSE	100	4.99							
SPI-SOC PORTUGUESA DE INOVACAO	1 500	5.00		7	7				
STAR - SOC. TURISMO E AGENCIAS RIBAMAR	533	4.99		3	3				
TAEM - PROCESSAMENTO ALIMENTAR,SGPS, SA	125	1.00							
TAGUSPARQUE - N	436 407	5.00		2 177	2 177				
TEIXEIRA DUARTE S.A.	672 294	0.50	0.20	534	134				400
TEXTIL LOPES DA COSTA	4 900	4.99		8					8
TUROPA-OPERADORES TURISTICOS	5	4.99							
UNICER - BEBIDAS DE PORTUGAL	1 002	1.00	8.07	8	8				
VIALITORAL - CONC. RODOVIARIA MADEIRA	4 750	161.25	619.93	792	2 945		2 153		
VNCORK SGPS	151	1.00							
				48 871	34 859		14 336		28 348
<i>Quotas</i>									
PROPAÇO - SOC.IMOB.DE PAÇO D'ARCOS		1.00		1	1				
VIACER - SOC.GEST.PART.SOCIAIS, SA		1.00		48 160	57 106		8 947		
				48 161	57 107		8 947		
Issued by non residents									
<i>Shares</i>									
ABANCA CORPORACION BANCARIA SA	18 588	1.00		29					29
ALTITUDE SOFTWARE BV	6 386 243	0.04		13 810					13 810
AMSCO -USD	1 807	895.98		896					896
CAIXABANK ELECTRONIC MONEY, EDE, SL	35 000	1.00		88	88				
CLUB FINANCIERO VIGO	1	15 626.31		18	12				6
CORPORACIÓN FINANCIERA ARCO (TROCA ARCO BODEGAS)	7 786	100.00	79.64	4 399	621				3 778
CREDIT LOGEMEN DEVELOPMENT	20	70.00	70.00	1	1				
EASDAQ NV	100	1.42		25					25
EMIS-EMPRESA INTERBANCÁRIA DE SERVIÇOS (CAPITAL)				2 261	2 261				
EUROPEAN INVESTMENT FUND	14	1 000 000.00	1 226 952.68	15 325	17 177		1 852		
IBOS HOLDING SA	277 864	0.01		3					3
IMC-INSTITUTO DO MERCADO DE CAPITAIS				2	2				
INTERBANCOS									
OSEO - SOFARIS	13	107.89	107.89	2	2				
S.W.I.F.T.	97	125.00		216	216				
SOPHA(BFA E FESA)				2	2				
THARWA FINANCE - MAD	20 895			196	273		77		
UNIRISCO GALICIA	80	1 202.02	1 337.65	96	108		38		26
VISA INC-CLASS C	6 002	0.00	921.65	5 222	5 532		310		
				42 591	26 295		2 277		18 573

¹ Net of impairment.

² Amount recorded in revaluation reserves (Note 4.27).

Natureza e espécie dos títulos	Quantidade	Amounts per unit		Cost	Book Value / Fair Value ¹	Net gain/ (loss) on securities ²	Hedge accounting effect ²	Impair-ment
		Nominal	Listing / Price					
Others								
Issued by residents								
<i>Participating Units</i>								
EGP-UNIVERSITY OF PORTO BUS.SCHOOL ASS.	2	4.99		70	70			
FCR-F-HITEC (ES VENTURES)	500 000	1.00	1.27	500	637	137		
FCR-FUNDO CARAVELA	1 800	3 338.80	2 314.54	6 010	4 166	95		1 939
FCR-FUNDO INTER-RISCO II - CL.A	7 500	4 263.80	2 780.25	31 979	20 852			11 127
FCR-FUNDO INTER-RISCO II CI-CLASSE A	6 000	5 000.00	4 815.55	30 144	28 893	(1 251)		
FCR-FUNDO RECUPERACAO-CATEGORIA B	95 000	1 000.00	712.11	95 000	67 651			27 349
FCR-FUNDO RECUPERACAO-CATEGORIA C	20 000	1 000.00	712.11	20 000	14 242			5 758
FCR-FUNDO REESTRUTURAÇÃO EMPRESARIAL	5 607	1 000.00	971.46	5 607	5 447	(160)		
FCR-FUNDO REVITALIZAR CENTRO	7 272 727	1.00	1.04	7 273	7 586	313		
FCR-FUNDO REVITALIZAR NORTE	7 156 881	1.00	0.94	7 157	6 695	(462)		
FCR-FUNDO REVITALIZAR SUL - CAT.A2	1 685 919	1.00	0.99	1 686	1 672	(14)		
FCR-FUNDO REVITALIZAR SUL - CAT.B2	1 774 612	1.00	1.05	1 775	1 870	95		
FCR-FUNDO REVITALIZAR SUL - CAT.C2	1 190 442	1.00	1.02	1 190	1 212	22		
FCR-PORTUGAL GLOBAL VENTURES I	6 269	10.00	9.82	69	61			
FCR-PORTUGAL VENTURES GPI	6	25 000.00	20 224.99	130	120	5		8
FCR-PORTUGAL VENTURES TURISMO	164	24 939.89	9 395.00	3 568	1 541	282		15
FCR-PORTUGAL VENTURES VALOR 2	131	3 420.24	4 409.67	2 630	577	131		2 309
FCR-PORTUGAL VENTURES-FIEP	2 964	1 000.00	833.79	2 964	2 471	233		2 184
FCR-PV ACTEC II - CATEGORIA A1	67 249	1.00	1.02	78	69	6		726
FCR-PV ACTEC II - CATEGORIA B1	290 145	1.00	1.02	337	297	27		15
FCR-TURISMO INOVACAO CAT.B	12	50 000.00	20 540.95	600	246	(354)		67
FEIIF-UNICAMPUS	3 000	1 000.00	1 004.87	3 000	3 015	15		
FUNDO CARAVELA	1 321	3 338.80	2 314.54	4 492	3 058	70		
				226 259	172 448	(810)		1 504
Issued by non residents								
<i>Participating Units</i>								
FUNDO BPI-EUROPA	23 405	0.01	13.05	171	305	134		
FUNDO PATHENA SCA SICAR (B)	10 000 000	1.00	0.97	10 096	9 658	(438)		
PORTUGAL VENTURE CAPITAL INITIATIVE-PVCI	6 139 383	1.00	0.81	6 139	4 984	629		
				16 406	14 947	325		1 784
Loans and others receivables								
<i>Loans and Shareholder's loans</i>								
EMIS - EMPRESA INTERBANCÁRIA DE SERVIÇOS (SUPRIMENTOS)					105			
MORETEXTILE, SGPS, SA								12 163
NEWPLASTICS, S A								1 523
PETROECER SGPS, LDA					201			
PROPACO - SOC. IMOB. DE PACO D'ARCOS LDA					801			4 441
SAPHETY LEVEL - TRUSTED SERVICES SA					208			
TAEM - PROCESSAMENTO ALIMENTAR, SGPS, S A								3 701
VNCORK - SGPS, S A								167
					1 315			21 995
				5 814 422	5 838 838	84 350	(74 945)	123 701

¹ Net of impairment.

² Amount recorded in revaluation reserves (Note 4.27).

At September 30, 2016 and December 31, 2015 the Treasury Bills - Angola and Treasury Bonds – Angola were recorded at the corresponding acquisition cost, as this is believed to best reflect their market value, since there is no listed price on an active market with regular transactions.

In the last quarter of 2015 Visa Inc. launched a public offering to acquire 100% of the share capital of Visa Europe Limited, an operation which was concluded on June 21, 2016. At December 31, 2015 the total amount receivable by Banco BPI, S.A. was estimated at 20.8 million euro, of which 15.5 million euro in cash and the remainder in Visa Inc. preference shares. At that date Banco BPI valued its participation in Visa Europe considering only the cash component, by corresponding entry to the equity caption "Revaluation reserves". In addition, also by corresponding entry to equity in the caption "Deferred tax reserves", the Bank recorded the related deferred tax liability relating to the tax expected to be paid on the date of completion of the transaction. At that date, in the valuation of the share in Visa Europe the Bank attributed zero value to the component receivable in preference shares of Visa Inc. This decision was based on the fact that at December 31, 2015 the Bank had no information to enable it to reliably value that component.

On June 21, 2016 this transaction was closed with the following amount for Banco BPI:

(i) cash of 16 528 t. euro received on the closing date of the transaction (June 21, 2016);

(ii) deferred cash in the amount of 1 427 t euro receivable in a single payment on the third anniversary of the closing of the transaction (June 21, 2019). At the closing date of the transaction the Bank recorded the present value of the amount receivable from Visa Inc. in 2019, considering a discount rate of 4%, at the amount of 1 274 t.euro;

(iii) receipt of 6 002 preference shares of Visa Inc.. In determining the fair value of the preference shares, Banco BPI used the conversion factor of the preference shares into the ordinary shares initially established by Visa Inc. and the market price of the ordinary shares of Visa Inc. on the closing date of the transaction. Banco BPI applied a haircut to the amount obtained, to reflect a discount due to the lack of liquidity of the preference shares and the uncertainty relating to the outcome of current and possible lawsuits. The fair value of the preferred shares of Visa Inc. calculated by the Bank on the closing date of this transaction amounted to 5 143 t.euro.

Thus, Banco BPI, S.A. recognized a gain, before tax, in the first half of 2016 in the amount of 22 945 t. euro, which was recorded in the statement of income caption Net income on financial operations (Note 4.37).

Banco BPI carried out a series of operations relating to the transfer of financial assets (Loans to customers) to specialized credit recovery funds (Fundo de Recuperação, FCR and Fundo de Reestruturação Empresarial FCR). These funds aim to recover companies that, despite having financial difficulties, have sustainable business models.

In addition, under the transfer of asset operations, the Bank subscribed:

- participating units in the credit recovery funds and in the companies controlled by those funds;
- shares and shareholders' loans of companies controlled by those funds.

The credit recovery funds in which Banco BPI participates have a specific management structure, fully independent of the Bank and are held by several banks in the market (which are credit transferors). The Bank has a minority interest in these funds.

At September 30, 2016 and December 31, 2015, the portfolio of financial assets available for sale included 67 156 t. euro and 71 092 t. euro, respectively, relating to securities and shareholders' loans subscribed for by Banco BPI under transfer of assets operations:

Sep. 30, 16					
Subscribed securities under operations of transfer of assets					
	Participating units and shares	Shareholder's loans¹	Impairment in participating units and shares	Impairment in shareholder's loans	Net Value
Fundo de Recuperação, FCR ²	96 665	15 151	(33 106)	(15 151)	63 559
Fundo de Reestruturação Empresarial, FCR	3 597				3 597
	100 262	15 151	(33 106)	(15 151)	67 156

Amounts net of unrealized subscribed capital recorded in the caption Other liabilities.

¹ Does not include interest in the amount of 2 411 t. euro, for which impairment of 100% has been recorded.

² Includes the companies controlled by Fundo de Recuperação, FCR: Notoriousway SA, Newplastics SA, Vncork SGPS SA, TAEM - Processamento Alimentar SGPS SA and Moretextile SA.

Dec. 31, 15					
Subscribed securities under operations of transfer of assets					
	Participating units and shares	Shareholder's loans¹	Impairment in participating units and shares	Impairment in shareholder's loans	Net Value
Fundo de Recuperação, FCR ²	96 665	15 151	(29 196)	(15 151)	67 469
Fundo de Reestruturação Empresarial, FCR	3 623				3 623
	100 288	15 151	(29 196)	(15 151)	71 092

Amounts net of unrealized subscribed capital recorded in the caption Other liabilities

¹ Does not include interest in the amount of 2 155 t. euro, for which impairment of 100% has been recorded.

² Includes the companies controlled by Fundo de Recuperação, FCR: Notoriousway SA, Newplastics SA, Vncork SGPS SA, TAEM - Processamento Alimentar SGPS SA e Moretextile SA.

Operations relating to the transfer of assets carried out by Banco BPI include the sale of loans granted to operating industrial and hospitality companies, which, because of the change of the economic environment, were having difficulties in complying with their financial commitments to the Bank. All the assets sold correspond to loans to corporate customers of Banco BPI, no real estate having been traded.

Following the ceding of loan operations, they were derecognized from the balance sheet, as all the requirements of IAS 39 on this matter were fulfilled, namely transfer of a substantial part of the risks and benefits relating to the ceded loan operations, and therefore control. Additionally, Banco BPI does not consolidate the funds and companies that own the assets as it only has a minority participation in them. The loans sold, net of impairment, totalled 72 959 t. euro at September 30, 2016 and December 31, 2015.

	Sep. 30, 16			
	Amounts related to the transferred assets			
	Gross assets transferred	Impairment on transferred assets	Sale amount	Result on the sale date ¹
Fundo de Recuperação, FCR ²	123 730	48 967	98 289	10 635
Fundo de Reestruturação Empresarial, FCR	3 734		3 734	
	127 464	48 967	102 023	10 635

¹ The result determined on the sale date is deducted from impairment recorded for shareholders' loans on the transaction date.

² Includes sales to companies controlled by Fundo de Recuperação, FCR.

	Dec. 31, 15			
	Amounts related to the transferred assets			
	Gross assets transferred	Impairment on transferred assets	Sale amount	Result on the sale date ¹
Fundo de Recuperação, FCR ²	123 730	48 967	98 289	10 635
Fundo de Reestruturação Empresarial, FCR	3 734		3 734	
	127 464	48 967	102 023	10 635

¹ The result determined on the sale date is deducted from impairment recorded for shareholders' loans on the transaction date.

² Includes sales to companies controlled by Fundo de Recuperação, FCR.

4.6. Loans and advances to credit institutions

This caption is made up as follows:

	Sep. 30, 16	Dec. 31, 15
Loans to the Bank of Portugal		5 500
Loans and advances to other Portuguese credit institutions		
Deposits	164 252	219 000
Other loans	85 000	79 000
Securities purchased with resale agreements	51 907	5 163
Other advances	91	23
Accrued interest	368	201
	301 618	303 387
Loans and advances to other foreign Central Banks	43 157	60 880
Loans and advances to other foreign credit institutions		
Very short term loans and advances	71 608	49 538
Deposits	180 853	445 973
Loans	44	44
Other loans and advances	355 453	357 653
Accrued interest	5 441	7 070
	656 556	921 158
Commission relating to amortised cost (net)	4	(2)
	958 178	1 230 043

4.7. Loans and advances to customers

This caption is made up as follows:

	Sep. 30, 16	Dec. 31, 15
Loans		
Domestic loans		
Companies		
Discount	79 589	108 865
Loans	5 344 364	5 286 707
Commercial lines of credit	141 245	186 413
Demand deposits - overdrafts	179 334	146 406
Invoices received - factoring	352 339	339 390
Finance leasing	372 801	301 872
Real estate leasing	335 766	338 012
Other loans	43 172	26 969
Loans to individuals		
Housing	10 834 946	10 866 552
Consumer	755 968	692 812
Other loans	424 593	432 849
Foreign loans		
Companies		
Discount	2 991	16 846
Loans	1 819 795	2 065 564
Commercial lines of credit	246 905	302 118
Demand deposits - overdrafts	12 220	16 529
Invoices received - factoring	250	723
Finance leasing	1 092	326
Real estate leasing	384	939
Other loans	1 200	12 829
Loans to individuals		
Housing	155 602	172 409
Consumer	219 131	259 832
Other loans	43 666	70 851
Accrued interest	74 772	69 369
	21 442 125	21 715 182
Securities		
Issued by Portuguese government entities	137 030	102 030
Issued by other Portuguese entities		
Non subordinated debt securities		
Bonds	1 320 475	1 288 333
Commercial paper	755 760	843 275
Subordinated debt securities	11 800	11 800
Issued by other foreign entities		
Non subordinated debt securities		
Bonds	248 850	326 311
Commercial paper		1 491
Subordinated debt securities		
Accrued interest	13 948	14 192
Deferred interest	(195)	(189)
	2 487 668	2 587 243
Correction of the amount of hedged assets	37 169	35 215
Commissions relating to amortised cost (net)	(854)	166
	23 966 108	24 337 806
Overdue loans and interest	877 521	922 470
Loan impairment	(941 230)	(978 654)
	23 902 399	24 281 622

Loans and Advances to Customers include the following non-derecognised securitised assets:

	Sep. 30, 16	Dec. 31, 15
Non-derecognised securitised assets ¹		
Loans		
Housing	1 480 462	1 593 367
Loans to SME's	3 316 782	3 228 647
Accrued interest	13 711	14 963
	4 810 955	4 836 977

¹ Excluding 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" (Notes 4.19).

At September 30, 2016 and December 31, 2015 the caption "Loans and advances to customers" also included operations allocated to the Cover Pool given as collateral for Covered Bonds issued by Banco BPI (Note 4.18), namely:

- 6 490 408 t. euro and 6 057 014 t. euro, respectively, allocated as collateral to mortgage bonds,
- 712 644 t. euro and 700 344 t. euro, respectively, allocated as collateral to public sector bonds.

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

	Sep. 30, 16	Dec. 31, 15
Debt instruments		
Issued by Portuguese government entities	50 000	50 000
Issued by other Portuguese entities	1 025 418	1 353 528
Issued by other foreign entities	243 961	321 402
	1 319 379	1 724 930

The changes in impairment losses and provisions in the first nine months of 2016 and 2015 are presented in Note 4.20.

4.8 Held to maturity investments

This caption is made up as follows:

	Sep. 30, 16	Dec. 31, 15
Debt Instruments		
Bonds issued by other Portuguese entities		
Non-subordinated debt		1 197
Bonds issued by other foreign entities		
Non-subordinated debt	14 400	19 289
Subordinated debt	1 900	1 900
Accrued interest	17	31
	16 317	22 417

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

At September 30, 2016 this caption was made up as follows:

Nature and type of security	Quantity	Cost	Gross Book Value	Impairment
Debt Instruments				
Issued by other non resident entities				
Non - subordinated Debt				
<i>Bonds</i>				
IBERCAJA(CA.ZARAGOZA A.R.)TV-20.04.2018	6 000 000	6 000	6 007	
IBERCAJA(CA.ZARAGOZA A.R.)TV-25.04.2019	8 400 000	8 400	8 409	
		14 400	14 416	
Subordinated Debt				
<i>Bonds</i>				
CAM INTERNATIONAL-TV-26.04.2017	1 900 000	1 900	1 901	
		1 900	1 901	
		16 300	16 317	

4.9. Other tangible assets

The changes in other tangible assets in the nine months of 2016 were as follows:

	Gross						Amortization						Net	
	Balance at Dec. 31, 15	Pur-chases	Sales and write-offs	Trans-fers and others	Foreign exchange diffe-rences	Balance at Sep. 30, 16	Balance at Dec. 31, 15	Amorti-zation for the period	Sales and write-offs	Trans-fers and others	Foreign exchange diffe-rences	Balance at Sep. 30, 16	Balance at Sep. 30, 16	Balance at Dec. 31, 15
Property														
Property for own use	142 201	963	(81)	972	(20 747)	123 308	31 423	1 715		(242)	(2 659)	30 237	93 071	110 778
Other property	12					12	2					2	10	10
Leasehold improvements	104 187	324	(1 987)	611	(8 573)	94 562	91 820	1 586	(1 987)		(6 146)	85 273	9 289	12 367
	246 400	1 287	(2 068)	1 583	(29 320)	217 882	123 245	3 301	(1 987)	(242)	(8 805)	115 512	102 370	123 155
Equipment														
Furniture and fixtures	49 908	450	(369)	99	(2 522)	47 566	43 920	945	(366)		(1 514)	42 985	4 581	5 988
Machinery and tools	13 330	157	(66)		(910)	12 511	11 634	304	(65)		(620)	11 253	1 258	1 696
Computer hardware	175 015	4 018	(1 100)	1 137	(6 522)	172 548	162 006	5 791	(1 096)	(10)	(5 243)	161 448	11 100	13 009
Interior installations	136 563	549	(15 171)	206	(2 027)	120 120	113 943	4 366	(14 143)	(10)	(950)	103 206	16 914	22 620
Vehicles	12 592	658	(160)	(144)	(2 345)	10 601	9 977	1 020	(154)	(144)	(1 849)	8 850	1 751	2 615
Security equipment	26 265	273	(2 162)	(2)	(1 045)	23 329	23 490	572	(2 154)	(1)	(618)	21 289	2 040	2 775
Other equipment	522	4	(2)	3	(90)	437	125	3	(2)		(10)	116	321	397
	414 195	6 109	(19 030)	1 299	(15 461)	387 112	365 095	13 001	(17 980)	(165)	(10 804)	349 147	37 965	49 100
Equipment in finance lease	10 723	11				10 734	1 068	1 924				2 992	7 742	9 655
Tangible assets in progress	10 906	2 607		(5 643)	(951)	6 919							6 919	10 906
Other tangible assets	11 725	6	(403)	(9)		11 319	9 446	54	(403)	(10)		9 087	2 232	2 279
	33 354	2 624	(403)	(5 652)	(951)	28 972	10 514	1 978	(403)	(10)		12 079	16 893	22 840
	693 949	10 020	(21 501)	(2 770)	(45 732)	633 966	498 854	18 280	(20 370)	(417)	(19 609)	476 738	157 228	195 095

The changes in other tangible assets in the nine months of 2016 were as follows:

	Gross						Amortization						Net	
	Balance at Dec. 31, 14	Pur-chases	Sales and write-offs	Trans-fers and others	Foreign exchange diffe-rences	Balance at Sep. 30, 15	Balance at Dec. 31, 14	Amorti-zation for the period	Sales and write-offs	Trans-fers and others	Foreign exchange diffe-rences	Balance at Sep. 30, 15	Balance at Sep. 30, 15	Balance at Dec. 31, 14
Property														
Property for own use	148 915	9 015	(1 962)	6 517	(20 760)	141 725	31 576	2 305	(296)	(79)	(2 616)	30 890	110 835	117 339
Other property	13					13	2					2	11	11
Leasehold improvements	113 684	221	(3 685)	756	(8 416)	102 560	98 545	1 995	(3 684)		(5 954)	90 902	11 658	15 139
	262 612	9 236	(5 647)	7 273	(29 176)	244 298	130 123	4 300	(3 980)	(79)	(8 570)	121 794	122 504	132 489
Equipment														
Furniture and fixtures	51 265	868	(92)	165	(2 538)	49 668	43 968	1 313	(87)		(1 457)	43 737	5 931	7 297
Machinery and tools	14 042	257	(154)	38	(897)	13 286	11 997	431	(153)	31	(604)	11 702	1 584	2 045
Computer hardware	184 015	6 281	(7 914)	1 556	(6 476)	177 462	171 041	5 900	(7 904)		(4 971)	164 066	13 396	12 974
Interior installations	141 219	1 351	(4 234)	3 053	(1 868)	139 521	114 839	5 179	(3 431)		(892)	115 695	23 826	26 380
Vehicles	12 898	1 464	(212)	(45)	(2 178)	11 927	9 961	1 466	(202)	(6)	(1 747)	9 472	2 455	2 937
Security equipment	27 567	122	(363)	48	(1 039)	26 335	23 826	733	(357)		(594)	23 608	2 727	3 741
Other equipment	601	1			(93)	509	128	4			(10)	122	387	473
	431 607	10 344	(12 969)	4 815	(15 089)	418 708	375 760	15 026	(12 134)	25	(10 275)	368 402	50 306	55 847
Equipment in finance lease		9 708				9 708		385				385	9 323	
Tangible assets in progress	13 540	3 185		(10 965)	(911)	4 849							4 849	13 540
Other tangible assets	12 131	37	(415)	3		11 756	9 768	98	(401)			9 465	2 291	2 363
	25 671	12 930	(415)	(10 962)	(911)	26 313	9 768	483	(401)			9 850	16 463	15 903
	719 890	32 510	(19 031)	1 126	(45 176)	689 319	515 651	19 809	(16 515)	(54)	(18 845)	500 046	189 273	204 239

4.10. Intangible assets

The changes in intangible assets in the first nine months of 2016 were as follows:

	Gross						Amortization					Net	
	Balance at Dec. 31, 15	Pur-chases	Sales and write-offs	Trans-fers and others	Foreign exchange diffe-rences	Balance at Sep. 30, 16	Balance at Dec. 31, 15	Amorti-zation for the period	Sales and write-offs	Foreign exchange diffe-rences	Balance at Sep. 30, 16	Balance at Sep. 30, 16	Balance at Dec. 31, 15
Software	94 316	4 270		74	(2 127)	96 533	76 078	7 253		(1 359)	81 972	14 561	18 238
Other intangible assets	21 365		(1 254)		(268)	19 843	18 716	9	(1 254)	(268)	17 203	2 640	2 649
	115 681	4 270		74	(2 395)	116 376	94 794	7 262	(1 254)	(1 627)	99 175	17 201	20 887
Intangible assets in progress	8 251	3 452		204		11 907						11 907	8 251
	123 932	7 722		278	(2 395)	128 283	94 794	7 262	(1 254)	(1 627)	99 175	29 108	29 138

The changes in intangible assets in the first nine months of 2015 were as follows:

	Gross						Amortization					Net	
	Balance at Dec. 31, 14	Pur-chases	Sales and write-offs	Trans-fers and others	Foreign exchange diffe-rences	Balance at Sep. 30, 15	Balance at Dec. 31, 14	Amorti-zation for the period	Sales and write-offs	Foreign exchange diffe-rences	Balance at Sep. 30, 15	Balance at Sep. 30, 15	Balance at Dec. 31, 14
Software	85 228	1 586		2 378	(1 668)	87 524	68 464	6 430		(1 248)	73 646	13 878	16 764
Other intangible assets	26 358		(3 485)		(276)	22 597	23 697	9	(3 485)	(276)	19 945	2 652	2 661
	111 586	1 586	(3 485)	2 378	(1 944)	110 121	92 161	6 439	(3 485)	(1 524)	93 591	16 530	19 425
Intangible assets in progress	5 458	3 369		(2 509)		6 318						6 318	5 458
	117 044	4 955	(3 485)	(131)	(1 944)	116 439	92 161	6 439	(3 485)	(1 524)	93 591	22 848	24 883

4.11. Investments in associated companies and jointly controlled entities

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

	Effective participation (%)		Book value	
	Sep. 30, 16	Dec. 31, 15	Sep. 30, 16	Dec. 31, 15
Banco Comercial e de Investimentos, S.A.R.L.	30.0	30.0	38 752	64 321
Companhia de Seguros Allianz Portugal, S.A.	35.0	35.0	73 481	77 842
Cosec – Companhia de Seguros de Crédito, S.A.	50.0	50.0	30 720	31 333
Inter-Risco - Sociedade de Capital de Risco, S.A.	49.0	49.0	543	517
Unicre - Instituição Financeira de Crédito, S.A.	21.0	21.0	43 424	36 434
			186 920	210 447

4.12. Tax assets

This caption is made up as follows:

	Sep. 30, 16	Dec. 31, 15
Current tax assets		
Corporate income tax recoverable	21 531	6 748
Other	1 959	1 930
	23 490	8 678
Deferred tax assets		
Due to temporary differences	336 181	307 922
Due to tax losses carried forward	94 182	103 614
	430 363	411 536
	453 853	420 214

Details of deferred tax assets are presented in Note 4.41.

4.13. Other assets

This caption is made up as follows:

	Sep. 30, 16	Dec. 31, 15
Debtors, other applications and other assets		
Debtors for future operations	20 567	30 926
Collaterals		
Of derivatives	9 557	10 827
Reports with central counterparties (CCP) (Note 4.17)	10 791	4 331
Single Resolution Fund	2 636	
Other	9 201	2 613
VAT recoverable	12 824	3 058
Debtors for loan interest subsidy receivable	3 846	4 036
Other debtors	46 994	51 778
Overdue debtors and other applications	2	228
Impairment of overdue debtors and other applications	(4)	(169)
Other assets		
Gold	49	50
Other available funds and other assets	380	366
	116 843	108 044
Assets received in settlement of defaulting loans and other tangible assets	142 660	158 848
Impairment	(32 605)	(29 302)
	110 055	129 546
Accrued income		
For irrevocable commitments assumed in relation to third parties	254	239
For banking services rendered to third parties	2 277	2 543
Other accrued income	26 933	32 193
	29 464	34 975
Deferred expenses		
Insurance	78	20
Rent	3 446	3 373
Other deferred expenses	12 942	8 184
	16 466	11 577
Liability for pensions and other benefits		
Pension Fund Asset Value		
Pensioners and employees		1 391 069
Directors		42 311
Past Service Liabilities		
Pensioners and employees		(1 279 923)
Directors		(43 979)
Others		(1 601)
		107 877
Other accounts		
Securities operations pending settlement - non stock exchange operations	31 389	
Operations on assets pending settlement	165 656	276 779
	197 045	276 779
	469 873	668 798

Em 30 de Setembro de 2016, a rubrica de Outros devedores inclui 1 427 m.euros referentes a numerário a receber em 2019 relativo à oferta pública de aquisição de 100% do capital social da Visa Europe Limited, pela Visa Inc. (Nota 4.5).

The caption "Collaterals of derivatives" at September 30, 2016 and December 31, 2015 includes 2 070 t. euro and 5 117 t. euro, relating to collateral pledged in guarantee under derivative transactions relating to bonds issued through Sagres – Sociedade de Titularização de Créditos, S.A.

The caption "Other debtors" at September 30, 2016 and December 31, 2015 includes 26 879 t. euro and 27 556 t. euro relating to instalments receivable from the sale in 2008 of 49.9% of the share capital of Banco de Fomento Angola, S.A.. 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 assets received in settlement of defaulting loans and other tangible assets available for sale in the first nine months of 2016 were as follows:

	Balance at Dec. 31, 15			Acquisitions and transfers	Sales and write-offs		Increase / Reversals of impairment	Foreign exchange translation difference	Balance at Sep. 30, 16		
	Gross	Impairment	Net		Gross	Impairment			Gross	Impairment	Net
Assets received in settlement of defaulting loans											
Real estate	153 535	(27 263)	126 272	22 192	(39 031)	4 913	(7 906)	(9)	136 688	(30 256)	106 431
Equipment	655	(485)	170	717	(265)	64	(180)		1 107	(600)	506
Other	61	(61)					(1)		61	(62)	(1)
Other tangible assets											
Real estate	4 597	(1 493)	3 104	208			(194)		4 805	(1 687)	3 119
	158 848	(29 302)	129 546	23 117	(39 296)	4 977	(8 280)	(9)	142 660	(32 605)	110 055

The changes in assets received in settlement of defaulting loans and other tangible assets available for sale in the first nine months of 2015 were as follows:

	Balance at Dec. 31, 14			Acquisitions and transfers	Sales and write-offs		Increase / Reversals of impairment	Foreign exchange translation difference	Balance at Sep. 30, 15		
	Gross	Impairment	Net		Gross	Impairment			Gross	Impairment	Net
Assets received in settlement of defaulting loans											
Real estate	161 217	(27 366)	133 851	38 291	(36 146)	2 953	(2 443)	204	163 566	(26 856)	136 711
Equipment	1 006	(699)	307	470	(827)	246	(2)	17	666	(455)	211
Other	61	(61)							61	(61)	
Other tangible assets											
Real estate	4 474	(1 264)	3 210	30	(365)	66			4 139	(1 198)	2 941
	166 758	(29 390)	137 368	38 791	(37 338)	3 265	(2 445)	222	168 432	(28 570)	139 862

The caption "Other accrued income" at September 30, 2016 and December 31, 2015 includes 16 080 t. euro and 20 132 t. euro, respectively, relating to accrued commission from participation in the results of insurance products (Note 4.36).

At December 31, 2015 the caption "Past service liabilities – Other" 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.

The caption "Other deferred expenses" at September 30, 2016 and December 31, 2015 includes 7 102 t. euro and 5 285 t. euro relating to current contracts with service providers.

At September 30, 2016 and December 31, 2015 the balance of the caption asset operations pending adjustment includes:

- 119 807 t. euro and 213 108 t. euro, respectively, relating to securitisation operations carried out by Banco BPI (Notes 4.7 and 4.19), resulting from temporary differences between settlement of the securitised loans and settlement of the liability for assets not derecognised;
- 27 189 t. euro and 28 084 t. euro, respectively, relating to taxes paid which have been contested by Banco BPI. At the date of the financial statements there was no expected date for the decision. The main ongoing tax processes refer to the Bank's VAT processes arising from inspections from 2004 to 2009, of which 19 916 t. euro was paid under Decree-Law 151-A / 13 of October 31. The remaining amounts of 7 273 t. euro and 8 285 t. euros relate to amounts paid under Decree-Law 248-A / 02 of November 14, as well as other processes prior to the merger carried out in 2002, relating to tax processes of various types.
- 4 615 t. euro and 6 165 t. euro, respectively, relating to housing loans pending settlement.

The caption "Non stock exchange transactions pending settlement" at September 30, 2016 refers to the acquisition of securities to be settled in the following month.

The changes in impairment losses and provisions in the first nine months of 2016 and 2015 are shown in Note 4.20.

4.14. Resources of Central Banks

This caption is made up as follows:

	Sep. 30, 16	Dec. 31, 15
Resources of the Bank of Portugal		
Deposits	2 000 000	1 519 649
Accrued interest	736	1 085
Resources of other Central Banks		
Deposits	1	1
	2 000 737	1 520 735

In the first nine months of 2016 and in 2015 Banco BPI took funds from the EuroSystem, using part of its portfolio of eligible assets for this purpose (Note 4.31).

4.15. Financial liabilities held for trading

This caption is made up as follows:

	Sep. 30, 16	Dec. 31, 15
Derivative instruments with negative fair value (Note 4.4)	247 081	294 318
	247 081	294 318

4.16. Resources of other credit institutions

This caption is made up as follows:

	Sep. 30, 16	Dec. 31, 15
Resources of Portuguese credit institutions		
Deposits	256 876	355 499
Loans	55	58
Other resources	2 910	3 616
Accrued interest	134	472
	259 975	359 645
Resources of foreign credit institutions		
Deposits of international financial organisations	689 330	704 910
Very short term resources	1 361	1 053
Deposits	122 509	168 838
Debt securities sold with repurchase agreements	55 683	25 728
Other resources	13 462	36 847
Accrued interest	740	975
	883 085	938 351
Correction of the amount of hedged liabilities		13 792
Commissions relating to amortised cost	19	3
	1 143 079	1 311 791

4.17. Resources of customers and other debts

This caption is made up as follows:

	Sep. 30, 16	Dec. 31, 15
Demand deposits	13 793 556	12 886 456
Term deposits	11 825 147	12 676 526
Savings deposits	58 176	62 080
Compulsory deposits	10 030	9 240
Cheques and orders payable	65 367	45 959
Debt securities sold with repurchase agreement	6 001	26 186
Other resources of customers	54 932	64 130
Non-Controlling interests in investment funds		
BPI Alternative Fund (Lux)	253 300	167 534
BPI Obrigações Mundiais	23 409	31 473
BPI Strategies		27 957
Capitalisation insurance products - Unit links	1 885 959	1 957 360
Capitalisation insurance products - Guaranteed Rate and Guaranteed Retirer	22 088	27 944
Accrued interest	77 481	167 851
	28 075 446	28 150 696
Correction of the amount of hedged liabilities	7 804	29 204
Commissions relating to amortised cost (net)	(424)	(2 086)
	28 082 826	28 177 814

The caption "Resources of customers" at September 30, 2016 included 547 650 t. euro and 153 444 t. euro, respectively, relating to deposits of investment funds and pension funds managed by the BPI Group (632 613 t. euro and 192 072 t. euro, respectively, at December 31, 2015).

4.18. Debt securities

This caption is made up as follows:

	Sep. 30, 16				Dec. 31, 15			
	Issued	Repurchased	Balance	Average interest rate	Issued	Repurchased	Balance	Average interest rate
Covered Bonds								
EUR	5 200 000	(4 800 000)	400 000	0.5%	4 875 000	(4 150 000)	725 000	0.7%
	5 200 000	(4 800 000)	400 000		4 875 000	(4 150 000)	725 000	
Fixed rate cash bonds								
EUR	139 215	(12 255)	126 960	1.4%	356 609	(32 668)	323 941	3.2%
	139 215	(12 255)	126 960		356 609	(32 668)	323 941	
Variable income cash bonds								
EUR	20 100	(6 482)	13 618		35 100	(15 524)	19 576	
USD	4 749	(681)	4 068		4 868	(698)	4 170	
	24 849	(7 163)	17 686		39 968	(16 222)	23 746	
	5 364 064	(4 819 418)	544 646		5 271 577	(4 198 890)	1 072 687	
Accrued interest			2 024				3 457	
Correction of the amount of hedged liabilities			295				2 060	
Premiums and commission (net)			(542)				(823)	
			1 777				4 694	
			546 423				1 077 381	

The changes in the bonds issued by the BPI Group in the first nine months of 2016 were as follows:

	Covered Bonds	Fixed rate bonds	Variable income bonds	Total
Balance at December 31, 2015	725 000	323 941	23 746	1 072 687
Bonds issued during the period	650 000	16 881		666 881
Bonds redeemed	(325 000)	(206 560)	(5 858)	(537 418)
Repurchases (net of resales)	(650 000)	(7 302)	(100)	(657 402)
Exchange difference			(102)	(102)
Balance at September 30, 2016	400 000	126 960	17 686	544 646

The changes in the bonds issued by the BPI Group in 2015 were as follows:

	Commercial Paper	Covered Bonds	Fixed rate bonds	Variable rate bonds	Variable income bonds	Total
Balance at December 31, 2014	16 335	1 488 000	423 861	14 072	266 460	2 208 728
Bonds issued during the period		1 550 000	51 766			1 601 766
Bonds redeemed	(16 335)	(763 000)	(141 449)	(14 072)	(241 552)	(1 176 408)
Repurchases (net of resales)		(1 550 000)	(10 237)		(1 655)	(1 561 892)
Exchange difference					493	493
Balance at December 31, 2015		725 000	323 941		23 746	1 072 687

Bonds issued by the BPI Group at September 30, 2016, by maturity date, are as follows:

	Maturity					Total
	2016	2017	2018	2019-2022	> 2022	
Covered Bonds						
EUR		200 000	200 000			400 000
		200 000	200 000			400 000
Fixed rate bonds						
EUR	37 488	43 369	17 115	8 988	20 000	126 960
	37 488	43 369	17 115	8 988	20 000	126 960
Variable income bonds						
EUR		13 618				13 618
USD		4 068				4 068
		17 686				17 686
Total	37 488	261 055	217 115		20 000	544 646

Bonds issued by the BPI Group at December 31, 2015, by maturity date, are as follows:

	Maturity					Total
	2016	2017	2018	2019-2022	> 2022	
Covered Bonds						
EUR	325 000	200 000	200 000			725 000
	325 000	200 000	200 000			725 000
Fixed rate bonds						
EUR	246 228	47 465	9 468	780	20 000	323 941
	246 228	47 465	9 468	780	20 000	323 941
Variable income bonds						
EUR	5 858	13 718				19 576
USD		4 170				4 170
	5 858	17 888				23 746
Total	577 086	265 353	209 468		20 000	1 072 687

4.19. Financial liabilities relating to transferred assets

This caption is made up as follows:

	Sep. 30, 16	Dec. 31, 15
Liabilities relating to assets not derecognised in securitisation operations (Note 4.7)		
Loans		
Housing loans	1 536 306	1 650 926
Loans to SME's	3 389 000	3 387 600
Liabilities held by the BPI Group	(4 283 147)	(4 348 817)
Accrued costs	263	738
Commissions relating to amortised cost (net)	(748)	(925)
	641 674	689 522

4.20. Provisions and impairment losses

The liability caption "Provisions" is made up as follows:

	Sep. 30, 16	Dec. 31, 15
Impairment losses and provisions for guarantees and commitments	27 450	34 132
Other provisions		
VAT's Recovery processes (2013 to 2014)	28 729	28 729
Tax contingencies	7 299	7 299
Social or statutory nature	14 751	15 565
Other provisions	22 723	14 139
	100 952	99 864

The changes in provisions and impairment losses of the Group in the first nine months of 2016 were as follows::

	Balance at Dec. 31, 15	Increases	Decreases and reversals	Utilisation	Exchange differences and others	Balance at Sep. 30, 16
Impairment losses of loans and advances to customers (Note 4.7)	978 654	88 638	(31 333)	(81 170)	(13 559)	941 230
Impairment losses and provisions for guarantees and commitments	34 132	751	(5 080)		(2 353)	27 450
	1 012 786	89 389	(36 413)	(81 170)	(15 912)	968 680
Impairment losses of deposits at other credit institutions (Note 4.2)	3		(3)			
Impairment losses of financial assets available for sale (Note 4.5)						
Debt instruments ¹		18 304		(18 304)		
Equity instruments	47 051	1 216		(1 323)	(23)	46 921
Other securitites	50 828	4 005		(48)		54 785
Loans and other receivables	21 672	323				21 995
Impairment losses of other assets (Note 4.13)						
Tangible assets held for sale	29 302	9 492	(1 212)	(4 977)		32 605
Debtors, other applications and other assets	169		(5)	(160)		4
Other provisions	65 732	9 838	(309)	(2 276)	517	73 502
	214 757	43 178	(1 529)	(27 088)	494	229 812
	1 227 543	132 567	(37 942)	(108 258)	(15 418)	1 198 492

The changes in the Group's provisions and impairment losses in the first nine months of 2015 were as follows::

	Balance at Dec. 31, 14	Increases	Decreases and reversals	Utilisation	Exchange differences and others	Balance at Sep. 30, 15
Impairment losses of loans and advances to customers	1 036 661	144 046	(38 607)	(137 277)	(8 578)	996 245
Impairment losses and provisions for guarantees and commitments	38 559	1 994			(875)	39 678
	1 075 220	146 040	(38 607)	(137 277)	(9 453)	1 035 923
Impairment losses of deposits at other credit institutions					2	2
Impairment losses of loans and advances to credit institutions	2				(2)	
Impairment losses of financial assets available for sale						
Debt instruments	1 045			(1 045)		
Equity instruments	46 375	2 359		(1 779)	69	47 024
Other securitites	43 345	2 449		(153)		45 641
Loans and other receivables	21 359	305				21 664
Impairment losses of non-current assets held for sale	8 532			(8 532)		
Impairment losses of other assets						
Tangible assets held for sale	29 390	2 707	(262)	(3 265)		28 570
Debtors, other applications and other assets	1 449	351	(316)		(1 285)	199
Other provisions	68 774	14 147	(1 693)	(859)	(5 156)	75 213
	220 271	22 318	(2 271)	(15 633)	(6 372)	218 313
	1 295 491	168 358	(40 878)	(152 910)	(15 825)	1 254 236

4.21. Technical provisions

This caption is made up as follows:

	Sep. 30, 16	Dec. 31, 15
Immediate Life Annuity / Individual	4	4
Immediate Life Annuity / Group	22	23
Family Savings	2	2
BPI New Family Savings	1 260 175	2 191 422
BPI Retirement Guaranteed	110 110	138 080
BPI Retirement Savings	649 442	814 113
BPI Non Resident Savings	307 812	511 843
Planor	5 354	5 335
PPR BBI Life	2 116	2 153
Savings Investment Plan / Youths	0	2
South PPR	48	117
	2 335 085	3 663 094

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 Counter-insurance 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.

4.22. Tax liabilities

This caption is made up as follows:

	Sep. 30, 16	Dec. 31, 15
Current Tax Liability		
Corporation income tax payable	30 004	63 976
Other	29	66
	30 033	64 042
Deferred Tax Liability		
Temporary differences	16 714	28 008
	16 714	28 008
	46 747	92 050

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

4.23. Other Subordinated debt and participating bonds

This caption is made up as follows:

	Sep. 30, 16				Dec. 31, 15			
	Issued	Repurchased	Balance	Average interest rate	Issued	Repurchased	Balance	Average interest rate
Other subordinated debt								
Perpetual bonds								
EUR	310 000	(250 000)	60 000	2.1%	310 000	(250 000)	60 000	2.3%
	310 000	(250 000)	60 000		310 000	(250 000)	60 000	
Other Bonds								
EUR	400 000	(391 293)	8 707	1.2%	400 000	(391 293)	8 707	1.4%
	400 000	(391 293)	8 707		400 000	(391 293)	8 707	
	710 000	(641 293)	68 707		710 000	(641 293)	68 707	
Participating bonds								
EUR	28 081	(27 350)	731	0.3%	28 081	(27 350)	731	0.2%
	28 081	(27 350)	731		28 081	(27 350)	731	
Accrued interest			60				74	
			60				74	
			69 498				69 512	

During the first nine months of 2016 there were no changes in debt issued by the Group BPI.

The changes in debt issued by the BPI Group in 2015 were as follows:

	Perpetual bonds	Other bonds	Participating bonds	Total
Balance at December 31, 2014	60 000	8 707	732	69 439
Repurchases (net of resales)			(1)	(1)
Balance at December 31, 2015	60 000	8 707	731	69 438

Perpetual and other bonds issued by the BPI Group at September 30, 2016 are made up as follows, by maturity date:

	Maturity				Total
	2016	2017	2018-2021	> 2021	
Perpetual Bonds					
EUR ¹	60 000				60 000
Other Bonds					
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.

Perpetual and other bonds issued by the BPI Group at December 31, 2015 are made up as follows, by maturity date:

	Maturity				Total
	2016	2017	2018-2021	> 2021	
Perpetual Bonds					
EUR ¹	60 000				60 000
Other Bonds					
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.

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

4.24. Other liabilities

This caption is made up as follows:

	Sep. 30, 16	Dec. 31, 15
Creditors and other resources		
Creditors for futures operations	16 005	23 053
Consigned resources	10 205	19 765
Captive account resources	7 440	7 408
Guarantee account resources	10 051	10 711
Public Sector		
Value Added Tax (VAT) payable	272	362
Tax withheld at source	20 020	22 566
Social Security contributions	6 261	4 678
Other	388	559
Contributions to other health systems	1 512	1 389
Creditors for factoring contracts	16 570	18 956
Creditors for the supply of assets	12 580	17 194
Contributions owed to the Pension Fund		
Pensioners and employees		1 279
Directors		364
Other creditors	87 658	97 871
Deferred costs	(186)	(129)
	188 776	226 026
Liabilities with pensions and other benefits		
Pension Funds Assets		
Pensioners and employees	(1 305 996)	
Directors	(41 736)	
Past Service Liabilities		
Pensioners and employees	1 306 914	
Directors	45 076	
Other	1 542	
	5 800	
Accrued costs		
Creditors and other resources	2	249
Personnel costs	94 922	95 323
General administrative costs	46 543	58 832
Contribution over the banking sector	11 031	13 003
Other	2 892	2 835
	155 390	170 242
Deferred income		
On guarantees given and other contingent liabilities	3 220	3 476
Other	11 154	9 267
	14 374	12 743
Other accounts		
Foreign exchange transactions pending settlement	7 253	3 562
Securities operations pending settlement - stock exchange operations	10 417	66 492
Securities operations pending settlement - non stock exchange operations		32 588
Liabilities pending settlement	50 678	93 485
Other operations pending settlement	131 381	75 018
	199 729	271 145
	564 069	680 156

The caption "Other creditors" at September 30, 2016 and December 31, 2015 includes 58 986 t. euro and 64 740 t. euro, respectively, relating to unrealized capital subscribed for in Venture Capital Funds:

	Sep. 30, 16	Dec. 31, 15
Fundo de Recuperação, FCR	18 340	18 340
Fundo InterRisco II CI	14 824	18 876
Fundo InterRisco II - Fundo de Capital de Risco	6 367	6 619
FCR - Fundo Revitalizar		364
Fundo de Reestruturação Empresarial, FCR	1 850	1 864
Fundo Pathena SCA Sicar	6 388	7 460
Outros fundos	11 217	11 217
	58 986	64 740

At September 30, 2016 and December 31, 2015 and 2014 the caption "Other creditors" also includes:

- 3 933 t. euro and 5 279 t. euro, respectively, relating to operations with suppliers pending settlement, for the sale of prestige products;
- 2 941 t. euro and 2 157 t. euro, respectively, relating to securities of captive accounts as they are in litigation.

At September 30, 2016 the caption "Past service liabilities – Other" 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.

The caption "Stock exchange transactions pending settlement" at September 30, 2016 and December 31, 2015 refers to the acquisition of securities to be settled in the following month.

The caption "Non stock exchange transactions pending settlement" at December 31, 2015 refers to the acquisition of securities to be settled in the following month.

The caption "Liabilities pending settlement" at September 30, 2016 and December 31, 2015 includes:

- 17 501 t. euro and 17 072 t. euro, respectively, relating to ATM transactions to be settled;
- 21 473 t. euro and 14 513 t. euro, respectively, relating to transactions to be settled with SIBS.

Additionally, at December 31, 2015 this caption includes 42 891 t. euro relating to transactions with loans securitisation funds.

The caption "Other operations pending settlement", at September 30, 2016 and December 31, 2015 includes 124 445 t. euro and 73 454 t. euro, respectively, relating to transfers under SEPA (Single Euro Payment Area).

4.25. Share capital

At September 30, 2016 and December 31, 2015 Banco BPI's share capital amounted 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 February 25, 2016 granted the Board of Directors of Banco BPI authorization to do the following:

- 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 Programme (RVA) regulations;
or
 - iii) the shares are sold to third parties under the following conditions:
 - 1. the shares are sold in a market registered with the Securities Market Commission; 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.

4.26. Other equity instruments and treasury shares

These captions are made up as follows

	Sep. 30, 16	Dec. 31, 15
Other equity instruments		
Cost of shares to be made available to Group employees		
RVA 2013	433	574
RVA 2014	56	35
RVA 2015	477	915
RVA 2016	527	
Costs of options not exercised (premiums)		
RVA 2010	369	548
RVA 2011	37	46
RVA 2012	1 161	947
RVA 2013	1 324	1 330
RVA 2015		799
RVA 2016	522	
	4 906	5 194
Treasury shares		
Shares to be made available to Group employees		
RVA 2013	305	622
Shares hedging RVA options		
RVA 2010	5 847	6 372
RVA 2011	1 920	2 156
RVA 2012	2 645	3 461
RVA 2013	27	24
Other shares	168	162
	10 912	12 797

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.

4.27. Revaluation reserves

This caption is made up as follows

	Sep. 30, 16	Dec. 31, 15
Revaluation reserves		
Reserves resulting from valuation to fair value of financial assets available for sale (Note 4.5):		
Debt Instruments		
Securities	59 275	80 735
Hedging derivatives	(74 945)	(105 647)
Equity Instruments	25 560	45 748
Other	(485)	(531)
Reserve for foreign exchange difference on investments in foreign entities		
Subsidiary and associated companies	(227 803)	(110 026)
Equity instruments available for sale	2	5
Legal revaluation reserve	703	703
	(217 693)	(89 013)
Deferred tax reserve		
Resulting from valuation to fair value of financial assets available for sale:		
Tax assets	5 530	7 759
Tax liabilities	(2 042)	(6 310)
	3 488	1 449
	(214 205)	(87 564)

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".

4.28. Other reserves and retained earnings

This caption is made up as follows:

	Sep. 30, 16	Dec. 31, 15
Legal reserve	104 499	86 124
Merger reserve	2 530	2 530
Consolidation reserves and retained earnings	774 054	726 790
Other reserves	508 843	339 176
Actuarial deviations		
Associated with the transferred liabilities	(193 538)	(193 538)
Associated with the liabilities that remain with the Bank	(150 660)	(44 467)
Taxes related to actuarial deviations	88 051	58 627
Loss on treasury shares	(5 017)	(4 345)
Taxes relating to gain on treasury shares	1 688	1 690
	1 130 450	972 587

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

4.29 Non-controlling interests

This caption is made up as follows:

	Balance Sheet		Statement of Income	
	Sep. 30, 16	Dec. 31, 15	Sep. 30, 16	Sep. 30, 15
Non-controlling interests:				
Banco de Fomento Angola, S.A.	423 974	426 845	126 495	109 478
BPI Capital Finance Ltd	1 805	1 802	35	34
	425 779	428 647	126 530	109 512

Non-controlling interests in BPI Capital Finance at September 30, 2016 and December 31, 2015 include 1 786 t euro, relating to preference shares:

	Sep. 30, 16			Dec. 31, 15		
	Issued	Repurchased	Balance	Issued	Repurchased	Balance
"C" Series Shares	250 000	(248 214)	1 786	250 000	(248 214)	1 786
	250 000	(248 214)	1 786	250 000	(248 214)	1 786

4.30. Off balance sheet items

This caption is made up as follows:

	Sep. 30, 16	Dec. 31, 15
Guarantees provided and other contingent liabilities		
Guarantees and sureties	1 432 516	1 497 070
Stand-by letters of credit	63 611	77 739
Documentary credits	129 726	253 890
Sureties and indemnities	88	82
	1 625 941	1 828 781
Assets pledged as collateral	7 816 337	6 813 934
Commitments to third parties		
Irrevocable commitments		
Options on assets	8 298	9 371
Irrevocable credit lines	1 391	1 646
Securities subscription	470 450	334 612
Term commitment to make annual contributions to the Deposit Guarantee Fund	41 350	38 714
Commitment to the Investor Indemnity System	9 910	9 771
Other irrevocable commitments	545	576
Revocable commitments	2 962 433	2 977 819
	3 494 377	3 372 509
Responsibility for services provided		
Deposit and safeguard of assets	31 067 594	31 070 310
Amounts for collection	214 563	196 246
Assets managed by the institution	6 190 163	6 118 372
	37 472 320	37 384 928

The caption "Assets pledged as collateral" at September 30, 2016 and December 31, 2015 includes:

- 70 085 t. euro and 75 988 t. euro, respectively, relating to credit and 6 674 960 t. euro and 5 525 972 t. euro relating to securities, captive for obtaining funding from the European Central Bank (ECB);
- 5 041 t. euro and 5 183 t. euro, respectively, relating to securities pledged in guarantee to the Securities Market Commission (Comissão do Mercado de Valores Mobiliários - CMVM) under the Investor Indemnity System (Sistema de Indemnização aos Investidores);
- 45 056 t. euro and 46 878 t. euro, respectively, relating to securities given in guarantee to the Deposit Guarantee Fund;
- 64 966 t. euro and 57 273 t. euro, respectively, relating to repos of bonds.

Additionally, at September 30, 2016 and December 31, 2015 the caption "Assets pledged as collateral" includes, respectively, 846 399 t. euro and 981 821 t. euro of securities and 109 755 t. euro and 119 620 t. euro of loans, pledged as collateral to the European Investment Bank.

At September 30, 2016 the BPI Group managed the following third party assets:

Investment Funds and PPRs	3 203 430
Pension Funds ¹	2 347 570

¹ Includes the Group companies' Pension Funds.

4.31. Financial margin (narrow sense)

This caption is made up as follows:

	Sep. 30, 16	Jun. 30, 15
Interest and similar income		
Interest on deposits with banks	82	134
Interest on placements with credit institutions	16 010	27 954
Interest on loans to customers	314 768	353 513
Interest on credit in arrears	9 274	15 137
Interest on securities held for trading and available for sale	232 355	234 427
Interest on securitised assets not derecognised	72 114	99 475
Interest on derivatives	72 518	129 145
Interest on debtors and other applications	877	1 350
Other interest and similar income	2 349	2 444
	720 347	863 579
Interest and similar expense		
Interest on resources		
Of central banks	807	914
Of other credit institutions	3 068	4 793
Deposits and other resources of customers	108 745	217 738
Debt securities	6 860	28 141
Interest from short selling	774	488
Interest on derivatives	65 980	133 631
Interest on liabilities relating to assets not derecognised on securitised operations	6 086	9 171
Interest on subordinated debt	808	955
Other interest and similar expenses	1 702	1 529
	194 830	397 360

4.32 Gross margin on unit links

This caption is made up as follows:

	Sep. 30, 16	Jun. 30, 15
Income from financial instruments		
Interest	1 593	5 760
Gains and losses on financial instruments	(33 815)	(20 987)
Gains and losses on capitalisation insurance - unit links	32 221	15 225
Management and redemption comission	10 310	9 076
	10 309	9 074

4.33. Income from equity instruments

This caption is made up as follows

	Sep. 30, 16	Sep. 30, 15
Conduril	92	369
SIBS		1 086
Viacer	1 960	1 946
Via Litoral	1 663	
Other	228	237
	3 943	3 638

4.34. Net commission relating to amortised cost

This caption is made up as follows:

	Sep. 30, 16	Sep. 30, 15
Commission received relating to amortised cost		
Loans to customers	20 272	19 751
Other	830	763
Commission paid relating to amortised cost		
Loans to customers	(5 025)	(4 672)
Other	(261)	(1 285)
	15 816	14 557

4.35. Technical result of insurance contracts

This caption is made up as follows:

	Sep. 30, 16	Sep. 30, 15
Premiums	170 868	496 919
Income from financial instruments	33 830	47 259
Impairment		6 004
Cost of claims, net of reinsurance	(1 517 793)	(811 560)
Changes in technical provisions, net of reinsurance	1 346 605	314 444
Participation in results	(14 629)	(25 459)
	18 881	27 607

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

4.36. Net commission income

This caption is made up as follows:

	Sep. 30, 16	Sep. 30, 15
Commissions received		
On guarantees provided	12 562	17 585
On commitments to third parties	1 710	1 925
On banking services rendered	193 876	186 543
On operations performed on behalf of third parties	14 957	15 111
Other	6 952	7 987
	230 057	229 151
Commissions paid		
On guarantees received	36	164
On financial instrument operations	90	54
On banking services rendered by third parties	26 671	26 699
On operations realised by third parties	3 318	3 180
Other	356	332
	30 471	30 429
Other income, net		
Refund of expenses	31 041	27 890
Income from banking services	10 374	17 061
Charges similar to fees	(6 146)	(6 566)
	35 269	38 385

4.37. Net income on financial operations

This caption is made up as follows:

	Sep. 30, 16	Sep. 30, 15
Gain and loss on operations at fair value		
Foreign exchange gain, net	93 249	103 601
Gain and loss on financial assets held for trading		
Debt instruments	22 797	28 581
Equity instruments	(36 912)	6 075
Other securities	407	800
Gain and loss on trading derivative instruments	33 398	3 486
Gain and loss on other financial assets valued at fair value through profit or loss	(18)	
Gain and loss on financial liabilities held for trading	204	6 645
Gain and loss on the revaluation of assets and liabilities hedged by derivatives	26 285	(23 049)
Gain and loss on hedging derivative instruments	(25 931)	23 421
Other gain and loss on financial operations	386	4 681
	113 865	154 241
Gain and loss on assets available for sale		
Gain and loss on the sale of loans and advances to customers		(987)
Gain and loss on financial assets available for sale		
Debt instruments	308	(70)
Equity instruments	22 945	61
Other securities	48	432
	23 301	(564)
Interest and financial gain and loss with pensions		
Interest cost	(224)	(23 548)
Income on plan assets computed with the discount rate	1 408	23 519
	1 184	(29)

4.38. Net operating income

This caption is made up as follows:

	Sep. 30, 16	Sep. 30, 15
Operating income		
Revenue from investment properties		6 127
Non controlling interest in the investment fund Imofomento		(1 782)
Gain on tangible assets held for sale	3 638	2 155
Gain on other tangible assets	4 075	6 406
Other operating income	5 133	8 455
	12 846	21 361
Operating expenses		
Loss on investment properties		1 881
Expenses with investment properties		1 166
Subscriptions and donations	2 460	2 967
Contributions to the Deposit Guarantee Fund	12	674
Contributions to the Resolution Fund	3 205	2 775
Contributions to the Single Resolution Fund	14 939	
Contribution to the Investor Indemnity System	8	7
Loss on tangible assets held for sale		30
Loss on other tangible and intangible assets	4 824	6 675
Other operating expenses	4 419	5 948
	29 867	22 123
Other taxes		
Indirect taxes	20 066	15 154
Direct taxes	2 602	1 400
	22 668	16 554

4.39. Personnel costs

This caption is made up as follows:

	Sep. 30, 16	Sep. 30, 15
Remuneration	224 591	224 599
Long service premium	(24 968)	2 552
Final career premium	5 844	
Pension costs	2 631	2 234
Changes in the conditions of the pension plan - SAMS	(22 215)	
Early retirements	50 519	4 603
Other mandatory social charges	46 890	46 798
Other personnel costs	9 044	7 708
	292 336	288 494

4.40. General administrative costs

This caption is made up as follows:

	Sep. 30, 16	Sep. 30, 15
General administrative costs		
Supplies		
Water, energy and fuel	10 102	9 998
Consumable material	3 785	3 674
Other	1 014	1 128
Services		
Rent and leasing	36 390	37 380
Communications and computer costs	29 003	29 036
Travel, lodging and representation	6 211	6 369
Advertising and publishing	13 671	14 061
Maintenance and repairs	15 954	15 653
Insurance	3 319	3 649
Fees	4 856	4 205
Legal expenses	4 449	4 489
Security and cleaning	9 402	9 765
Information services	6 280	5 939
Temporary labour	2 238	2 314
Studies, consultancy and auditing	10 792	6 874
SIBS	15 608	16 534
Other services	14 988	16 671
	188 062	187 739

4.41. Income tax

At September 30, 2016 and 2015, income tax recognised in the statement of income, as well as the tax burden, measured by the relationship between the tax charge and profit before tax, were as follows:

	Sep. 30, 16	Sep. 30, 15
Current income tax		
For the period	32 242	41 489
Correction of prior years ¹	(9 115)	794
	23 127	42 283
Deferred tax		
Recognition and reversal of temporary differences	(9 513)	(23 653)
Change in tax rate	23	
On tax losses carried forward	9 432	9 079
	(58)	(14 574)
Contribution over the banking sector	14 505	9 899
Total tax charged to the statement of income	37 573	37 608
Net income before income tax ²	321 619	274 930
Tax burden	11.7%	13.7%

¹ Includes 10 501 t. euro relating to BFA, resulting from the possibility of the deduction, for tax purposes, of the foreign exchange revaluations of securities issued up to December 31, 2012. Additionally, it includes the amount of (2 066) t. euro also relating to BFA due to the additional payment of Industrial Tax for the year 2013.

² Considering net income of the BPI Group plus income tax and income attributable to non-controlling interests less the earnings of associated companies (not consolidated).

Reconciliation between the nominal rate of income tax and the tax burden at September 30, 2016 and 2015, as well as between the tax cost/income and the product of the accounting profit times the nominal tax rate are as follows:

	Sep. 30, 16		Sep. 30, 15	
	Tax rate	Amount	Tax rate	Amount
Net income before income tax		321 619		274 930
Income tax computed based on the nominal tax rate	29.4%	94 627	29.8%	81 932
Effect of tax rates applicable to foreign branches	0.0%	25	-0.1%	(383)
Capital gain and impairment of investments (net)	-0.3%	(911)	0.6%	1 744
Capital gain of tangible assets (net)	-0.3%	(1 092)	-0.4%	(965)
Income on Angolan public debt	-20.7%	(66 606)	-18.8%	(51 606)
Non taxable dividends	0.0%	(119)	-0.7%	(1 795)
Tax on dividends of subsidiary and associated companies	1.7%	5 551	1.9%	5 164
Banco BPI Cayman net income	-0.4%	(1 428)		
Tax benefits	-0.1%	(375)	-0.3%	(704)
Impairment and provision for loans	-0.1%	(277)	0.2%	422
Non tax deductible pension costs	0.5%	1 550	0.5%	1 254
Correction of prior year tax losses carried forward	-2.8%	(9 115)	0.1%	165
Non tax deductible uncollectible loans	0.0%	111	0.5%	1 330
Extraordinary investment tax credit	0.3%	1 065	0.0%	(113)
Difference between the current income tax rate and the deferred tax rate ¹	0.2%	750	0.0%	(5)
Use of tax losses			-3.6%	(9 903)
Correction of prior years tax losses carried forward	0.0%	(88)		
Effect of change in the rate of deferred tax	0.0%	23		
Contribution over the banking sector	4.5%	14 505	3.6%	9 899
Autonomous taxation	0.4%	1 216	0.5%	1 339
Other non taxable income and expenses	-0.6%	(1 839)	-0.1%	(165)
	11.7%	37 573	13.7%	37 608

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 recognized 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 Corporation 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, 2016 and December 31, 2015 are as follows:

	Sep. 30, 16		Sep. 30, 15	
	Deferred taxes		Deferred taxes	
	Assets	Liabilities	Assets	Liabilities
Pension liabilities	(2 179)		(1 899)	
Early retirements	32 956		25 829	
Long service premium	1 605		8 733	
Tax deferral of the impact of the partial transfer of liabilities with pensions to Social Security	20 093		21 612	
Provisions and impairments	171 523		163 418	
Revaluation of tangible fixed assets		(532)		(581)
Revaluation of assets and liabilities hedged by derivatives		(429)		(1 554)
Dividends to be distributed by subsidiary and associated companies	20 043	(10 219)		(8 533)
Tax losses	94 182		93 751	
Other	3 753	(3 493)	3 342	(7 384)
Deferred taxes recognised in the income statement	341 976	(14 672)	314 786	(18 051)
Deferred taxes recognised in the fair value reserve	5 530	(2 042)	9 555	(1 923)
Deferred taxes recognised in other reserves	82 858		70 381	
Total deferred taxes	430 363	(16 714)	394 722	(19 974)

Deferred tax assets are recognized up to the amount expected to be realized through future taxable profits.

The BPI Group does not recognise deferred tax assets or liabilities for deductible or taxable temporary differences relating to investments in subsidiaries as it is unlikely that such differences will be reversed in the foreseeable future, except for the deferred tax liability relating to taxation in Angola of the dividends to be distributed to the companies of the BPI Group, in the following year, over the net result for the year of Banco de Fomento Angola.

The BPI Group does not recognise deferred tax assets and liabilities for deductible or taxable temporary differences relating to investments in associated companies, as the participation held by the BPI Group exceeds 5% for more than two years, which enables it to be considered in the Participation Exemption regime, except for Banco Comercial e de Investimentos, in which the deferred tax liability relating to taxation in Mozambique of all the distributable profits are recognized.

4.42. Earnings of associated companies (equity method)

This caption is made up as follows:

	Sep. 30, 16	Sep. 30, 15
Banco Comercial e de Investimentos, S.A.R.L.	5 412	8 784
Companhia de Seguros Allianz Portugal, S.A.	4 863	7 870
Cosec – Companhia de Seguros de Crédito, S.A.	2 798	3 680
InterRisco - Sociedade de Capital de Risco, S.A.	26	(235)
Unicre - Instituição Financeira de Crédito, S.A.	12 300	3 059
	25 399	23 158

Contribution of the associated companies of Banco BPI to the consolidated comprehensive income is as follows:

	Sep. 30, 16	Sep. 30, 15
Contribution to consolidated net income	25 399	23 158
Income not included in the consolidated statement of income	321	(5 489)
Contribution to consolidated comprehensive income	25 720	17 669

4.43. Consolidated net income of the BPI Group

Contribution of Banco BPI and subsidiary and associated companies to consolidated net income in the first nine months of 2016 and 2015 is as follows::

	Sep. 30, 16	Sep. 30, 15
Banks		
Banco BPI, S.A. ¹	17 247	2 618
Banco Português de Investimento, S.A. ¹	(2 522)	1 035
Banco de Fomento Angola, S.A. ¹	121 922	105 519
Banco Comercial e de Investimentos, S.A.R.L. ¹	4 952	8 037
Banco BPI Cayman, Ltd ¹	4 637	3 548
Asset management		
BPI Gestão de Activos - Sociedade Gestora de Fundos de Investimento Mobiliários, S.A.	3 520	2 458
BPI - Global Investment Fund Management Company, S.A.	1 328	1 622
BPI (Suisse), S.A. ¹	1 587	2 643
BPI Alternative Fund: Iberian Equities Long/Short Fund Luxemburgo ¹	311	3 817
BPI Obrigações Mundiais - Fundo de Investimento Aberto de Obrigações ¹	238	(43)
Imofomento - Fundo de Investimento Imobiliário Aberto ^{1 2}		538
BPI Strategies, Ltd ^{1 2}	(122)	406
Venture capital / development		
BPI Private Equity - Sociedade de Capital de Risco, S.A. ¹	(86)	382
Inter-Risco - Sociedade de Capital de Risco, S.A.	26	(235)
Insurance		
BPI Vida e Pensões - Companhia de Seguros, S.A. ¹	11 923	13 743
Cosec - Companhia de Seguros de Crédito, S.A.	2 798	3 680
Companhia de Seguros Allianz Portugal, S.A. ¹	4 863	7 870
Other		
BPI, Inc	(4)	(4)
BPI Locação de Equipamentos, Lda		(6)
BPI Madeira, SGPS, Unipessoal, S.A. ¹	(503)	(283)
BPI Moçambique - Sociedade de Investimento, S.A. ¹	(397)	(493)
BPI Capital Finance		
BPI Capital Africa ¹	(1 103)	(1 034)
Finangeste - Empresa Financeira de Gestão e Desenvolvimento, S.A. ^{1 2}		
Unicre - Instituição Financeira de Crédito, S.A. ¹	12 300	(4 850)
	182 915	150 968

¹ Adjusted net income.

Earnings per share

Basic earnings per share is calculated by dividing net income attributable to the shareholders of Banco BPI by the weighted average number of ordinary shares outstanding in the period, excluding treasury shares acquired by the Group.

The following table shows the calculation of basic earnings per share:

	Sep. 30, 16	Sep. 30, 15
Numerator		
Numerator: Net income attributable to the shareholders of BPI (in thousands of euro)	182 915	150 968
Denominator		
Issued ordinary shares (x 1000):		
No. at the beginning of the period	1456 924	1456 924
No. at the end of the period	1456 924	1456 924
Weighted average number of shares	1456 924	1456 924
Treasury shares, weighted average number (x 1000)	6 013	6 601
Denominator: weighted average number of shares, net of treasury shares (x 1000)	1450 912	1450 323
Consolidated basic earnings per share (in euros)	0.126	0.104

Diluted earnings per share includes in its calculation the potential dilutive effect on earnings per share of any existing financial instruments, by adjusting the average number of shares and / or the net results.

In the calculation of diluted earnings per share of Banco BPI the following adjustments to the weighted average number of shares were considered:

- Sum of shares (average number) granted to employees subject to a resolution condition under the RVA program but not yet made available. The ownership of the shares granted, under the RVA programme, is transferred in full at the grant date, but their availability is dependent on the maintenance of the employment relationship with the BPI Group. Therefore for accounting purposes, the shares remain in the portfolio of treasury shares of Banco BPI until their date of delivery, at which time the treasury shares are derecognised.
- Sum of the portfolio of treasury shares allocated to cover the options to purchase shares of Banco BPI granted to employees under the RVA programme. To cover the option plan, BPI has treasury shares portfolios, allocated to each of the series of current options, in order to ensure a number of shares corresponding to the product of delta by the number of options ("delta hedging"). For the purpose of managing the hedging portfolio, the Bank carries out purchase and sale transactions on the stock exchange. In the granting of shares to employees for exercising the options, the Bank uses the portfolio of treasury shares, which are derecognised together with the transfer of ownership, and also make purchases on the stock exchange.

The following table shows the calculation of diluted earnings per share:

	Sep. 30, 16	Sep. 30, 15
Numerator		
Numerator: Net income attributable to the shareholders of BPI (in thousands of euros)	182 915	150 968
Denominator		
Weighted average number of shares, net of treasury shares (x 1000)	1450 912	1450 323
Average weighted ordinary shares with dilutive effect (x 1000):		
Shares granted to employees, under the RVA programme, under resolute conditions	255	450
Treasury shares allocated to cover the RVA option plan	5 609	6 003
Denominator: weighted average number of shares adjusted (x 1000)	1456 776	1456 776
Consolidated diluted earnings per share (in euro)	0.126	0.104

4.44. Related parties

In accordance to IAS 24, the entities considered to be related to Banco BPI are:

- Those in which the Bank has direct or indirect significant influence in decisions relating to their financial and operating policies – Associated and jointly controlled companies and pension funds;
- Entities that have direct or indirect significant influence on the management and financial policies of the Bank – Shareholders, presuming that this happens when the equity interest exceeds 20%.
- Key management personnel of Banco BPI, considering for this purpose executive and non-executive members of the Board of Directors and individual persons and companies associated to them.

The BPI Group's related parties at September 30, 2016 were as follows:

Name of related entity	Head Office	Effective participation	Direct participation
Associated and jointly controlled entities of Banco BPI			
Banco Comercial e de Investimentos, S.A.R.L.	Mozambique	30.0%	30.0%
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%	
Unicre - Instituição Financeira de Crédito, SA	Portugal	21.0%	21.0%
Pension funds of Employees of the BPI Group			
Fundo de Pensões Banco BPI	Portugal	100.0%	
Fundo de Pensões Aberto BPI Ações	Portugal	9.5%	
Fundo de Pensões Aberto BPI Valorização	Portugal	40.4%	
Fundo de Pensões Aberto BPI Segurança	Portugal	23.4%	
Fundo de Pensões Aberto BPI Garantia	Portugal	9.9%	
Shareholders of Banco BPI			
Grupo La Caixa	Spain	45.50%	
Members of the Board of Directors of Banco BPI			
Artur Santos Silva			
Fernando Ulrich			
Alfredo Rezende de Almeida			
Allianz Europe Ltd. - que nomeou para exercer o cargo em nome próprio Carla Bambulo			
António Lobo Xavier			
Armando Leite de Pinho			
Carlos Moreira da Silva			
Edgar Alves Ferreira ¹			
Isidro Fainé Casas ²			
Ignacio Alvarez-Rendueles			
João Pedro Oliveira e Costa			
José Pena do Amaral			
Lluís Vendrell			
Manuel Ferreira da Silva			
Marcelino Armenter Vidal ²			
Maria Celeste Hagatong			
Mário Leite da Silva			
Pedro Barreto			
Santoro Finance – Prestação de Serviços, S.A.			
Tomás Jervell			
Vicente Tardio Barutel			

¹ Ceased functions by resigning on October 26, 2016.

² Ceased functions by resigning on November 30, 2016.

The total assets, liabilities 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, 2016 were as follows:

	Associated and jointly controlled entities	Pension funds of Employees of the BPI Group	Total
Assets			
Financial applications	3 389		3 389
Financial assets held for trading and at fair value through profit or loss		140	140
Loans	18		18
Other assets	16 074	632	16 706
	19 481	772	20 253
Liabilities			
Deposits and technical provisions	23 047	136 714	159 761
Resources of other credit institutions	1 678		1 678
Provisions	149		149
Other financial resources		60 054	60 054
Other liabilities	93		93
	24 967	196 768	221 735
Off balance sheet items			
Guarantees provided other contingent liabilities			
Guarantees and sureties	11 930	60	11 990
Commitments to third parties			
Revocable commitments	5 327		5 327
Irrevocable commitments	10 000		10 000
Responsibilities for services rendered			
Deposit and safeguard of assets	1 091 349	1 111 552	2 202 901
	1 118 606	1 111 612	2 230 218

The total assets, liabilities 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, 2016 are as follows:

	Shareholders of Banco BPI ¹	Members of the Board of Directors of Banco BPI ²	Companies in which Members of the Board of Directors of Banco BPI have significant influence ³	Total
Assets				
Financial applications	58 365			58 365
Financial assets held for trading and at fair value through profit or loss	14 367	19 743	8 092	42 202
Financial assets available for sale	88	73 985	57 115	131 188
Loans	9	193 079	216 549	409 637
Derivatives	1 647			1 647
Other assets		1	27 495	27 496
	74 476	286 808	309 251	670 535
Liabilities				
Deposits and technical provisions	1 643	201 799	441 728	645 170
Resources of other credit institutions	2 558			2 558
Provisions	28	96	449	573
Other liabilities	885	1 708	6 233	8 826
	5 114	203 603	448 410	657 127
Off balance sheet items				
Guarantees provided and other contingent liabilities				
Guarantees and sureties	23 464	31 703	58 054	113 221
Stand-by Letters of credit			50 734	50 734
Guarantees received	1 320	52 116	47 080	100 516
Commitments to third parties				
Revocable commitments	213	11 775	46 349	58 337
Irrevocable commitments			53 687	53 687
Responsibilities for services rendered				
Deposit and safeguard of assets	749 064	278 301	370 866	1 398 231
Other			77 258	77 258
Foreign exchange operations and derivative instruments				
Purchases	94 813			94 813
Sales	(95 520)			(95 520)
	773 354	373 895	704 028	1 851 277

¹ Includes the La Caixa Group led by the "Fundação Bancária La Caixa" and the companies controlled by it.

² Includes the Members of the Board of Directors, also including: (i) Allianz Europe Ltd, the companies that control it, including Allianz SE, and the companies controlled by it, except Allianz Portugal, which was considered in associated companies; and (ii) Santoro Financial Holdings, SGPS, as it is the sole shareholder of Santoro Finance, Mrs. Isabel José dos Santos, as shareholder of Santoro Financial Holdings, SGPS to whom, under the terms of paragraph b) item 1 of article 20 and article 21 of the Portuguese Securities Code, the investment of Santoro Finance in Banco BPI is attributed, and the companies controlled by Mrs. Isabel José dos Santos.

³ Includes the companies in which the Members of the Board of Directors have significant influence not included in other categories.

The total assets, liabilities 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, 2015 are as follows:

	Associated and jointly controlled entities	Pension funds of Employees of the BPI Group	Total
Assets			
Financial applications	16 111		16 111
Financial assets held for trading and at fair value through profit or loss		140	140
Loans	10 037		10 037
Other assets	20 142	720	20 862
	46 290	860	47 150
Liabilities			
Deposits and technical provisions	38 182	192 015	230 197
Resources of other credit institutions	5 114		5 114
Provisions	7		7
Other financial resources		60 067	60 067
Other liabilities	26		26
	43 329	252 082	295 411
Off balance sheet items			
Guarantees provided and other contingent liabilities			
Guarantees and sureties	12 232		12 232
Commitments to third parties			
Revocable commitments	5 128		5 128
Responsibilities for services rendered			
Deposit and safeguard of assets	1 060 312	1 119 004	2 179 316
Other	10 000		10 000
	1 087 672	1 119 004	2 206 676

The total assets, liabilities 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, 2015 are as follows:

	Shareholders of Banco BPI ¹	Members of the Board of Directors of Banco BPI ²	Companies in which Members of the Board of Directors of Banco BPI have significant influence ³	Total
Assets				
Financial applications	337 270			337 270
Financial assets held for trading and at fair value through profit or loss	9 961	45 079	1 932	56 972
Financial assets available for sale	88	48 909	60 792	109 789
Loans	15 682	199 211	203 236	418 129
Derivatives	348			348
Other assets	786	1	27 556	28 343
	364 135	293 200	293 516	950 851
Liabilities				
Deposits and technical provisions	410	240 761	381 593	622 764
Resources of other credit institutions	2 448			2 448
Provisions	33	107	343	483
Other liabilities	2	107		109
	2 893	240 975	381 936	625 804
Off balance sheet items				
Guarantees provided and other contingent liabilities				
Guarantees and sureties	27 114	36 501	71 092	134 707
Open documentary credits			57 875	57 875
Guarantees received		52 393	10 479	62 872
Commitments to third parties				
Irrevocable commitments			51 500	51 500
Revocable commitments	11	18 400	46 233	64 644
Responsibilities for services rendered				
Deposit and safeguard of assets	700 927	264 159	329 949	1 295 035
Other			65 500	65 500
Foreign exchange operations and derivatives instruments				
Purchases	344 866			344 866
Sales	(343 942)			(343 942)
	728 976	371 453	632 628	1 733 057

¹ Includes the La Caixa Group led by "Fundação Bancária La Caixa" and the companies controlled by it.

² Includes the Members of the Board of Directors, also including: (i) Allianz Europe Ltd, the companies that control it, including Allianz SE, and the companies controlled by it, except Allianz Portugal, which was considered in associated companies; and (ii) Santoro Financial Holdings, SGPS, as it is the sole shareholder of Santoro Finance, Mrs. Isabel José dos Santos, as shareholder of Santoro Financial Holdings, SGPS to whom, under the terms of paragraph b) item 1 of article 20 and article 21 of the Portuguese Securities Code, the investment of Santoro Finance in Banco BPI is attributed, and the companies controlled by Mrs. Isabel José dos Santos.

³ Includes the companies in which the Members of the Board of Directors have significant influence not included in other categories.

Total income and costs relating to operations with associated and jointly controlled companies and pension funds of employees of the BPI Group at September 30, 2016 are as follows:

	Associated and jointly controlled entities	Pension funds of Employees of the BPI Group	Total
Income			
Financial margin (narrow sense)	141	(1 178)	(1 037)
Net commissions income	33 044	1 915	34 959
General administrative costs	(674)	(11 397)	(12 071)
Impairment losses and provisions for loans and guarantees, net	(112)		(112)
	32 399	(10 660)	21 739

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, 2016 are as follows:

	Shareholders of Banco BPI ¹	Members of the Board of Directors of Banco BPI ²	Companies in which Members of the Board of Directors of Banco BPI have significant influence ³	Total
Resultados				
Financial margin (narrow sense)	1 399	4 220	2 585	8 204
Income from equity instruments			1 961	1 961
Net commissions income		65	104	169
Gains and losses in financial operations	6	(1 313)	18	(1 289)
Impairment losses and provisions for loans and guarantees, net	6	172	89	267
	1 411	3 144	4 757	9 312

¹ Includes the La Caixa Group led by "Fundação Bancária La Caixa" and the companies controlled by it.

² Includes the Members of the Board of Directors, also including: (i) Allianz Europe Ltd, the companies that control it, including Allianz SE, and the companies controlled by it, except Allianz Portugal, which was considered in associated companies; and (ii) Santoro Financial Holdings, SGPS, as it is the sole shareholder of Santoro Finance, Mrs. Isabel José dos Santos, as shareholder of Santoro Financial Holdings, SGPS to whom, under the terms of paragraph b) item 1 of article 20 and article 21 of the Portuguese Securities Code, the investment of Santoro Finance in Banco BPI is attributed, and the companies controlled by Mrs. Isabel José dos Santos.

³ Includes the companies in which the Members of the Board of Directors have significant influence not included in other categories.

Total income and costs relating to operations with associated and jointly controlled companies and pension funds of employees of the BPI Group at September 30, 2015 are as follows:

	Associated and jointly controlled entities	Pension funds of Employees of the BPI Group	Total
Income			
Financial margin (narrow sense)	116	(1 182)	(1 066)
Net commissions income	30 871	44	30 915
General administrative expenses	(556)	(12 051)	(12 607)
Impairment losses and provisions for loans and guarantees, net	(1)		(1)
	30 430	(13 189)	17 241

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, 2015 are as follows:

	Shareholders of Banco BPI ¹	Members of the Board of Directors of Banco BPI ²	Companies in which Members of the Board of Directors of Banco BPI have significant influence ³	Total
Income				
Financial margin (narrow sense)	979	(229)	253	1 003
Net commissions income		877	45	922
Impairment losses and provisions for loans and guarantees, net	(5)	(26)	(2 047)	(2 078)
	974	622	(1 749)	(153)

¹ Inclui o Grupo La Caixa grupo liderado pela Fundação Bancária La Caixa, compreendendo as sociedades por si controladas).

² Abrange os Membros do Conselho de Administração, incluindo também (i) a Allianz Europe, Ltd, as sociedades que a controlam, compreendendo a Allianz SE, e as sociedades controladas por esta, excepto a Allianz Portugal, que foi considerada nas empresas associadas e (ii) a Santoro Financial Holdings, SGPS, por deter a totalidade do capital da Santoro Finance, a Senhora Engenheira Isabel José dos Santos, na qualidade de accionista da Santoro Financial Holdings, SGPS, a quem, nos termos da alínea b) do n.º 1 do Artigo 20 e artigo 21 do Cód.VM, a participação detida no Banco BPI pela Santoro Finance é imputável, e as sociedades controladas pela Senhora Engenheira Isabel José dos Santos.

³ Inclui as sociedades onde os Membros do Conselho de Administração têm influência significativa não incluídas noutras categorias.

4.45. Other events

Resolution Fund

Resolution measure applied to Banco Espírito Santo, S.A.

In accordance with a communication of the Bank of Portugal dated August 3, 2014, it was decided to apply a resolution measure to Banco Espírito Santo, S.A., which consists of the transfer of most of its business to a transition bank, called “Novo Banco”, created especially for that purpose. In accordance with the community norm, capitalization of “Novo Banco” was ensured by the Resolution Fund, created by Decree-Law 31-A / 2012 of February 10. As provided for in the Decree-Law, the Resolution Fund is resourced from payment of contributions due by the institutions participating in the Fund and contribution from the banking sector. In addition, the Decree-Law provides that if such resources are insufficient for fulfillment of its obligations other financing means can be used, such as: (i) special contributions from credit institutions; and (ii) loans granted.

In the specific case of the resolution measure relating to Banco Espírito Santo, S.A., the Resolution Fund provided 4.9 thousand million euro to pay up the share capital of “Novo Banco”. Of this amount, 377 million euro corresponds to the Resolution Fund’s own financial resources, resulting from the contributions already paid by the participating institutions and from contributions from the banking sector. In addition, a syndicated loan of 700 million euro was made to the Resolution Fund, with the contribution of each credit institution depending on various factors, including its size. The participation of Banco BPI in this loan was 116.2 million euro. The remaining amount needed to finance the resolution measure adopted came from a loan granted by the Portuguese State, which will subsequently be repaid and remunerated by the Resolution Fund. When Novo Banco is sold the proceeds of the sale will be primarily assigned to the Resolution Fund.

In September 2015 the Bank of Portugal interrupted the sale process of the participation of the Resolution Fund in Novo Banco, initiated in 2014, and completed the current procedure without accepting any of the three binding proposals considering that their terms and conditions were not satisfactory. In a statement of December 21, 2015 the Bank of Portugal announced the agreement reached with the European Commission which provided, among other commitments, for the extension of the deadline for the sale of the full shareholder stake held by the Resolution Fund in Novo Banco.

On December 29, 2015 the Bank of Portugal issued a statement on the approval of a set of decisions supplementing the resolution measure applied to BES. The Bank of Portugal decided to retransmit to BES the liability for the non-subordinated bonds issued by them and that were designated to institutional investors. The nominal amount of the bonds retransmitted to BES is 1 941 million euro and corresponds to a book value of 1 985 million euro. These bonds were originally issued by BES and placed specifically among qualified investors. In addition to this measure, the Bank of Portugal also clarified that the Resolution Fund is responsible for neutralizing, through compensating Novo Banco, the possible adverse effects of future decisions, resulting from the resolution process, which result in liabilities or contingencies.

The process of sale of the participation held by the Resolution Fund in the capital of Novo Banco was relaunched in January 2016, and is currently in progress.

Resolution measure applied to Banif – Banco Internacional do Funchal, S.A.

In accordance with a statement of the Bank of Portugal of December 20, 2015 it was decided the sell the operations of Banif – Banco Internacional do Funchal, S.A. (Banif) and most of its assets and liabilities to Banco Santander Totta for 150 million euro. According to that statement, the requirements of the European institutions and the impracticability of a voluntary sale of Banif led to this sale being considered in the context of a resolution measure.

Most of the assets not subject to the sale were transferred to an asset management vehicle, called Oitante, S.A. (Oitante), created specifically for this purpose, the sole shareholder of which is the Resolution Fund. In this respect, Oitante issued debt securities of 746 million euro, which were acquired in full by Banco Santander Totta, having been given a guarantee by the Resolution Fund and a counter-guarantee by the Portuguese State.

The operation involved public support of around 2 255 million euro to cover future contingencies, of which 489 million euro by the Resolution Fund and 1 766 million euro directly by the Portuguese State, as a result of the options agreed between the Portuguese authorities, the European institutions and Banco Santander Totta for defining the perimeter of the assets and liabilities sold.

Up to the date of approval of the financial statements by the Board of Directors, Banco BPI did not have the information necessary to enable it to estimate with reasonable reliability the potential insufficiency of resources in the Resolution Fund following the resolution measures applied to Banco Espírito Santo, S.A. and BANIF – Banco Internacional do Funchal, S.A., nor how the potential insufficiency will be financed.

Therefore, at this date it is not possible to assess the possible impact of this matter on Banco BPI's financial statements, since potential losses to be incurred depend on the conclusion of the referred processes and the amount of periodic and/or special contributions, that may possibly be determined by the Bank of Portugal (in case of periodic contributions) or by the Minister of Finance (in the case of the special contributions), under the terms and competencies which are legally assigned to them.

In accordance with the information available to this time: (i) it is not likely that the Resolution Fund will propose the creation of a special contribution to finance the resolution measures described above, so the possible collection of a special contribution appears to be remote, and (ii) it is expected that any deficits of the Resolution Fund will be financed through periodic contributions under article 9 of Decree-Law 24/2013 of February 19, which stipulates that periodic contributions to the Resolution Fund must be paid by the participating institutions who are active on the last day of April of the year to which the periodic contribution refers.

Public Tender Offer over Banco BPI S.A. shares

On April 18, 2016 CaixaBank, S.A., holder on that date of 44.1% of the share capital of Banco BPI, published a preliminary announcement of a public, general and voluntary tender offer (the Offer) covering all shares of Banco BPI, at the price of 1.113 euro per share.

The launch of the Offer was subject to the following conditions set out in paragraph 11. of the preliminary announcement referred to:

- a) obtaining the prior registration of the Offer with the Stock Exchange Commission (CMVM), in accordance with article 114 of the Stock Exchange Code (Código dos Valores Mobiliários) at a price of 1.113 euro per share.
- b) Obtaining the approvals, non-oppositions and administrative authorisations required under Portuguese, European or foreign law that may apply, namely those described on the paragraph 11 of the preliminary announcement.

Once launched in the terms of the paragraph 12 of the Preliminary Announcement, the effectiveness of the Offer would be subject to verification of the following conditions:

- a) elimination, on the closing date of the Offer, and even if subject to the Offer's success, of the limitation to the counting or exercise of voting rights at the Shareholders' General Meetings when issued by a single shareholder as established under items 4 and 5 of article 12 of the Statutes of Banco BPI, S.A., in the current text, so that there is no limit to the counting or exercise of voting rights issued by a single shareholder, directly or through a representative, in his / her own name or as representative of another shareholder; and
- b) the acquisition by CaixaBank, up to the date and as a result of the physical and financial settlement of the Offer, of a number of shares which, together with Banco BPI shares held by CaixaBank at the date of the preliminary announcement represent more than 50% (fifty percent) of the share capital and voting rights corresponding to the total of the shares of Banco BPI.
- c) declaration by the Stock Exchange Commission of derogation of the duty to launch a subsequent offer, as a result of the acquisition of shares under the Offer, in accordance with item 1 of paragraph a) and item 2 of article 189 of the Stock Exchange Code, even if subordinated to the subsistence of the respective assumptions.

On May 17, 2016 the Board of Directors of Banco BPI, S.A. published its report, prepared in accordance with the terms of item 1, article 181 of the Stock Exchange Code, on the opportunity and conditions of the Offer. The report is available on the website of the Stock Exchange Commission and of the Bank.

Following the approval by the General Meeting of Shareholders on 21 September of the repeal of the statutory rule limiting the counting of votes, the Securities Market Commission determined that, pursuant to the law, the voluntary public offering presented by the Shareholder CaixaBank, SA holder of a 45.50% shareholding participation, whose voting rights were, until then, limited to 20% of the share capital, became a mandatory public offering.

On September 21, 2016, Caixa Bank, S.A., published the preliminary announcement of the launch of a mandatory public offering for the acquisition of shares representing the share capital of Banco BPI, S.A., at a price of € 1.134 per share.

The launch of the Offer is subject to the following conditions defined in point 11 of the said preliminary notice:

- a) to obtain non-opposition from the European Central Bank, in accordance with Articles 102 and 103 of the General Regime of Credit Institutions and Financial Companies, approved by Decree-Law no. 298/92 as successively amended ("RGICSF"), and the relevant provisions of Directive 2013/36 / EU of the European Parliament and of the Council of 26 June 2013, Regulation (EU) No 1024/2013 of the European Parliament and of the Council of 15 October 2013 and Regulation (EU) No 468/2014 of the ECB of 16 April 2014;
- b) to obtain non-opposition from the Insurance and the Pension Funds Supervision Authority, pursuant to article 44 of Decree-Law no. 94-B / 98, of April 17, as amended, and Article 38 (2) of Decree-Law no. 12/2006, of 20 January, as amended;
- c) obtaining the approval of the European Commission in accordance with Council Regulation (EC) No 139/2004 of 20 January 2004 on the control of concentrations between undertakings;
- d) obtaining the authorization of Banco de España to acquire significant indirect interests of CaixaBank in Banco Fomento de Angola, SA ("BFA"), Banco de Comercio e Investimentos, SA ("BCI") and Banco BPI Cayman Ltd.;
- e) to obtain a non-opposition from the Commission of Surveillance of the Secteur Financier of the Grand Duchy of Luxembourg ("CSSF") for the acquisition of an indirect qualifying holding of CaixaBank in the management company under Luxembourg law "BPI Global Investment Fund Management Company SA";
- f) non-opposition by the Cayman Islands Monetary Authority of the Cayman Islands ("CIMA") for CaixaBank's acquisition of control at BPI's Cayman Islands branch and an indirectly qualified holding in Banco BPI Cayman Ltd;
- g) obtaining the authorization of the National Bank of Angola for the acquisition of an indirect qualified stake of CaixaBank in BFA;
- h) obtaining the authorization of the Banco de Moçambique for the acquisition of an indirect qualified interest of CaixaBank in BCI; and
- i) to obtain pre-registration of the Offer with the Stock Exchange Commission ("CMVM"), pursuant to article 114 of the Portuguese Securities Code, with a counterpart of € 1,134 (one euro and thirteen point four cents) Per Share.

On October 13, 2016, the Board of Directors of Banco BPI SA issued its report, prepared pursuant to number 1 of article 181 of the Portuguese Securities Code, on the timing and conditions of the Offer. This report is available on the website of the Stock Exchange Commission and the Bank.

Shareholders' General Meeting of July 22, 2016

On June 14, 2016 formal notice of a Shareholders' General Meeting of Banco BPI to take place on July 22 of that year was released through the Stock Exchange Commission website. In accordance with the notice calling the meeting, it was called "Following the request of the shareholder Violas Ferreira Financial S.A. received on May 25 (...) and at the request of the Board of Directors received on June 14 (...)". The meeting's agenda was defined as follows:

"Sole item: Decide, under article 3 of Decree-Law 20/2016 of April 20, on the following changes of BPI's Statutes:

- i) Suppression of paragraphs 4 and 5 of article 12 and consequent renumbering of paragraphs 6 to 8 of that article.
- ii) Change of current paragraph 2 of article 30, in order to eliminate the reference to paragraphs 4 and 5 of article 1"

The provisions in the statutes referred to above are those which establish and refer to the limitation to the counting of the votes of a single shareholder, acting in his/her own name or as representative of another or others, which exceed 20% of the total votes corresponding to the share capital.

In accordance with a communication issued by the Bank on the Stock Exchange Commission website on July 22, 2016 in which information on the Shareholders' General Meeting held on that date: " The representative of the shareholder Violas Ferreira Financial, S.A. informed the Shareholders' General Meeting that a protective order was decreed regarding the fact that the proposal submitted by the Board of Directors for a change of BPI's Statutes cannot be considered and voted upon. Following the proposal presented by the representative of the shareholder CaixaBank, S.A. the Shareholders' General Meeting approved by 85.02% of the votes the suspension of its work and its continuation thereof on September 6, 2016 at 10 a.m."

Following the announcement on 2 August 2016 on the website of the Stock Exchange Commission of the Notice on the continuation of the General Meeting on 6 September at 10:00 a.m., on that date, the continuation session of the General Shareholders' Meeting started on July 22 at 11:30 p.m. took place. On this date, following a proposal to that effect presented by the representative of the Shareholder CaixaBank, SA, the General Meeting approved by 91.05% of the votes cast a new suspension of its work and the continuation thereof for 21 September 2016 at 10:00 a.m.

On September 21 at 10:00 a new session was held to continue the Shareholders' General Meeting that began on July 22 at 11:30 p.m. The Chairman of the Board informed the Shareholders convened that he had received the previous day - September 20 - a written communication from the shareholder Violas Ferreira Financial, SA, in which the said shareholder:

- reported that it had withdrawn from the injunction whose judicial decision decreed the preclusion to assess and deliberate on the proposal presented by the Board of Directors to the General Meeting of July 22 - 11:30;
- withdrew the proposal it had presented for resolution at the General Assembly meeting of 22 July - 11.30 and requested that it be not put to the vote at this General Assembly session.

In view of this information, the Chairman of the Board understood that there were no impediments to the resolution by the Shareholders on the proposals presented regarding the Single Point of the agenda.

The proposal presented by the Board of Directors and the proposal submitted by the Shareholder Violas Ferreira Financial, S.A., both proposing to suppress the statutory rule regarding the voting cap were thus voted and approved.

The proposal submitted by the Board of Directors was voted subject to the suspensive condition of judicial approval of the withdrawal of the measure that prevented its vote and obtained votes in favor of 94.04% of the votes cast. The proposal submitted by the Shareholder Violas Ferreira Financial, S.A. obtained votes in favor of 88.22% of the votes cast, thus fulfilling the statutory requirement of approval by a majority of 75% of the votes cast and having observed the limitation of counting of voting rights.

Regulation and supervision equivalence in Angola

In accordance with the statement published by Banco BPI on December 16, 2014, the European Commission published under, among other provisions, paragraph 7 of Article 114 of Regulation (EU) 575/2013 of June 26, 2013 (CRR), the list of countries with regulations and supervision equivalent to those of the European Union. The list includes 17 countries or territories and does not include the Republic of Angola. Consequently, as from January 1, 2015 the indirect exposure in kwanzas of Banco BPI: (i) to Angolan State¹, e (ii) to Banco Nacional de Angola² (BNA), is no longer considered, for the purpose of the calculation of Banco BPI's capital ratios, weighted for risk established in Angolan regulations for that type of exposure, and starts being considered weighted by risk established in the CRR.

This means that as from January 1, 2015, the indirect exposure in kwanzas of Banco BPI to Angolan State and to Banco Nacional de Angola (BNA) is no longer weighted at 0% or 20% depending on the exposure, in the calculation of capital ratios, and started being weighted at 100%.

Considering the fact that Banco BPI adhered to the Special Regime for Deferred Tax Assets and the implementation of new risk weights for indirect exposure of Banco BPI to Angolan State and to BNA, the proforma Common Equity Tier 1 (CET1) ratios at December 31, 2014 would be:

- CET1 "Phasing in" (rules applicable in 2014): 10.2% (2.0 p.p. lower than the ratio calculated considering the risk weights in force in December 31, 2014);
- CET1 "fully implemented" (fully implemented rules): 8.6% (1.0 p.p. lower than the ratio calculated considering the risk weights in forced in December 31, 2014).

The loss of regulatory and supervision equivalence in Angola also has the consequence of indirect exposure in kwanzas of Banco BPI to Angolan State and to BNA (the latter with the exception of the minimum cash reserves) to be no longer exempt from application of the limit to large exposures established in article 395 of the CRR. Termination of this exemption implies that the indirect exposure of Banco BPI to the Angolan State exceeds, as from January 1, 2015, the limit to large exposures.

Banco BPI requested the European Central Bank (ECB) to approve a change of the consolidation method of BFA, in order to start applying, for prudential purposes, the equity method, which the ECB has not received favourably.

In order to restore its compliance with the large exposures limit, Banco BPI has identified the alternative of making a company legally autonomous, by demerger to a company different from Banco BPI and participated in by its current shareholders, of the organizational structure needed to carry-out autonomously and independently from the Divested Company, the activity of managing the participations in African credit institutions.

In the Shareholders' General Meeting held on February 5, 2016, the demerger project was subject to voting but was not approved, because the necessary qualified majority for the purpose has not been reached.

On October 7, 2016, in accordance with a communication issued by the Bank available on the website of the Stock Exchange Commission and of the Bank, Unitel, SA (Unitel) has given its agreement to the operation relating to the sale of 26 111 shares representing, together, 2% (two percent) of the share capital of Banco de Fomento de Angola, S.A, for the price of 28 million euro, which was proposed in the letter disclosed to the market on 20 September. In this respect, the two parties signed:

- a) The contract for the purchase and sale of BFA shares corresponding to 2% of its sharecapital, which operation will result in Banco BPI's and Unitel's holdings in BFA's share capital henceforth standing at, respectively, 48.1% and 51.9%;
- b) The new shareholder agreement relating to BFA.

The purchase and sale contract provides that the transfer to Unitel of the 2% shareholding in BFA is dependent upon the fulfilment of the following suspensive conditions:

- a) Banco Nacional de Angola (BNA) authorisation with regard to the increase in the qualified shareholding already held by Unitel in BFA,
- b) the authorisation of the capital operations required for the payment to Banco BPI, and the related transfer to Portugal of the agreed price of 28 million euro;
- c) BNA's authorisation for the alteration to BFA's statutes; and

¹ Angolan public debt securities held by Banco de Fomento Angola (BFA) and loans granted to the Angolan State by BFA.

² Minimum cash reserves and other deposits and repos of BFA.

- d) Approval of the operation by Banco BPI's General Meeting.

On October 31, 2016, it was announced on the website of the Stock Exchange Commission the convening of a General Meeting of Banco BPI to meet on November 23 of the same year, at 4:00 p.m. Under the terms of the notice, the meeting was called at the request of the Board of Directors, and the agenda was as follows:

"Single point: To resolve on the sale by Banco BPI, SA to Unitel, SA of 26 111 (twenty-six thousand, one hundred and eleven) shares representing, together, 2% (two percent) of the share capital of Banco de Fomento de Angola, S.A., under the terms set forth in the purchase and sale agreement entered into between those two entities. "

Following a proposal submitted by the representative of the Shareholder CaixaBank, SA, the General Meeting approved by 65.68% of the votes cast the suspension of its work and the continuation thereof for 13 December 2016 at 2.30 pm.

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 endorsed 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.

ANNEX

Alternative Performance Measures

The European Securities and Markets Authority (ESMA) published on 5 October 2015 a set of guidelines for the disclosure of Alternative Performance Measures (APM) by issuers (ESMA / 2015/1415). These guidelines are currently mandatory for issuers.

This section complies with the ESMA Guidelines on disclosure requirements for Alternative Performance Measures used in the consolidated quarterly information for 30 September 2016 in accordance with CMVM Regulation No. 5/2008.

Alternative Performance Measure (APM)

Alternative Performance Measure (APM)	Page	Definition of APM	Components and calculation basis	PAM (utility)
Return on Shareholders' equity (ROE)	4, 5, 7 and 23	The Return on Equity (ROE) corresponds to the results, expressed in relative terms (in percentage), generated by the shareholders' equity used in the period.	<p>ROE = Net income in the period, in annualized terms (1) / Average value (2) in the period of shareholders' equity attributable to BPI shareholders after deduction of the fair value reserve (net of deferred taxes) related to available-for-sale financial assets.</p> <p>The APM indicator and its components relate to past financial reporting periods.</p>	This indicator (APM) measures the efficiency with which capital is used to generate results. It allows an analysis of the capacity to generate results per unit of capital employed, both in terms of time evolution and in terms of intra-sectoral comparison.
Individual Return on Shareholders' equity (Individual ROE)	7 and 23	The individual Return on Equity (individual ROE) corresponds to the individual result, expressed in relative terms (in percentage), generated by the individual shareholders' equity used in the period.	<p>Individual ROE = Individual net income in the period, in annualized terms (1) / Average value (2) in the period of individual shareholders' equity.</p> <p>The APM indicator and its components relate to past financial reporting periods.</p>	This indicator (APM) is used to measure the productivity of capital used individually by BFA and BCI, as these subsidiaries conduct their business independently, perform their own administrative functions and are independent of Banco BPI under a Capital, financing, risk and organization perspective.
Return on total assets (ROA)	4	The Return on total assets (ROA) corresponds to the result, expressed in relative terms (in percentage), generated by the total assets in the period.	<p>ROA = (Net income attributable to BPI shareholders + Income attributable to non-controlling interests - preference shares dividends pay) in annualized terms (1) / Average value (2) in the period of total net assets.</p> <p>The APM indicator and its components relate to past financial reporting periods.</p>	This indicator (APM) measures the productivity of the assets used in generating results. It allows an analysis of the capacity to generate results per unit of assets used, both in terms of time evolution and in terms of intra-sectoral comparison.
Commercial banking income	5 and 16	The commercial banking income refers to the most relevant income and gains arising from commercial activity with customers. This aggregate includes net interest income, the technical result from insurance contracts and commissions.	<p>Commercial banking income = financial margin + technical result of insurance contracts + net commissions income</p> <p>The APM indicator and its components relate to past financial reporting periods.</p>	This indicator (APM) allows a better analysis of the progression of revenues generated in commercial banking activity. It does not include the items of the banking product "Profits from financial operations" and "Other net operating income" which by their own nature show greater volatility.
Overhead costs, excluding costs with early-retirements and gains with the revision of the Collective Labour Agreement (ACT)	17 and 18	The operating costs exclude three significant impacts in the period that by their nature show greater volatility.	<p>Overhead costs, excluding costs with early-retirements and gains with the revision of the Collective Labour Agreement (ACT) = Personnel costs excluding early retirement costs and gains with the revision of the Collective Labour Agreement (ACT) + General administrative expenses + Depreciation and amortization</p> <p>Being, Personnel costs excluding early retirement costs and gains with the revision of the Collective Labour Agreement (ACT) = Personnel costs - (costs with early retirements - Gains with changes in the conditions of the pension plan following</p>	This indicator (APM) is useful for measuring the progression of costs.

Alternative Performance Measure (APM)	Page	Definition of APM	Components and calculation basis	PAM (utility)
			<p>the revision of the ACT - Gain with the extinction of the long service premiums and constitution of the final career premium following the revision of the ACT</p> <p>The APM indicator and its components relate to past financial reporting periods.</p>	
Efficiency ratio / Cost-to-income ratio	4, 5, 8, 18 and 25	Efficiency ratio is an indicator that measures the efficiency with which the operating structure is used in generating income. The lower the indicator, the higher the level of efficiency achieved.	<p>Cost-to-income ratio = Overhead costs / operating revenue</p> <p>The APM indicator and its components relate to past financial reporting periods.</p>	This indicator (APM) is a relative measure (expressed as a percentage) of operating costs in relation to income generated. It translates the proportion of revenue that is needed to cover the operating costs incurred.
Operating profit before impairments and provisions	6, 12 and 22	Operating income refers to income before taxes after covering the operating costs and before impairments (net of recoveries).	Operating income = Operating revenue - Overhead costs The APM indicator and its components relate to past financial reporting periods.	This indicator (APM) measures the extent to which revenues generated in the period cover (exceed) the operating costs, being expressed in monetary units.
Cost of credit risk and cost of credit risk net of recoveries	4, 5, 9, 18, 19 and 25	Cost of credit risk is an indicator that reflects the cost recognized in the period to cover the risk of default in the customer credit portfolio, and is expressed as a percentage of the customer credit portfolio.	<p>Cost of credit risk = Impairments and provisions net for loans and guarantees, in annualized terms (1) / Average value (2) in the period of the Performing loan portfolio.</p> <p>Cost of credit risk net of recoveries = (Impairment losses and provisions for loans and guarantees, net - Recovery of loans, interest and expenses), in annualized terms (1) / Average value (2) in the Performing loan portfolio period.</p> <p>Performing Loan = gross customer loans - (Overdue loans and interest + Receivable interests and other - Loan impairments).</p> <p>The APM indicator and its components relate to past financial reporting periods.</p>	The indicator (APM) is directly comparable to the intermediation margin, expressed in percentage points, and allows to gauge how much of the interest margin obtained is absorbed by the cost of credit risk.
Ratio of credit at risk (consolidation perimeter IAS/ IFRS)	4, 5, 8, 19, 20, 25 and 26	It is a quality indicator of the loan portfolio that reflects the proportion of the gross loan portfolio that is in a credit at risk situation. The concept of credit at risk follows the definition established by the Bank of Portugal Instruction 16/2004. Pursuant to the Instruction 16/2004, the credit at risk includes loans in arrears for more than 90 days, falling due loans	<p>Credit at risk ratio (IAS / IFRS perimeter) = Credit at risk / Gross loan portfolio</p> <p>Note: In the calculation of the indicator, the financial information is prepared in accordance with IAS / IFRS rules. For purposes of disclosure of the indicators defined in Bank of Portugal Instruction 16/2004, the Bank of Portugal's supervision scope is considered in the calculation of the required indicators, which, in BPI's case, requires BPI Vida e Pensões to be recognized by equity method, while in the consolidated financial statements in IAS / IFRS BPI Vida e Pensões is fully consolidated. The APM indicator and its components report to past financial reporting periods.</p>	It is an indicator that relativizes the amount of credit at risk, being useful to assess the quality of the loan portfolio, both in terms of historical evolution and in intra-sectoral comparisons.

Alternative Performance Measure (APM)	Page	Definition of APM	Components and calculation basis	PAM (utility)
		associated, restructured loans (previously with installments overdue for more than 90 days and without the adequacy of the guarantees constituted or Fully paid by the debtor interest and other charges due) and insolvency situations not yet included in the loans in arrears for more than 90 days.		
Impairments cover of credit at risk (consolidation perimeter IAS/ IFRS)	4, 5, 8, 19, 20, 25 and 26	The indicator relates the total impairment losses and loan provisions and guarantees accumulated in the balance sheet with the balance of credit at risk, in accordance with the definition established by the Bank of Portugal Instruction 16/2004.	<p>Coverage of credit at risk by impairments (IAS / IFRS perimeter) = (Loans impairments + Impairments and provisions for guarantees and commitments) / Credit at risk</p> <p>Note: In the calculation of the indicator, the financial information prepared in accordance with IAS / IFRS rules is used.</p> <p>The APM indicator and its components report to past financial reporting periods.</p>	It is a useful indicator for assessing the bank's ability to absorb potential losses arising from a loan default, since it relates the amount of losses by loan impairments already recognized in results with a figure (credit at risk) representing the loan risk implicit in the portfolio.
Ratio of loans in arrears for more than 90 days	4, 8, 19, 25 and 26	It is a quality indicator of the loan portfolio that reflects the proportion of the gross loan portfolio that corresponds to capital installments and interests in arrears for more than 90 days after.	<p>Loans in arrears for more than 90 days = Loans and interests overdue for more than 90 days / Gross loan portfolio</p> <p>The APM indicator and its components report to past financial reporting periods.</p>	It is an indicator that relativizes the amount of loans and interest in arrears for more than 90 days, and is useful for assessing the quality of the loan portfolio, both in terms of historical evolution and in intra-sectoral comparisons.
Impairments cover of loans in arrears for more than 90 days	4, 8, 19, 25 and 26	The indicator lists the total impairment losses and provisions for credit and guarantees accumulated in the balance sheet with the balance of credit and interests overdue for more than 90 days.	<p>Impairments cover of loans in arrears for more than 90 days = (Loan impairments + Impairment losses and provisions for guarantees and commitments / Loans in arrears for more than 90 days</p> <p>The APM indicator and its components report to past financial reporting periods.</p>	It is a useful indicator to assess the bank's ability to absorb potential losses due to loans default, since it relates the amount of loan impairment losses already recognized in results with a figure (loans and interests in arrears for more than 90 days) which represents the implicit credit risk in the portfolio.
On-balance sheet Customer resources	4, 13, 23	Aggregate of on-balance sheet Customer resources	<p>On-balance sheet Customer resources = Sight deposits and other + Time deposits and savings + Bonds placed on customers + Unit links insurance capitalisation + Aforro insurance capitalisation and others + Participating units in consolidated funds</p> <p>Being:</p>	Indicator that totals the Customer Resources that are recorded in the balance sheet. These resources, together with other third-party resources and own resources, are used to finance the asset.

Alternative Performance Measure (APM)	Page	Definition of APM	Components and calculation basis	PAM (utility)
			<ul style="list-style-type: none"> - Sight deposits and other = Current accounts + mandatory deposits - Time deposits and savings = Time deposits + Savings deposits - Bonds placed on Customers = Fixed / variable rate bonds placed in Customers + Structured products (bonds with indexed remuneration to the equities market, goods and other markets, with full or partial capital protection at the end of the term) + Deposits certificates + Subordinated Bonds placed in Customers. - Aforro capitalization insurance and others = Technical provisions + Guaranteed rate and guaranteed retirement insurance capitalization. <p>The APM indicator and its components report to past financial reporting periods.</p>	
Off-balance sheet Customer resources	4, 13	Aggregate of off-balance sheet Customer resources. They correspond to savings and investment products under management of BPI.	<p>Off-balance sheet customer resources = Unit trust funds + Real estate investment funds + Retirement-savings and Equity-savings plans (PPR and PPA) + Hedge funds + Funds Assets under BPI Suisse management.</p> <p>Note: Amounts deducted from participating units in the Group banks' portfolios and off-balance sheet products investments in other off-balance sheet products, in order to eliminate duplication of balances.</p> <p>The APM indicator and its components report to past financial reporting periods.</p>	Total Customers resources that are recorded off-balance sheet and therefore are not used to finance the asset.
Total Customer resources	4, 7, 13, 23	Total Customer resources captured (corrected for duplication of balances)	<p>Total Customer Resources = On-balance sheet Customer Resources + Off-balance Sheet Customer Resources - Double counting and pension fund investments</p> <p>Being, Double counting and pension fund investments = Placements of off-balance sheet products in on-balance sheet resources + Placements of pension funds in on-balance sheet resources</p> <p>The APM indicator and its components relate to past financial reporting periods. "</p>	Total on-balance and off-balance sheet Customers resources
Medium and long-term refinancing needs	15	The APM indicator translates the needs of resorting to the medium-long-term debt market to refinance own debt that matures. It is taken into consideration the effect of reducing those needs by the cash in-flows generated with the repayment of securities held in the portfolio.	<p>Medium and long-term refinancing needs = - (Repayment of medium and long-term debt issued by Banco BPI - Redemptions of medium and long term bonds held in portfolio)</p> <p>Note: in the calculation, it is considered the nominal value of the securities.</p> <p>For the purpose of calculating this indicator the descriptions have the following meaning:</p> <ul style="list-style-type: none"> - medium and long-term debt issued by Banco BPI = medium and long-term bonds and collateralized bonds issued by Banco BPI and placed with institutional investors (in the form of public and private issues) and with the EIB + bilateral medium and long-term loans. The debt securities placed by the distribution network in Customers are not included nor the financing obtained 	APM indicator useful in analyzing the adequacy of financial resources to the financing of assets.

Alternative Performance Measure (APM)	Page	Definition of APM	Components and calculation basis	PAM (utility)
			<p>from the ECB;</p> <p>- medium and long-term bonds held in the portfolio = Medium and long-term government debt held in the assets available for sale portfolio + Bonds of companies included in the portfolio of available-for-sale financial assets and in the customer loan portfolio, such as securitised loans.</p> <p>The indicator (+) represents a net inflow of funds; The indicator with (-) represents net financing needs (net outflow of funds).</p> <p>The APM indicator and its components relate to a future period. In order to calculate the indicator, it is assumed that, within the time horizon considered, Banco BPI does not undertake new medium-long-term debt issues nor does early repayment and that repayment of the current debt issued occurs on the respective maturity date. As for the securities held in the portfolio, it is assumed that BPI does not acquire or sell securities, that the repayment occurs on the respective maturity date and that there are no default situations.</p>	
Margin on term deposits relative to the Euribor	16	Differential, expressed in percentage points, between the Euribor rate and the average cost of the deposits collected interests.	<p>Margin on term deposits relative to the Euribor = weighted average for the balances of (Euribor rate for maturity similar to the contractual maturity of the deposit - Interest rate of time deposits)</p> <p>Note: The term deposits margin can be indicated in the module.</p> <p>The APM indicator and its components relate to past financial reporting periods.</p>	APM indicator useful in analyzing the profitability of the intermediation business (customer resources caption and loans granting).
Impairments cover of foreclosed properties	20	The indicator relates the total impairments for real estate received by recovery loans accumulated in the balance sheet with the gross value of real estate received for recovery loans.	<p>Impairments cover of foreclosed properties = real estate impairment received by loans recovery / Gross value of property received for loans recovery</p> <p>The APM indicator and its components relate to past financial reporting periods.</p>	It is a useful indicator for assessing the extent to which potential losses from depreciation of property held in the portfolio are already covered.
BFA loans to Customer in AKZ and USD expressed in the respective loan-advanced currency	23	The components of BFA's customer loan portfolio are expressed in the respective loan-advanced currency	<p>BFA loans to Customer in AKZ and USD expressed in the respective loan-advanced currency = BFA Net Loans to Customers, expressed in AKZ and USD</p> <p>The APM indicator and its components relate to past financial reporting periods</p>	It is a useful indicator to evaluate the performance of the commercial activity, especially in periods of greater exchange rate fluctuations, once the evolution of BFA's loan portfolio, when expressed in euros (currency of consolidation), is influenced by the evolution of foreign exchange AKZ / EUR and USD / EUR.

Alternative Performance Measure (APM)	Page	Definition of APM	Components and calculation basis	PAM (utility)
BFA Customer resources in AKZ and USD expressed in the respective deposit-taking currency	23	BFA's customer resources, corresponding to sight and time deposits, are denominated in the respective deposit-taking currencies	<p>BFA Customer resources in AKZ and USD expressed in the respective deposit-taking currency = BFA Customer Resources (BFA Deposits + Time Deposits), expressed in AKZ and USD</p> <p>The APM indicator and its components relate to past financial reporting periods.</p>	It is a useful indicator to evaluate the performance of the commercial activity, especially in periods of greater exchange rate fluctuations, since the evolution of BFA's customer Resources when expressed in euros (currency of consolidation), is influenced by the changes in the AKZ / EUR and USD / EUR.
BFA securities portfolio	24	Aggregate comprising the BFA securities portfolios held for trading and available for sale	<p>BFA securities portfolio = BFA financial assets held for trading + BFA financial assets held for sale</p> <p>The APM indicator and its components relate to past financial reporting periods.</p>	Indicator of the size of the BFA's securities portfolio.

1) Annualized value = value in the 1st quarter, 1st semester or in the 9 months of the year (Jan. to Sept.), depending on the case, multiplied by 4, 2 or 4/3, respectively.

2) Average value = average of the average monthly balance obtained by the simple average of the beginning and ending balances of the month.

Alternative Performance Measure (APM)

Figures in Million of EUR, except where indicated otherwise

Alternative Performance Measure (APM)	Cross-references to the Financial Statements and corresponding Notes	Reconciliations / Calculation			Comparatives for previous period	
		30 Sep. 16			30 Sep. 15	
Return on Shareholders' equity (ROE)		Domestic activity	International activity	Consolidated		APM
Net income [A]	Note 3. Segment reporting, pages. 38 and 39	58	125	183	Domestic activity	2.9%
Shareholders' equity attributable to the shareholders of BPI, at the end of period [B]		1,936	450	2,386	International activity	31.6%
Revaluation reserves resulting from valuation to fair value of financial assets available for sale, at the end of period [C]	Note 4.27 Revaluation reserves, pag.72	9		9	Consolidated	8.9%
Deferred tax reserves resulting from valuation to fair value of financial assets available for sale, at the end of period [D]		3		3		
Shareholders' equity attributable to the shareholders of BPI, average balance [E]		1,906	435	2,340		
Revaluation reserves (net of deferred taxes) resulting from valuation to fair value of financial assets available for sale, average balance [F]		13	0	13		
Annualisation factor [G]		1.33	1.33	1.33		
ROE [= (A x G) / (E-F)]		4.1%	38.5%	10.5%		
		30 Sep. 16			30 Sep. 15	
Non-consolidated return on Shareholders' equity (non-consolidated ROE)		BFA (M.eur)	BCI (M.metical)			APM
Non-consolidated net income [A]		253	1,223		BFA	34.6%
Non-consolidated Shareholders' equity, at the end of period [B]		850	11,436			
Non-consolidated Shareholders' equity, average balance [C]		793	10,900		BCI	17.7%
Annualisation factor [D]		1.33	1.33			
Non-consolidated ROE [= (A x D) / C]		42.6%	15.0%			
		30 Sep. 16			30 Sep. 15	
Return on total assets (ROA)		Domestic activity	International activity	Consolidated		APM
Net income attributable to the shareholders of BPI [A]	Note 3. Segment reporting, pag. 39	58	125	183	Domestic activity	0.2%
Income attributable to non-controlling interests [B]		0	126	127	International activity	3.6%
Preference shares dividends paid [C]	Nota 4.29 Non-controlling interests, pag.73; figure relative to BPI Capital Finance	0	0	0	Consolidated	0.8%
Net total assets, at the end of period [D]	Note 3. Segment reporting, pag. 38	32,251	6,998	38,718		
Net total assets, average balance [E]		32,684	7,209	39,221		
Annualisation factor [F]		1.33	1.33	1.33		
ROA [[(A+B-C) x F] / E]		0.2%	4.7%	1.1%		
		30 Sep. 16			30 Sep. 15	
Commercial banking income		Domestic activity	Consolidated			APM
Financial margin [A]	Note 3. Segment reporting, pag. 39	299	556		Domestic activity	475
Technical result of insurance contracts [B]		19	19		Consolidated	758
Net commission income [C]		188	235			
Commercial banking income [=A+B+C]		506	809			

Alternative Performance Measure (APM)

Figures in Million of EUR, except where indicated otherwise

Alternative Performance Measure (APM)	Cross-references to the Financial Statements and corresponding Notes	Reconciliations / Calculation			Comparatives for previous period	
Overhead costs, excluding costs with early-retirements and gains with the revision of the Collective Labour Agreement (ACT)		30 Sep. 16				30 Sep. 15
		Domestic activity	International activity	Consolidated		APM
		227	65	292		
		138	50	188		
		16	10	26		
	Note 3. Segment reporting, pag. 39	381	125	506		
		51		51	Domestic activity	370
		-22		-22	International activity	128
					Consolidated	498
Personnel costs [A]						
General administrative costs [B]						
Depreciation and amortisation [C]						
Overhead costs [D=A+B+C]						
Costs with early-retirements [E]						
Gains with changes in the conditions of the pension plan following the revision of the ACT [F]						
Gain with the extinction of the long service premiums and constitution of the final career premium following the revision of the ACT [G]	Note 4.24 Other liabilities of the 1st half 2016 Report and Accounts, pag. 181	-21		-21		
Personnel costs, excluding costs with early-retirements and gains with the revision of the ACT [H= A-(E+F+G)]		219	65	285		
Overhead costs, excluding costs with early-retirements and gains with the revision of the ACT [= H+B+C]		374	125	498		
Cost-to-income ratio		30 Sep. 16				30 Sep. 15
		Domestic activity	International activity	Consolidated		APM
		381	125	506		
		517	391	908		
		73.8%	31.9%	55.7%		
	Note 3. Segment reporting, pag. 39				Domestic activity	74.8%
					International activity	32.5%
					Consolidated	56.2%
Overhead costs [A]						
Operating income from banking activity [B]						
Cost-to-income ratio [=A/B]						
Operating profit before impairments and provisions		30 Sep. 16				30 Sep. 15
		Domestic activity	International activity	Consolidated		APM
		517	391	908		
		381	125	506		
		136	266	402		
	Note 3. Segment reporting, pag. 39				Domestic activity	126
					International activity	266
					Consolidated	392
Operating income from banking activity [A]						
Overhead costs [B]						
Operating profit before impairments and provisions [=A-B]						
Cost of credit risk and cost of credit risk net of recoveries		30 Sep. 16				30 Sep. 15
		Domestic activity	International activity	Consolidated		APM
		37	16	53		
		11	4	14		
		22,614	1,288	23,902		
	Note 3. Segment reporting, pag. 39	820	58	878	Cost of credit risk	
		102	23	125	Domestic activity	0.53%
		862	79	941	International activity	1.76%
					Consolidated	0.61%
	Nota 4.7 Loans and advances to customers (consolidated figures), pag. 52	22,556	1,286	23,841	Cost of credit risk net of recoveries	
		22,611	1,309	23,920	Domestic activity	0.45%
		1.33	1.33	1.33	International activity	1.64%
					Consolidated	0.54%
		0.22%	1.64%	0.30%		
		0.16%	1.27%	0.22%		
Impairment losses and provisions for loans and guarantees, net [A]						
Recovery of loans, interest and expenses [B]						
Loans and advances to customers, net [C]						
Overdue loans and interest [D]						
Accrued interest and correction of the amount of hedged assets and other [E]						
Loan impairment [F]						
Performing loans portfolio [G= C-D-E+F]						
Performing loans portfolio, average balance [H]						
Annualisation factor [I]						
Cost of credit risk [=A x I / H]						
Cost of credit risk net of recoveries [= (A-B) x I / H]						

Alternative Performance Measure (APM)

Figures in Million of EUR, except where indicated otherwise

Alternative Performance Measure (APM)	Cross-references to the Financial Statements and corresponding Notes	Reconciliations / Calculation			Comparatives for previous period	
Ratio of credit at risk (consolidation perimeter IAS/ IFRS)		30 Sep. 16				31 Dec. 15
		Domestic activity	International activity	Consolidated		APM
Credit at risk [A]	Note 4.7 Loans and advances to customers of the 1st half 2016 Report and Accounts, pag.146	1,073	66	1,139	Domestic activity	4.5%
Loans and advances to customers, net [B]	Note 3. Segment reporting, pag. 38	22,614	1,288	23,902	International activity	5.5%
Loan impairment [C]	Note 4.7 Loans and advances to customers (consolidated figures), pag. 52	862	79	941	Consolidated	4.6%
Ratio of credit at risk (consolidation perimeter IAS/ IFRS) [=A / (B+C)]		4.6%	4.8%	4.6%		
Impairments cover of credit at risk (consolidation perimeter IAS/ IFRS)		30 Sep. 16				31 Dec. 15
		Domestic activity	International activity	Consolidated		APM
Loan impairment [A]	Note 4.7 Loans and advances to customers (consolidated figures), pag. 52	862	79	941	Domestic activity	85%
Impairment losses and provisions for guarantees and commitments [B]	Note 4.20 Provisions and impairment losses (consolidated figures), pag. 65	25	2	27	International activity	122%
Credit at risk [C]	Note 4.7 Loans and advances to customers of the 1st half 2016 Report and Accounts, pag.146	1,073	66	1,139	Consolidated	87%
Impairments cover of credit at risk (consolidation perimeter IAS/ IFRS) [= (A+B)/C]		83%	123%	85%		
Ratio of loans in arrears for more than 90 days		30 Sep. 16				31 Dec. 15
		Domestic activity	International activity	Consolidated		APM
Overdue loans for more than 90 days [A]	Note 4.46 Financial risks of the 1st half 2016 Report and Accounts, pag. 230 (consolidated figures)	813	51	863	Domestic activity	3.6%
Loans and advances to customers, net [B]	Note 3. Segment reporting, pag. 38	22,614	1,288	23,902	International activity	4.2%
Loan impairment [C]	Note 4.7 Loans and advances to customers (consolidated figures), pag. 52	862	79	941	Consolidated	3.6%
Ratio of loans in arrears for more than 90 days [=A / (B+C)]		3.5%	3.7%	3.5%		
Impairments cover of loans in arrears for more than 90 days		30 Sep. 16				31 Dec. 15
		Domestic activity	International activity	Consolidated		APM
Loan impairment [A]	Note 4.7 Loans and advances to customers (consolidated figures), pag. 52	862	79	941	Domestic activity	108%
Impairment losses and provisions for guarantees and commitments [B]	Note 4.20 Provisions and impairment losses (consolidated figures), pag. 65	25	2	27	International activity	159%
Overdue loans for more than 90 days [C]	Note 4.46 Financial risks of the 1st half 2016 Report and Accounts, pag. 230 (consolidated figures)	813	51	863	Consolidated	112%
Impairments cover of loans in arrears for more than 90 days [= (A+B)/C]		109%	160%	112%		

Alternative Performance Measure (APM)

Figures in Million of EUR, except where indicated otherwise

Alternative Performance Measure (APM)	Cross-references to the Financial Statements and corresponding Notes	Reconciliations / Calculation			Comparatives for previous period	
On-balance sheet Customer resources		30 Sep. 16			31 Dec. 15	APM
		Domestic activity	International activity	Consolidated		
Demand deposits [A]	Note 4.17 Resources of customers and other debts, pag. 62.			13,794	Domestic activity	24,989
Compulsory deposits [B]	Note: the value of "Other [C]" is included in the caption "Other resources of customers" of the table in Note 4.17.			10		
Other [C]				2		
Sight and other deposits [D=A+B+C]		10,261	3,545	13,805		
Term deposits [E]	Note 4.17 Resources of customers and other debts, pag. 62.			11,825		
Savings deposits [F]	Note: the value of "Other [G]" is included in the caption "Other resources of customers" of the table in Note 4.17.			58		
Other [G]				0		
Term and savings deposits [H=E+F+G]		9,539	2,345	11,883		
Fixed / floating rate bonds placed with Customers [I]		107		107		
Structured products with guaranteed capital / limited risk [J]	Included in the balance-sheet caption "Debt securities"	18		18		
Deposits certificates [K]		0		0		
Subordinated bonds placed with Customers [L]	Included in the balance-sheet caption "Other subordinated debt and participating bonds"	9		9		
Bonds placed with Customers (retail bonds) [M=I+J+K+L]		133	0	133		
Unit links insurance capitalisation [N]	Note 4.17 Resources of customers and other debts, pag. 62.	1,886		1,886		
Technical provisions [O]	Balance-sheet caption "Technical provisions"; Note 3. Segment reporting, pag. 38	2,335		2,335		
Capitalisation insurance products with guaranteed rate and guaranteed retirement [P]	Note 4.17 Resources of customers and other debts, pag. 62.	22		22		
"Aforro" insurance capitalisation products and other [Q=O+P]		2,357	0	2,357		
Participating units in consolidated trust funds [R]	Note 4.17 Resources of customers and other debts, pag. 62, caption "Non-controlling interests in investment funds"	277		277		
On-balance sheet Customer resources [S=D+H+M+N+Q+R]		24,452	5,889	30,342		
					31 Dec. 15	APM
Off-balance sheet Customer resources		Domestic activity	International activity	Consolidated		
Unit trust funds [A]		1,875		1,875	Domestic activity	4,474
Real estate investment funds [B]		323		323	International activity	0
Retirement-savings and equity-savings plans (PPR and PPA) [C]		1,061		1,061	Consolidated	4,474
Hedge funds [D]		44		44		
Funds assets under BPI Suisse management [E]		1,384		1,384		
Off-balance sheet Customer resources [=A+B+C+D+E]		4,687	0	4,687		

Alternative Performance Measure (APM)

Figures in Million of EUR, except where indicated otherwise

Alternative Performance Measure (APM)	Cross-references to the Financial Statements and corresponding Notes	Reconciliations / Calculation			Comparatives for previous period	
Total Customer resources		30 Sep. 16			31 Dec. 15	
		Domestic activity	International activity	Consolidated	APM	
On-balance sheet Customer resources [A]		24,452	5,889	30,342	Domestic activity	28,504
Placements of off-balance sheet products in on-balance sheet resources [B]		565		565	International activity	6,860
Placements of pension funds in on-balance sheet resources [C]		250		250	Consolidated	35,364
On-balance sheet Customer resources corrected for double counting [D=A-B-C]		23,638	5,889	29,528		
Off-balance sheet Customer resources [E]		4,687	0	4,687		
Placements of pension funds in off-balance sheet resources [F]		100		100		
Off-balance sheet Customer resources corrected for double counting [G= E-F]		4,587	0	4,587		
Total Customer resources [=D+G]		28,226	5,889	34,115		
Medium and long-term debt refinancing needs		From Sep.16 to Dec.2021 (Domestic activity)				
Repayment of medium and long-term debt issued by Banco BPI [A]			864			
Redemptions of medium and long term bonds held in portfolio [B]			949			
Medium and long-term refinancing needs, net [= -(A-B)]			85			
Margin on term deposits relative to the Euribor		30 Sep. 16			30 Sep. 15	
		Domestic activity			APM	
Weighted average of Euribor rates with maturity similar to contractual maturity of deposits [A]		0.1%			Domestic activity	-1.0%
Weighted average interest rate on term deposits [B]		0.5%				
Margin on term deposits relative to the Euribor [= A-B]		-0.4%				
Impairments cover of foreclosed properties		30 Sep. 16			31 Dec. 15	
		Domestic activity	International activity	Consolidated	APM	
Impairments for real estate received in settlement of defaulting loans [A]	Note 4.13 Other assets, pag.60 (consolidated figures)	30	0	30	Domestic activity	18%
Gross value of real estate received in settlement of defaulting loans [B]		136	0	137	International activity	0%
Impairments cover of foreclosed properties [=A/B]		22%	0%	22%	Consolidated	18%
BFA loans to Customer in AKZ and USD expressed in the respective loan-advanced currency		30 Sep. 16 BFA			31 Dec. 15 APM	
BFA loans to Customer expressed in AKZ (in Million AKZ)		134,383			Loans to Customer expressed in AKZ (in M.AKZ)	123,423
BFA loans to Customer expressed in USD (in Million USD)		629			Loans to Customer expressed in USD (in M.USD)	716
BFA Customer resources in AKZ and USD expressed in the respective deposit-taking currency		30 Sep. 16 BFA			31 Dec. 15 APM	
BFA Customer deposits expressed in AKZ (in Million AKZ)		695,365			Customer deposits expressed in AKZ (in M.AKZ)	634,253
BFA Customer deposits expressed in USD (in Million USD)		2,170			Customer deposits expressed in USD (in M.USD)	2,641
BFA securities portfolio		30 Sep. 16 BFA			31 Dec. 15 APM	
BFA financial assets held for trading [A]	Note 3. Segment reporting, pag. 38	1,582			BFA securities portfolio	3,314
BFA financial assets available for sale [B]		1,740				
BFA securities portfolio [=A+B]		3,322				



Banco BPI

Publicly held company

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

Share capital: € 1 293 063 324.98

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