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

Earnings release

BANCO BPI CONSOLIDATED RESULTS IN THE 1ST QUARTER 2016

(Unaudited)
Oporto, 28 April 2016

(Consolidated figures and y-o-y changes, except where indicated otherwise)

- **CONSOLIDATED NET PROFIT INCREASES 48.3% TO 45.8 M.€; ROE OF 7.8%**
- **NET INTEREST INCOME INCREASES BY 8.8% (+13.6 M.€)**
- **NET OPERATING REVENUE INCREASES BY 5.9%**

PERFORMANCE AND RESULTS

- DOMESTIC NET INTEREST INCOME INCREASES BY 21.9%;
- COMMERCIAL BANKING INCOME IN THE DOMESTIC ACTIVITY INCREASES BY 10.2%;
- CONSOLIDATED OPERATING COSTS FALL BY 0.6%;
- COST-TO-INCOME RATIO IMPROVES FROM 59.1% TO 55.2%;
- EMPLOYEES' PENSION LIABILITIES COVERED BY 105%;
- IN THE DOMESTIC ACTIVITY CUSTOMER RESOURCES INCREASE BY +0.9% AND LOAN PORTFOLIO DECREASES BY 2.0%.

RISK

- CREDIT AT RISK RATIO DECREASED FROM 5.0% TO 4.7%;
- COST OF CREDIT RISK DROPS FROM 0.53% TO 0.43%;
- IMPAIRMENTS COVERAGE OF CREDIT AT RISK INCREASES TO 88%.

CAPITAL

- COMMON EQUITY TIER 1 RATIO CRD IV / CRR:
    - PHASING IN: 10.8%;
    - FULLY IMPLEMENTED: 10.0%.

I. BPI GROUP'S CONSOLIDATED RESULTS

Net profit of 45.8 million euro – BANCO BPI (Euronext Lisbon - Reuters BBPI.LS; Bloomberg BPI PL) recorded in the 1st quarter 2016 a consolidated net profit of 45.8 million euro (M.€). Earnings per share (Basic EPS) were 0.032 € (0.021 € in the 1st quarter 2015).

The consolidated net profit in the 1st quarter 2016 (45.8 M.€) is made up of a contribution of 7.9 M.€ from the **domestic activity** (-2.0 M.€ in the 1st quarter 2015) and a contribution of 37.9 M.€ (+15.4% than in the 1st quarter 2015) from the **international activity**.

Consolidated income statement

Amounts in M.€

			Mar.15 / Mar.16	
	Mar.15	**Mar.16**	**Chg. M.€**	**Chg.%**
Net interest income	154.2	167.8	13.6	8.8%
Technical results of insurance contracts	10.6	7.9	(2.7)	-25.8%
Commissions and other similar income (net)	73.9	74.1	0.2	0.2%
Gains and losses in financial operations	47.6	51.9	4.4	9.2%
Operating income and charges	(6.1)	(5.0)	1.2	19.1%
Net operating revenue	**280.2**	**296.7**	**16.6**	**5.9%**
Personnel costs	94.2	94.7	0.6	0.6%
Outside supplies and services	62.6	60.5	(2.1)	-3.4%
Depreciation of fixed assets	8.7	8.6	(0.1)	-0.9%
Operating costs, excluding costs with early-retirements	**165.5**	**163.9**	**(1.6)**	**-1.0%**
Costs with early-retirements		0.6	0.6	
Operating costs	**165.5**	**164.5**	**(1.0)**	**-0.6%**
Operating profit before provisions	**114.7**	**132.3**	**17.6**	**15.4%**
Recovery of loans written-off	3.5	4.7	1.2	34.2%
Loan provisions and impairments	36.6	30.7	(5.9)	-16.2%
Other impairments and provisions	7.4	4.2	(3.2)	-43.4%
Profits before taxes	**74.2**	**102.1**	**27.9**	**37.7%**
Corporate income tax	15.4	23.5	8.1	52.4%
Equity-accounted results of subsidiaries	5.4	5.6	0.1	2.0%
Minority shareholders' share of profit	33.4	38.4	5.1	15.2%
Net Income	**30.9**	**45.8**	**14.9**	**48.3%**

Return on shareholders' equity (ROE)

The return on shareholders' equity (ROE) was 7.8% in the 1st quarter 2016.

The return on shareholders' equity in the domestic activity was 1.7% in the 1st quarter 2016.

In the international activity, in its individual accounts, BFA's posted a return on shareholders' equity (ROE) of 39.2% in the 1st quarter 2016 and BCI's ROE reached 9.6%. The ROE of the international activity (after consolidation adjustments) stood at 34.4%.

Capital allocation, net income and ROE by business area in the 1st quarter 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]	1 900.9	786.1	440.8	**2 341.7**
As % of total	81.2%	-	18.8%	**100.0%**
Net income	7.9	77.0	37.9	**45.8**
ROE	**1.7%**	**39.2%**	**34.4%**	**7.8%**

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 31 March 2016, the Customer loans portfolio (net, consolidated) amounted to 24.0 Bi.€, which corresponded to a year-on-year contraction of 4.5%.

Resources

Total Customer resources decreased by 1.2 Bi.€ year-on-year (-3.3%), to 34.6 Bi.€.

Recourse to the European Central Bank of 1.5 Bi.€

The amount of funding raised by BPI from the Eurosystem (ECB) amounted to 1.5 Bi.€ at the end of March 2016.

Transformation ratio of deposits into loans

At 31 March 2016, in the consolidated accounts, the transformation ratio of deposits into loans was 88%[1]. In the domestic activity the transformation ratio of deposits into loans stood at 108%.

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

Income and costs

Consolidated net operating revenue increased by 16.6 M.€ yoy to 296.7 M.€ in the 1st quarter 2016.

The positive evolution of the net operating revenue is mainly explained by the improvement in net interest income by 13.6 M.€ (+8.8%) to 167.8 M.€ and the increase in the profits from financial operations by 4.4 M.€ (+9.2%) to 51.9 M.€.

Consolidated operating costs decreased by 0.6% (-1.0 M.€), whereas in the domestic activity operating costs registered an increase of 0.8% (+1.0 M.€).

The consolidated efficiency ratio – operating costs as a percentage of net operating revenue -, excluding costs with early retirements, improves from 59.1% in the 1st quarter 2015 to 55.2% in the 1st quarter 2016.

Quality of the loan portfolio

At 31 March 2016, the ratio of Customer loans in arrears for more than 90 days stood at 3.7% in the consolidated accounts. The credit at risk [2] ratio decreased to 4.7%.

The accumulated impairment allowances in the balance sheet covered at 113% the loans in arrears for more than 90 days and at 88% the credit at risk.

Loan portfolio quality – consolidated accounts

Amounts in M.€

	Mar.15		Dec.15		Mar.16	
	M.€	% of loan portfolio 1)	M.€	% of loan portfolio 1)	M.€	% of loan portfolio 1)
Loans in arrears (+90 days)	994.1	3.8%	908.2	3.6%	912.0	3.7%
Credit at risk (consolidation perimeter IAS/IFRS) 2)	1 298.4	5.0%	1 158.1	4.6%	1 169.8	4.7%
Loans impairments (in the balance sheet)	1 047.2	4.0%	1 012.8	4.0%	1 029.3	4.1%
Write offs (in the period)	64.0		169.2			
Note:						
Gross loan portfolio	26 096.4		25 260.3		24 957.2	

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 31 Mar. 2016 the credit at risk amounts to 1169.8 M.€ and the credit at risk ratio to 5.0%.

Cost of credit risk

Loan impairment charges decreased from 36.6 M.€ in the 1st quarter 2015 to 30.7 M.€ in the 1st quarter 2016 (-5.9 M.€). The ratio of loan impairments as percentage of the loan portfolio decreased from 0.58% to 0.51%, in annualised terms.

On the other hand, arrear loans and interest previously written off of 4.7 M.€ were recovered (0.08% of the loan portfolio), with the result that impairments after deducting the abovementioned recoveries amounted to 25.9 M.€ in the 1st quarter 2016 (33.0 M.€ in the 1st quarter 2015), which represents 0.43% of the loan portfolio, in annualised terms and an improvement relatively to the 0.53% recorded in the 1st quarter 2015.

Loan portfolio quality

Amounts in M.€

	Mar. 15		Mar. 16	
	M.€	**% of loan portfolio[1)]**	**M.€**	**% of loan portfolio[1)]**
Loan impairments	36.6	0.58%	30.7	0.51%
Recovery of loans and interest in arrears written-off	3.5	0.06%	4.7	0.08%
Loan impairments, after deducting the recovery of loans and interest in arrears written-off	**33.0**	**0.53%**	**25.9**	**0.43%**

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

II. CAPITAL

Common Equity Tier 1 capital ratio

At 31 March 2016, the consolidated Common Equity Tier 1 (CET1) ratio calculated according to CRD IV / CRR rules stands at:

- CET1 phasing in (rules for 2016): 10.8%;
- CET1 fully implemented: 10.0%.

Own funds and own funds requirements

Amounts in M.€

	CRD IV / CRR Phasing in			CRD IV / CRR Fully implemented		
	31 Mar. 15 (rules for 2015)	31 Dec. 15 (rules for 2015)	31 Mar. 16 (rules for 2016)	31 Mar. 15	31 Dec. 15	31 Mar. 16
Common Equity Tier 1 capital	2 610.1	2 574.3	2 493.6	2 262.2	2 313.4	2 297.3
Risk weighted assets	25 161.7	23 702.3	22 987.2	25 101.8	23 652.8	22 944.7
Common Equity Tier 1 ratio	**10.4%**	**10.9%**	**10.8%**	**9.0%**	**9.8%**	**10.0%**

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 1.7 Bi.€ and corresponded to a CET1 ratio of 11.0%;
- CET1 fully implemented amounted to 1.6 Bi.€ and corresponded to a CET1 ratio of 10.3%.

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 0.8 Bi.€ and corresponded to a CET1 ratio of 10.4%;
- CET1 fully implemented amounted to 0.7 Bi.€ and corresponded to a CET1 ratio of 9.4%.

Leverage and Liquidity ratios

At 31 March 2016, the Leverage and Liquidity ratios calculated according to CRD IV / CRR rules are as follows:

- Leverage ratio *phasing in*: 6.8%
- Leverage ratio *Fully implemented*: 6.5%

- Liquidity Coverage Ratio (LCR) *fully implemented*: 157%
- Net Stable Funding Ratio (NSFR) *fully implemented*: 113%

III. DOMESTIC ACTIVITY RESULTS

Net income

The net income from domestic operations in the 1st quarter 2016 was positive by 7.9 M.€, which compares with a negative net income of 2 M.€ in the 1st quarter 2015.

Income statement

Amounts in M.€

			Mar.15 / Mar.16	
	Mar.15	**Mar.16**	**Chg. M.€**	**Chg.%**
Net interest income	77.5	94.6	17.0	21.9%
Technical results of insurance contracts	10.6	7.9	(2.7)	-25.8%
Commissions and other similar income (net)	60.1	61.0	0.9	1.5%
Gains and losses in financial operations	16.2	(3.6)	(19.8)	-122.0%
Operating income and charges	(2.7)	(1.2)	1.5	54.9%
Net operating revenue	**161.8**	**158.7**	**(3.1)**	**-1.9%**
Personnel costs	73.4	72.9	(0.5)	-0.6%
Outside supplies and services	44.6	44.6	0.0	0.0%
Depreciation of fixed assets	4.6	5.5	0.9	19.3%
Operating costs, excluding costs with early-retirements	**122.5**	**123.0**	**0.4**	**0.4%**
Costs with early-retirements		0.6	0.6	
Operating costs	**122.5**	**123.6**	**1.0**	**0.8%**
Operating profit before provisions	**39.3**	**35.1**	**(4.2)**	**-10.6%**
Recovery of loans written-off	3.0	3.9	0.9	29.7%
Loan provisions and impairments	33.4	20.1	(13.2)	-39.6%
Other impairments and provisions	6.5	3.3	(3.2)	-49.5%
Profits before taxes	**2.4**	**15.6**	**13.2**	**n.s.**
Corporate income tax	8.4	11.8	3.4	39.9%
Equity-accounted results of subsidiaries	4.1	4.1	0.0	1.1%
Minority shareholders' share of profit	0.0	0.0	(0.0)	-20.1%
Net Income	**(2.0)**	**7.9**	**9.8**	**n.s.**

Resources and loans

Resources

Total Customer resources in the domestic activity (on-balance sheet and off-balance sheet) attained 28.5 Bi.€ at the end of March 2016, increasing by 0.9% year-on-year (+245 M.€).

Customers resources

Amounts in M.€

	Mar.15	Dec.15	Mar.16	Chg.% Mar.15/ Mar.16
On-balance sheet resources				
Sight deposits	6 979.1	8 851.9	9 253.9	32.6%
Term deposits	11 837.8	9 925.3	9 601.4	(18.9%)
Customers' deposits	18 817.0	18 777.2	18 855.2	0.2%
Retail bonds	651.2	336.2	270.5	(58.5%)
Subtotal	19 468.1	19 113.3	19 125.7	(1.8%)
Capitalisation insurance and PPR (BPI Vida) and other	5 672.7	5 875.4	5 399.0	(4.8%)
On-balance sheet resources	**25 140.8**	**24 988.7**	**24 524.7**	**(2.5%)**
Off-balance sheet resources[1)]	3 376.6	4 474.2	4 483.1	32.8%
Corrections for double counting[2)]	(304.1)	(654.0)	(549.8)	
Total Customer resources[3)]	**28 213.2**	**28 808.9**	**28 458.0**	**0.9%**

1) Unit trust funds, PPR and PPA.

2) Placements of the unit trust funds managed by the BPI Group in deposits and structured products.

3) Corrected for double counting.

Customer deposits increased by 0.2% yoy (+38 M.€) to 18.9 Bi.€ at the end of March 2016.

Capitalisation insurance registered a decrease of 4.8% (-274 M.€) and the off-balance sheet resources (unit trust funds, Retirements savings – PPR - and equity savings – PPA - plans) increased by 32.8% (+1.1 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 2.0% (-0.5 Bi.€).

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

- loans to large and medium-sized companies increase by 9.0%, i.e., +0.3 Bi.€[1]
- loans to small businesses increase by 14.8% (+0.2 Bi.€).
- the portfolio of mortgage loans decreases by 1.4% (-0.2 Bi.€), but presents a significant growth in new loans contracted (+82%).

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

Loans to Customers

Amounts in M.€

	Mar.15	Dec.15	Mar.16	Chg.% Mar.15/ Mar.16
Corporate banking	**3 561.1**	**3 831.7**	**3 883.2**	**9.0%**
Large companies	1 326.3	1 445.5	1 498.0	12.9%
Medium-sized companies	2 234.8	2 386.2	2 385.2	6.7%
Project Finance - Portugal	**1 156.9**	**1 161.0**	**1 148.6**	**(0.7%)**
Madrid branch	**1 122.7**	**943.6**	**938.1**	**(16.4%)**
Project Finance	607.8	557.3	535.3	(11.9%)
Corporates	514.9	386.3	402.9	(21.8%)
Public Sector	**1 443.7**	**1 358.8**	**1 495.0**	**3.5%**
Central Administration	216.6	204.8	204.7	(5.5%)
Regional and local administrations	831.1	774.6	807.7	(2.8%)
State Corporate Sector - in the budget perimeter	43.3	51.8	51.6	19.3%
State Corporate Sector - outside the budget perimeter	318.1	267.4	400.3	25.8%
Other Institutional	34.7	60.2	30.7	(11.5%)
Individuals and Small Businesses Banking	**13 257.3**	**13 364.4**	**13 358.1**	**0.8%**
Mortgage loans to individuals	10 947.2	10 813.9	10 789.7	(1.4%)
Loans contracted before 2011	9 635.7	9 115.7	8 937.5	(7.2%)
Loans contracted in 2011 and thereafter	1 311.5	1 698.1	1 852.2	41.2%
Consumer credit / other purposes	550.2	576.2	595.6	8.2%
Credit Cards	151.3	164.7	136.8	(9.6%)
Car financing	131.5	136.2	139.7	6.3%
Small businesses	1 477.1	1 673.5	1 696.4	14.8%
BPI Vida	**1 997.3**	**1 724.9**	**1 440.3**	**(27.9%)**
Loans in arrears net of impairments	**31.5**	**- 30.0**	**- 42.3**	**(234.4%)**
Other	**532.1**	**433.6**	**424.6**	**(20.2%)**
Total	**23 102.7**	**22 788.1**	**22 645.6**	**(2.0%)**

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 March 2016, the portfolio of financial assets available for sale amounted to 3.7 Bi.€, at market prices. The fair value reserve (before deferred taxes) was positive by 9 M.€.

At 31 March 2016 the portfolio of financial assets available for sale was comprised by 2.3 Bi.€ of EU sovereign short term debt (1.4 Bi.€ of Portuguese Treasury Bills, 500 M.€ of Spanish debt and 390 M.€ of Italian debt), 346 M.€ of Portuguese Treasury Bonds, 556 M.€ of MLT Italian public debt, 192 M.€ of corporate bonds, 133 M.€ of equities and 193 M.€ of participating units.

Portfolio of assets available for sale

Amounts in M.€

M.€	31 Dec. 15					31 Mar. 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**	3 099	3 178	88	- 98	**- 10**
Portugal	1 746	1 778	34	- 36	**- 2**	1 705	1 731	27	- 35	**- 9**
Of which										
TBonds	320	351	34	- 36	**- 2**	319	346	27	- 35	**- 9**
TBills	1 426	1 427	0		**0**	1 385	1 386	0		**0**
Italy	505	562	61	- 63	**- 3**	505	556	61	- 63	**- 2**
T-Bills Spain	440	440	0		**0**	500	500	0		**0**
T-Bills Italy	390	390	0		**0**	390	390	0		**0**
Corporate Bonds	234	227	- 15	- 6	**- 21**	209	192	- 23	- 4	**- 27**
Equities	134	133	46		**46**	134	133	46		**46**
Other	244	194	- 1		**- 1**	244	193	0		**0**
Total	**3 693**	**3 723**	**126**	**- 106**	**20**	**3 686**	**3 696**	**111**	**- 102**	**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 1.5 Bi.€ at the end of March 2016, corresponding entirely to funds raised under the TLTRO.

At the end of March 2016 BPI still had 5.6 Bi.€ of additional assets (net of haircuts) capable of being transformed into liquidity via operations with the ECB.

It must also be noted that the net refinancing needs for medium and long-term debt up till the end of 2018 amount to 1.2 Bi.€.

It is also worth mentioning that in 2019, 0.8 Bi.€ of the MLT Eurozone sovereign debt held by BPI in portfolio will be redeemed.

Net operating revenue

Net operating revenue generated by domestic operations amounted to 158.7 M.€ in the 1st quarter 2016, which corresponds to a decrease of 3.1 M.€ (-1.9%) relative to the 1st quarter 2015.

That amount is essentially composed of captions with a more recurring nature: net interest income amounted to 94.6 M.€ (+17.0 M.€ than in the 1st quarter 2015), commissions amounted to 61.0 M.€ (+0.9 M.€ than in the 1st quarter 2015) and the technical results of insurance contracts amounted to 7.9 M.€.

Profits from financial operations were negative at 3.6 M.€ in the 1st quarter 2016 (16.2 M.€ in the 1st quarter 2015).

Net interest income in the domestic activity increased by 21.9% (+17.0 M.€) yoy.

The positive trend in net interest income mainly reflects the reduction in the cost of term deposits. The margin (negative) on term deposits relative to the Euribor improved from 1.2% in the 1st quarter 2015 to 0.6% in the 1st quarter 2016, reflecting the lower remuneration in the renewal of deposits and in new deposits raised;

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

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

Commissions (net) increased by 1.5% (+0.9 M.€).

Net commissions and fees

Amounts in M.€

	31 Mar. 15	31 Mar. 16	Chg. M.€	Chg.%
Commercial banking	48.5	49.8	+1.4	2.8%
Asset management	9.8	9.6	- 0.2	(1.7%)
Investment banking	1.9	1.6	- 0.3	(15.4%)
Total	**60.1**	**61.0**	**+0.9**	**1.5%**

Profits from financial operations amounted to negative figure of 3.6 M.€ in the 1st quarter 2016, which compares with 16.2 M.€ in the 1st quarter 2015.

Equity-accounted results of subsidiaries

The equity-accounted results of subsidiaries in domestic operations amounted to 4.1 M.€ in the 1st quarter 2016, remaining stable vis-à-vis the same period last year. The contribution of the subsidiaries from the insurance sector amounted to 2.9 M.€ (contribution of 1.9 M.€ from Allianz Portugal and 1.0 M.€ from Cosec).

Equity-accounted earnings

Amounts in M.€

	31 Mar. 15	31 Mar. 16	Chg. M.€
Insurance companies	3.4	2.9	- 0.5
Allianz Portugal	2.1	1.9	- 0.3
Cosec	1.3	1.0	- 0.2
Unicre	0.8	1.2	+0.5
Other	(0.1)	0.0	+0.1
Total	**4.1**	**4.1**	**+0.0**

Operating costs

Recurrent operating costs increased by 0.4% (+0.4 M.€) in the 1st quarter 2016.

Operating costs as reported, which include 0.6 M.€ of costs with early retirements in the 1st quarter 2016, increased by 0.8% (+1.0 M.€).

Operating costs

Amounts in M.€

	31 Mar.15	31 Mar.16	Chg. M.€	Chg.%
Personnel costs	73.4	72.9	- 0.5	(0.6%)
Outside supplies and services	44.6	44.6	+0.0	0.0%
Depreciation of fixed assets	4.6	5.5	+0.9	19.3%
Operating costs, excluding costs with early-retirements	**122.5**	**123.0**	**+0.4**	**0.4%**
Costs with early-retirements		0.6	+0.6	
Operating costs	**122.5**	**123.6**	**+1.0**	**0.8%**
Operating costs as a % of net operating revenue [1)]	75.7%	77.5%		

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

Recurrent personnel costs (excluding costs with early retirements) decreased by 0.5 M.€ (-0.6%), third-party supplies and services were stable and depreciation and amortization were up by 0.9 M.€ (+19.3%) yoy.

The efficiency ratio in domestic operations – operating costs as a percentage of net operating revenue – (excluding costs with early retirements), stood at 77.5% in the 1st quarter 2016.

Cost of credit risk

Loan impairments decreased by 13.2 M.€, from 33.4 M.€ in the 1st quarter 2015 to 20.1 M.€ in the 1st quarter 2016. The indicator loan impairment allowances as a percentage of the loan portfolio's average balance was situated at 0.36% in the 1st quarter 2016 (0.57% in the 1st quarter 2015), in annualised terms.

On the other hand, arrear loans and interest of 3.9 M.€ previously written off were recovered in the 1st quarter 2016, with the result that impairments after deducting the abovementioned recoveries amounted to 16.2 M.€ (30.3 M.€ in the 1st quarter 2015), which represents 0.29% of the loan portfolio in annualised terms (0.52% in the 1st quarter 2015).

Cost of credit risk

Amounts in M.€

	Mar. 15		Mar. 16	
	M.€	% of loan portfolio[1)]	M.€	% of loan portfolio[1)]
Loan impairments	33.4	0.57%	20.1	0.36%
Recovery of loans and interest in arrears written-off	3.0	0.05%	3.9	0.07%
Loan impairments, after deducting the recovery of loans and interest in arrears written-off	**30.3**	**0.52%**	**16.2**	**0.29%**

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

Quality of the loan portfolio

At 31 March 2016, the ratio of Customer loans in arrears for more than 90 days stood at 3.6% in the domestic operations' accounts.

Cover for loans in arrears for more than 90 days by accumulated impairment allowances in the balance sheet (without considering cover from associated guarantees) was situated at 110% in March 2016.

The credit at risk ratio, calculated in accordance with Bank of Portugal Instruction 23/2011 and considering the consolidation perimeter IAS/IFRS[1)], decreased to 4.6% in March 2016. The accumulated impairment allowances in the balance sheet represented 86% of the credit at risk.

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).

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

	Mar. 15		Dec. 15		Mar. 16	
	M.€	% of loan portfolio 1)	M.€	% of loan portfolio 1)	M.€	% of loan portfolio 1)
Loans in arrears (+90 days)	923.7	3.8%	841.4	3.6%	843.1	3.6%
Credit at risk (consolidation perimeter IAS/IFRS) 2)	1 199.1	5.0%	1 070.9	4.5%	1 079.0	4.6%
Loans impairments (in the balance sheet)	949.8	4.0%	906.7	3.8%	925.6	3.9%
Write offs (in the period)	64.0		162.0			
Note:						
Gross loan portfolio	24 021.3		23 668.1		23 544.7	

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 31 Mar. 2016 the credit at risk amounts to 1079.0 M.€ and the credit at risk ratio to 4.9%.

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

	Mar.15			Dec.15			Mar.16		
	M.€	% of loan portfolio 1)	Impairments coverage	M.€	% of loan portfolio 1)	Impairments coverage	M.€	% of loan portfolio 1)	Impairments coverage
Corporate banking	616.3	8.0%	84%	525.0	6.8%	96%	537.1	6.8%	97%
Individuals Banking	580.0	4.2%	72%	543.2	3.9%	71%	539.0	3.9%	73%
Mortgage loans	399.2	3.5%	63%	375.0	3.4%	62%	372.0	3.4%	63%
Other loans to individuals	38.2	4.4%	99%	40.0	4.4%	101%	41.8	4.6%	101%
Small businesses	142.6	8.9%	92%	128.2	7.2%	89%	125.2	6.9%	92%
Other	2.9	0.1%		2.8	0.1%		2.9	0.2%	
Domestic activity	**1 199.1**	**5.0%**	**79%**	**1 070.9**	**4.5%**	**85%**	**1 079.0**	**4.6%**	**86%**

1) As % of the gross loan portfolio

Impairments for foreclosure properties

At 31 March 2016, foreclosed properties amounted to 146.2 M.€, in terms of gross balance sheet value. The accumulated amount of impairment allowances for foreclosed properties of 27.4 M.€, covered 18.8% of their gross balance sheet value. The net value of these properties was therefore 118.7 M.€, which compared to a market value of these properties, according to the valuation of the Bank, of 145.5 M.€.

Real estate loans recovery at 31 March 2016

Amounts in M.€

	Gross value	Coverage by impairments		Net value	Appraisal
		Amount	%		
Mortgage	56.2	2.4	4.3%	**53.8**	67.2
Other	89.9	25.0	27.8%	**64.9**	78.3
Total	**146.2**	**27.4**	**18.8%**	**118.7**	**145.5**

Employee pension liabilities

At 31 March 2016 BPI's pension liabilities amounted to 1 281 M.€ and are 105% covered by the pension fund.

Financing of pension liabilities

Amounts in M.€

	Mar.15	Dec.15	Mar.16
Pension obligations	1 280.3	1 279.9	1 281.1
Pension funds[1)]	1 368.1	1 392.3	1 349.1
Financing surplus	87.8	112.4	68.0
Cover of pension obligations	**106.9%**	**108.8%**	**105.3%**
Total actuarial deviations[2)]	(66.5)	(40.5)	(86.4)
Pension fund return[3)]	10.4%	14.0%	-2.7%

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 -2.7% in the 1st quarter 2016.

It should be pointed out that, up till the end of March 2016, the actual return achieved by Banco BPI's pension fund since its creation in 1991 was 9.3% per year, and that in the last ten, five and three years, the actual annual returns were 6.6%, 9.5% and 10.3%, respectively.

Actuarial assumptions

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

In the 1st quarter 2016 BPI did not make any change in the actuarial assumptions.

Actuarial assumptions

	Dec.13	Jun.14	Dec.14	Dec.15	Mar.16
Discount rate - current employees	4.33%	3.83%	2.83%	2.83%	2.83%
Discount rate - retirees	3.50%	3.00%	2.00%	2.00%	2.00%
Salary growth rate	1.50%	1.25%	1.00%	1.00%	1.00%
Pensions growth rate	1.00%	0.75%	0.50%	0.50%	0.50%
Expected pension fund rate of return	4.00%	3.50%	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.

IV. INTERNATIONAL ACTIVITY RESULTS

Net profit

The international activity's net profit stood at 37.9 M.€ in the 1st quarter 2016 (+15.4% over the 32.8 M.€ obtained in the 1st quarter 2015).

Main contributions to net profit from international activity corresponded to:

- BFA's contribution of 37.0 M.€[1], relating to the appropriation of 50.1% of its individual net profit, which was 15.3% higher than the contribution in the 1st quarter 2015 (32.1 M.€). Minority interests of 38.4 M.€ were recognised in BFA's net profit (33.4 M.€ in the 1st quarter 2015).
- BCI's (Mozambique) contribution of 1.3 M.€ relating to the appropriation of 30% of its individual net profit (recognised using the equity-method), which increased 4.5% relative to the 1st quarter 2015 (1.3 M.€).

Income statement

Amounts in M.€

			Mar.15 / Mar.16	
	Mar.15	**Mar.16**	**Chg. M.€**	**Chg.%**
Net interest income	76.7	73.3	(3.4)	-4.5%
Technical results of insurance contracts				
Commissions and other similar income (net)	13.8	13.1	(0.7)	-5.4%
Gains and losses in financial operations	31.3	55.5	24.2	77.1%
Operating income and charges	(3.5)	(3.8)	(0.3)	-8.3%
Net operating revenue	**118.4**	**138.1**	**19.7**	**16.6%**
Personnel costs	20.8	21.8	1.0	5.0%
Outside supplies and services	18.1	15.9	(2.1)	-11.9%
Depreciation of fixed assets	4.1	3.2	(1.0)	-23.2%
Operating costs	**43.0**	**40.9**	**(2.1)**	**-4.8%**
Operating profit before provisions	**75.4**	**97.2**	**21.8**	28.9%
Recovery of loans written-off	0.5	0.8	0.3	59.9%
Loan provisions and impairments	3.2	10.5	7.3	226.5%
Other impairments and provisions	0.9	0.9	0.0	0.6%
Profits before taxes	**71.8**	**86.6**	**14.8**	**20.6%**
Corporate income tax	7.0	11.7	4.7	67.5%
Equity-accounted results of subsidiaries	1.4	1.4	0.1	4.5%
Minority shareholders' share of profit	33.4	38.4	5.1	15.3%
Net Income	**32.8**	**37.9**	**5.0**	**15.4%**

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

BFA's return on the average Shareholders' equity (individual accounts) stood at 39.2% in the 1st quarter 2016 and BCI's return on the average Shareholders' equity reached 9.6%.

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 34.4% in the 1st quarter 2016.

Customer resources and loans

Total Customer resources in the international activity, measured in euro (consolidation currency), recorded a year-on-year decrease of 18.7%, to 6 115 M.€ in March 2016.

The year-on-year evolution of deposits expressed in euro is penalized by the 35% depreciation of the kwanza and the 3.1% depreciation of the dollar, both relative to the euro.

When expressed in the currencies they were captured, Customer resources captured in USD (c. 1/3 of the total) decreased by 12% yoy (a 15% decrease when expressed in euro) and Customer resources in kwanzas (representing c. 2/3 of total resources) increased by 20% yoy (a 22% decrease when expressed in euro).

Customers resources

Amounts in M.€

	Mar.15	Dec.15	Mar.16	Chg.% Mar.15/ Mar.16
Sight deposits	3 955.5	4 045.3	3 639.1	(8.0%)
Term deposits	3 565.5	2 814.7	2 475.7	(30.6%)
Total	**7 521.1**	**6 860.0**	**6 114.8**	**(18.7%)**

The loans to Customers portfolio, expressed in euro, decreased by 34.0%, from 1 988 M.€ in March 2015, to 1 311 M.€ in March 2016.

When expressed in the currency they were granted, the loan portfolio in USD (1/2 of the total) decreased by 9% yoy (a 12% decrease when expressed in euro) and the loan portfolio in kwanzas (1/2 of the total) decreased by 16% yoy (a 46% decrease when expressed in euro).

Loans to Customers

Amounts in M.€

	Mar.15	Dec.15	Mar.16	Chg.% Mar.15/ Mar.16
Performing loans	1 976.7	1 498.5	1 315.8	(33.4%)
Loans in arrears	72.9	72.4	76.5	4.9%
Loan impairments	(87.2)	(98.7)	(101.1)	15.9%
Interests and other	25.5	21.3	20.1	(21.3%)
Total	**1 988.0**	**1 493.6**	**1 311.4**	**(34.0%)**
Guarantees	539.4	385.7	255.1	

Securities portfolio

At 31 March 2016, BFA's securities portfolio totalled 2 999 M.€ or 42% of the Bank's assets. The portfolio of short-term securities, comprising Treasury Bills, amounted to 854 M.€ at the end of March (-9 M.€ relative to March 2015) and the Treasury Bonds portfolio amounted to 2 115 M.€ (-260 M.€ relative to March 2015).

Customers

The number of Customers has increased by 8.5%, from 1.3 million Customers in March 2015 to 1.4 million Customers in March 2016.

Physical distribution network

The distribution network in Angola increased 2.1% over March 2015. Four new branches were opened over the last 12 months (all in 2015). At the end of March 2016, the distribution network comprised 166 branches, 9 investment centres and 16 corporate centres.

Cards

BFA holds a prominent position in the debit and credit cards with a 23.0% market share in March 2016 in terms of valid debit cards. At the end of March 2016, BFA had 1 067 thousand valid debit cards (Multicaixa cards) and 16 159 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 (574 thousand subscribers of BFA NET in March 2016, of which 562 thousand are individuals) and an extensive terminal network with 373 ATM and 9 266 active point-of-sale (POS) terminals connected to the EMIS network, corresponding to market shares of 13.8% (ranking 2nd) and 26.7% (ranking 1st), respectively.

Number of employees

BFA's workforce at the end of March 2016 stood at 2 606 employees, which represents an increase in staff of 71 (+2.8%) relative to the staff complement in March 2015. At the end of March 2016, BFA's workforce represented approximately 31% of the Group's total number of Employees.

Revenues and costs

Net operating revenue in the international activity reached 138.1 M.€ in the 1st quarter 2016, corresponding to an increase of 16.6% yoy (+19.7 M.€).

This growth was mainly explained by the increase in profits from financial operations (+24.2 M.€), whereas the net interest income has decreased by -3.4 M.€.

Operating costs have decreased by 2.1 M.€ (-4.8%) over the 1st quarter 2015. Personnel costs increased by 1.0 M.€, third-party supplies and services decreased by 2.1 M.€ and depreciation and amortization decreased by 1.0 M.€. The Euro / USD exchange rate has remained relatively stable over the period (the USD appreciated 0.3% against the euro, when comparing the average exchange rate in the 1st quarter 2016 to the 1st quarter of 2015) and therefore the currency effect on the yoy evolution of costs expressed in Euro[1] was not significant.

The ratio "operating costs as percentage of net operating revenue" stood at 29.6% in the 1st quarter 2016.

Cost of credit risk

In the international activity, loan provision charges were 10.5 M.€ in the 1st quarter 2016, which corresponded to 3.1% of the average performing loan portfolio, in annualised terms.

On the other hand, 0.8 M.€ of loans and interests in arrears, previously written-off, were recovered.

Loan provisions, deducted from recoveries of loans in arrears, have thus reached 9.7 M.€ in the 1st quarter 2016, corresponding to 2.8% of the average performing loan portfolio, in annualised terms.

Loan impairments and recoveries

Amounts in M.€

	Mar. 15		Mar. 16	
	M.€	**% of loan portfolio[1)]**	**M.€**	**% of loan portfolio[1)]**
Loan impairments	3.2	0.66%	10.5	3.08%
Recovery of loans and interest in arrears written-off	0.5	0.11%	0.8	0.24%
Loan impairments, after deducting the recovery of loans and interest in arrears written-off	**2.7**	**0.56%**	**9.7**	**2.84%**

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

At 31 March 2016, the ratio of Customer loans in arrears for more than 90 days stood at 4.9%. The provisioning coverage of loans in arrears for more than 90 days stood, at the end of March 2016, at 150%.

The credit at risk ratio, calculated in accordance with Bank of Portugal Instruction 23/2011, stood at 6.4% at the end of March 2016. The accumulated impairment allowances in the balance sheet represented 114% 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.

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

	Mar. 15		Dec. 15		Mar. 16	
	M.€	% of loan portfolio 1)	M.€	% of loan portfolio 1)	M.€	% of loan portfolio 1)
Loans in arrears (+90 days)	70.4	3.4%	66.8	4.2%	68.9	4.9%
Credit at risk (consolidation perimeter IAS/IFRS)	99.2	4.8%	87.1	5.5%	90.8	6.4%
Loans impairments (in the balance sheet)	97.4	4.7%	106.1	6.7%	103.7	7.3%
Write offs (in the period)			7.3			
Note:						
Gross loan portfolio	2 075.1		1 592.2		1 412.5	

1) As % of the gross loan portfolio

Equity-accounted results of subsidiaries

In the international activity, the equity-accounted earnings of subsidiaries amounted to 1.4 M.€ in March 2016 (+0.1 M.€ over March 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 11.5%[2] yoy decrease in net total assets. Customer deposits fell by 11.1%[2] year-on-year, to 1 639 M.€ at the end of March 2016, while the Customer loan portfolio decreased 15.0%[2] year-on-year, to 1 278 M.€. BCI market shares in deposits and loans, at the end of February 2016, reached 29.6% and 29.8%, respectively.

At the end of March 2016, BCI served 1.4 million clients (+23.6% relative to March 2015) through a network of 193 branches (+25 than one year before), representing 31.3% of the total Mozambican banking system distribution network. The staff complement reached 3 020 Employees at the end of March 2016 (+17.3% than in March 2015).

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1) BCI's total contribution to consolidated net profit was 1.3 M.€ in the 1st quarter 2015 and 1.3 M.€ in the 1st quarter 2016, given that, besides the equity-accounted results, deferred tax relating to the distributable earnings of BCI is recorded in the caption "Corporate income tax" (0.1 M.€ in the 1st quarter 2015 and in the 1st quarter 2016).
2) Expressed in USD, net total assets decrease by 6.2%, deposits decrease by 5.8% and the loan portfolio decreases by 9.9%.

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V. ANNEXES

Leading indicators

Amounts in M.€

	Domestic activity			International activity			Consolidated		
	Mar.15	Mar.16	Chg.%	Mar.15	Mar.16	Chg.%	Mar.15	Mar.16	Chg.%
Net income, efficiency and profitability									
Net income (as reported)	- 2.0	**7.9**	497.4%	32.8	**37.9**	15.4%	30.9	**45.8**	48.3%
Net income (as reported) per share (EPS)	-0.001	**0.005**	497.3%	0.023	**0.026**	15.3%	0.021	**0.032**	48.2%
Weighted average number of shares [1]	1,450	**1,451**	0.0%	1,450	**1,451**	0.0%	1,450	**1,451**	0.0%
Efficiency ratio excl. non-recurring impacts [2]	75.7%	**77.5%**		36.3%	**29.6%**		59.1%	**55.2%**	
Return on average total assets (ROA)	0.0%	**0.1%**		3.1%	**4.1%**		0.6%	**0.8%**	
Return on Shareholders' equity (ROE)	-0.5%	**1.7%**		26.3%	**34.4%**		5.6%	**7.8%**	
Balance sheet									
Net total assets [3]	34 034	**32 911**	(3.3%)	8 700	**7 195**	(17.3%)	42 348	**39 412**	(6.9%)
Loans to Customers	23 103	**22 646**	(2.0%)	1 988	**1 311**	(34.0%)	25 091	**23 957**	(4.5%)
Deposits	18 817	**18 855**	0.2%	7 521	**6 115**	(18.7%)	26 338	**24 970**	(5.2%)
On-balance sheet Customer resources	25 141	**24 525**	(2.5%)	7 521	**6 115**	(18.7%)	32 662	**30 639**	(6.2%)
Off-balance sheet Customer resources[4]	3 377	**4 483**	32.8%				3 377	**4 483**	32.8%
Total Customer resources[5]	28 213	**28 458**	0.9%	7 521	**6 115**	(18.7%)	35 734	**34 573**	(3.3%)
Loans to deposits ratio (Instruction 23/2011 BoP)	105%	**108%**		26%	**21%**		83%	**88%**	
Asset quality									
Loans in arrears for more than 90 days	924	**843**	(8.7%)	70	**69**	(2.1%)	994	**912**	(8.3%)
Ratio of loans in arrears [6]	3.8%	**3.6%**		3.4%	**4.9%**		3.8%	**3.7%**	
Impairments cover of loans in arrears [6]	103%	**110%**		138%	**150%**		105%	**113%**	
Credit at risk (consolidation perimeter IAS/IFRS) [7]	1 199	**1 079**	(10.0%)	99	**91**	(8.5%)	1 298	**1 170**	(9.9%)
Ratio of credit at risk (consolidation perimeter IAS/IFRS) [7]	5.0%	**4.6%**		4.8%	**6.4%**		5.0%	**4.7%**	
Impairments cover of credit at risk (consolidation perimeter IAS/IFRS) [7]	79%	**86%**		98%	**114%**		81%	**88%**	
Cost of credit risk [8]	0.52%	**0.29%**		0.56%	**2.84%**		0.53%	**0.43%**	
Pension liabilities									
Employees pension liabilities	1 280	**1 281**	0.1%				1 280	**1 281**	0.1%
Employees pension funds assets	1 368	**1 349**	(1.4%)				1 368	**1 349**	(1.4%)
Cover of pension obligations [9]	107%	**105%**					107%	**105%**	
Capital									
Shareholders' equity and minority interests	1 788	**1 901**	6.3%	1 004	**821**	(18.2%)	2 791	**2 721**	(2.5%)
CRD IV/CRR phasing in									
Common Equity Tier I							2 610	**2 494**	
Risk weighted assets							25 162	**22 987**	
Common Equity Tier I ratio							10.4%	**10.8%**	
Leverage ratio							5.9%	**6.8%**	
LCR = Liquidity coverage ratio							148%	**157%**	
NSFR = Net Stable Funding Ratio							107%	**113%**	
CRD IV/CRR fully implemented									
Common Equity Tier I							2 262	**2 297**	
Risk weighted assets							25 102	**22 945**	
Common Equity Tier I ratio							9.0%	**10.0%**	
Leverage ratio							5.3%	**6.5%**	
LCR = Liquidity coverage ratio							148%	**157%**	
NSFR = Net Stable Funding Ratio							107%	**113%**	
Distribution network and staff									
Distribution network [10]	649	**595**	(8.3%)	187	**191**	2.1%	836	**786**	(6.0%)
BPI Group staff [11]	5 967	**5 875**	(1.5%)	2 552	**2 626**	2.9%	8 519	**8 501**	(0.2%)

1) Average outstanding number of shares, deducted of treasury stock.
2) Operating costs as % of net operating revenue.
3) The total assets for each of the geographical segments presented above has not been corrected for the balances resulting from operations between these segments.
4) Unit trust funds, PPR and PPA (excludes pension funds).
5) Corrected for double counting: placements of unit trust funds managed by BPI in the Group's deposits, structured products and unit trust funds.
6) Loans in arrears for more than 90 days.
7) Calculated in accordance with 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
8) Loan impairments in the period (P&L account), net of arrear loans recovered, as percentage of the average performing loan portfolio.
9) Cover of pension obligations by the pension funds assets.
10) Includes traditional branches, housing shops, investment centres, corporate centres, Institutionals and one Project Finance centre. Domestic activity distribution network includes branches in Paris (11 branches at Mar.16).
11) Excludes temporary workers.

Consolidated income statement

Amounts in M.€

	2015					2016	Chg.% 1Q15 / 1Q16
	1Q	2Q	3Q	4Q	2015	1Q	
Net interest income (narrow sense)	147.4	164.9	153.9	158.3	624.6	**158.7**	7.7%
Unit linked gross margin	2.2	3.2	3.7	3.9	13.0	**3.6**	68.6%
Income from securities (variable yield)	0.0	3.6	0.0	1.1	4.7	**0.0**	(2.4%)
Commissions related to deferred cost (net)	4.6	5.3	4.7	6.6	21.1	**5.4**	17.1%
Net interest income	**154.2**	**177.0**	**162.3**	**169.9**	663.4	**167.8**	**8.8%**
Technical results of insurance contracts	10.6	8.8	8.2	4.2	31.8	**7.9**	(25.8%)
Commissions and other similar income (net)	73.9	81.5	81.7	87.6	324.7	**74.1**	0.2%
Gains and losses in financial operations	47.6	47.8	58.3	41.0	194.6	**51.9**	9.2%
Operating income and charges	(6.1)	(8.0)	(3.1)	(15.3)	(32.6)	**(5.0)**	19.1%
Net operating revenue	**280.2**	**307.1**	**307.3**	**287.4**	1 181.9	**296.7**	**5.9%**
Personnel costs, excluding costs with early-retirements	94.2	94.9	94.8	94.9	378.8	**94.7**	0.6%
Outside supplies and services	62.6	64.4	60.7	61.5	249.2	**60.5**	(3.4%)
Depreciation of fixed assets	8.7	8.8	8.7	9.9	36.1	**8.6**	(0.9%)
Operating costs, excluding costs with early-retirements	165.5	168.1	164.2	166.2	664.1	**163.9**	(1.0%)
Costs with early-retirements			4.6	1.9	6.5	**0.6**	
Operating costs	**165.5**	**168.1**	**168.8**	**168.1**	670.6	**164.5**	**(0.6%)**
Operating profit before provisions	**114.7**	**138.9**	**138.5**	**119.2**	511.3	**132.3**	**15.4%**
Recovery of loans written-off	3.5	4.3	6.5	3.9	18.2	**4.7**	34.2%
Loan provisions and impairments	36.6	50.3	26.5	23.6	137.0	**30.7**	(16.2%)
Other impairments and provisions	7.4	8.6	2.0	1.5	19.5	**4.2**	(43.4%)
Profits before taxes	**74.2**	**84.2**	**116.5**	**98.0**	372.9	**102.1**	**37.7%**
Corporate income tax	15.4	10.1	12.1	(8.5)	29.1	**23.5**	52.4%
Equity-accounted results of subsidiaries	5.4	7.3	10.4	10.3	33.4	**5.6**	2.0%
Minority shareholders' share of profit	33.4	36.1	40.1	31.3	140.8	**38.4**	15.2%
Net Income	**30.9**	**45.3**	**74.8**	**85.4**	236.4	**45.8**	**48.3%**

Consolidated balance sheet

Amounts in M.€

	31 Mar. 15	31 Dec.15	31 Mar. 16	Chg.% Mar.15/ Mar.16
Assets				
Cash and deposits at central banks	2 190.4	2 728.2	2 615.2	19.4%
Amounts owed by credit institutions repayable on demand	427.4	612.1	404.0	(5.5%)
Loans and advances to credit institutions	2 079.6	1 230.0	1 252.6	(39.8%)
Loans and advances to Customers	25 090.6	24 281.6	23 957.0	(4.5%)
Financial assets held for dealing	3 356.9	3 674.6	3 843.4	14.5%
Financial assets available for sale	7 326.5	6 509.4	5 864.4	(20.0%)
Financial assets held to maturity	28.4	22.4	21.4	(24.5%)
Hedging derivatives	126.3	91.3	46.8	(62.9%)
Investments in associated companies and jointly controlled entities	222.8	210.4	212.3	(4.7%)
Investment properties[1)]	154.8			(100.0%)
Non-current assets held for sale	11.6			(100.0%)
Other tangible assets	212.5	195.1	168.8	(20.6%)
Intangible assets	23.4	29.1	26.7	14.4%
Tax assets	393.3	420.2	437.3	11.2%
Other assets	703.4	668.8	562.3	(20.1%)
Total assets	**42 347.9**	**40 673.3**	**39 412.1**	**(6.9%)**
Liabilities and shareholders' equity				
Resources of central banks	1 519.8	1 520.7	1 652.8	8.7%
Financial liabilities held for dealing	422.9	294.3	296.8	(29.8%)
Credit institutions' resources	1 542.0	1 311.8	1 309.1	(15.1%)
Customers' resources and other loans	28 451.7	28 177.8	27 485.3	(3.4%)
Debts evidenced by certificates	1 391.9	1 077.4	1 010.5	(27.4%)
Technical provisions	4 088.7	3 663.1	3 181.0	(22.2%)
Financial liabilities associated to transferred assets	1 004.2	689.5	674.5	(32.8%)
Hedging derivatives	304.5	161.6	162.4	(46.7%)
Provisions	119.2	99.9	95.0	(20.3%)
Tax liabilities	70.9	92.0	104.3	47.1%
Contingently convertible subordinated bonds				
Other subordinated loans	69.5	69.5	69.5	(0.0%)
Other liabilities	571.3	680.2	649.4	13.7%
Share capital	1 293.1	1 293.1	1 293.1	
Share premium account and reserves	993.8	885.0	998.0	0.4%
Other equity instruments	5.3	5.2	6.0	14.9%
Treasury stock	(13.3)	(12.8)	(12.1)	8.8%
Net profit	30.9	236.4	45.8	48.3%
Shareholders' equity attributable to the shareholders of BPI	2 309.7	2 406.9	2 330.7	0.9%
Minority interests	481.6	428.6	390.7	(18.9%)
Shareholders' equity	**2 791.3**	**2 835.5**	**2 721.5**	**(2.5%)**
Total liabilities and shareholders' equity	**42 347.9**	**40 673.3**	**39 412.1**	**(6.9%)**

1) According to IFRS10, in the 1st quarter 2015 Banco BPI began to consolidate using the full consolidation method the stakes in the unit trust funds BPI Obrigações Mundiais, in Imofomento and in the BPI Strategies.

Domestic activity income statement

Amounts in M.€

	2015					2016	Chg.% 1Q15 / 1Q16
	1Q	2Q	3Q	4Q	2015	1Q	
Net interest income (narrow sense)	70.7	79.9	81.1	84.7	316.4	**85.5**	20.9%
Unit linked gross margin	2.2	3.2	3.7	3.9	13.0	**3.6**	68.6%
Income from securities (variable yield)	0.0	3.6	0.0	1.1	4.7	**0.0**	(2.4%)
Commissions related to deferred cost (net)	4.6	5.3	4.7	6.6	21.1	**5.4**	17.2%
Net interest income	**77.5**	**91.9**	**89.5**	**96.3**	355.2	**94.6**	**21.9%**
Technical results of insurance contracts	10.6	8.8	8.2	4.2	31.8	**7.9**	(25.8%)
Commissions and other similar income (net)	60.1	64.5	64.2	67.2	255.9	**61.0**	1.5%
Gains and losses in financial operations	16.2	6.3	10.9	14.6	47.9	**(3.6)**	(122.0%)
Operating income and charges	(2.7)	(2.7)	(2.2)	(17.1)	(24.7)	**(1.2)**	54.9%
Net operating revenue	**161.8**	**168.8**	**170.5**	**165.1**	666.2	**158.7**	**(1.9%)**
Personnel costs, excluding costs with early-retirements	73.4	74.1	73.2	73.1	293.8	**72.9**	(0.6%)
Outside supplies and services	44.6	45.9	44.6	42.3	177.3	**44.6**	0.0%
Depreciation of fixed assets	4.6	4.6	5.1	5.5	19.8	**5.5**	19.3%
Operating costs, excluding costs with early-retirements	122.5	124.6	122.9	120.8	490.8	**123.0**	0.4%
Costs with early-retirements			4.6	1.9	6.5	**0.6**	
Operating costs	**122.5**	**124.6**	**127.5**	**122.7**	497.3	**123.6**	**0.8%**
Operating profit before provisions	**39.3**	**44.2**	**43.0**	**42.3**	168.8	**35.1**	**(10.6%)**
Recovery of loans written-off	3.0	3.8	6.0	3.5	16.2	**3.9**	29.7%
Loan provisions and impairments	33.4	35.4	21.7	12.9	103.4	**20.1**	(39.6%)
Other impairments and provisions	6.5	7.7	1.1	0.6	15.9	**3.3**	(49.5%)
Profits before taxes	**2.4**	**4.9**	**26.2**	**32.3**	65.8	**15.6**	**n.s.**
Corporate income tax	8.4	1.0	(0.4)	(13.1)	(4.2)	**11.8**	39.9%
Equity-accounted results of subsidiaries	4.1	4.7	5.6	8.8	23.1	**4.1**	1.1%
Minority shareholders' share of profit	0.0	0.0	0.0	0.0	0.0	**0.0**	(20.1%)
Net Income	**(2.0)**	**8.6**	**32.3**	**54.2**	93.1	**7.9**	**n.s.**

n.s. – non-significant.

Domestic activity balance sheet

Amounts in M.€

	31 Mar. 15	31 Dec.15	31 Mar. 16	Chg.% Mar.15/ Mar.16
Assets				
Cash and deposits at central banks	242.9	997.7	1 071.2	340.9%
Amounts owed by credit institutions repayable on demand	351.0	434.4	337.9	(3.8%)
Loans and advances to credit institutions	1 257.4	732.5	826.9	(34.2%)
Loans and advances to Customers	23 102.7	22 788.1	22 645.6	(2.0%)
Financial assets held for dealing	3 069.8	3 147.1	3 012.7	(1.9%)
Financial assets available for sale	4 369.2	3 723.0	3 695.6	(15.4%)
Financial assets held to maturity	28.4	22.4	21.4	(24.5%)
Hedging derivatives	126.3	91.3	46.8	(62.9%)
Investments in associated companies and jointly controlled entities	165.3	146.1	156.5	(5.4%)
Investment properties[1)]	154.8			(100.0%)
Non-current assets held for sale	11.6			(100.0%)
Other tangible assets	59.2	66.0	62.5	5.6%
Intangible assets	20.6	25.5	23.6	14.2%
Tax assets	383.3	411.0	428.4	11.8%
Other assets	691.7	685.9	582.1	(15.8%)
Total assets	**34 034.3**	**33 271.0**	**32 911.2**	**(3.3%)**
Liabilities and shareholders' equity				
Resources of central banks	1 519.8	1 520.7	1 652.8	8.7%
Financial liabilities held for dealing	419.8	268.6	267.5	(36.3%)
Credit institutions' resources	1 921.4	1 895.7	1 963.5	2.2%
Customers' resources and other loans	20 879.6	21 264.8	21 326.2	2.1%
Debts evidenced by certificates	1 391.9	1 077.4	1 010.5	(27.4%)
Technical provisions	4 088.7	3 663.1	3 181.0	(22.2%)
Financial liabilities associated to transferred assets	1 004.2	689.5	674.5	(32.8%)
Hedging derivatives	304.5	161.6	162.4	(46.7%)
Provisions	83.2	73.5	73.2	(12.0%)
Tax liabilities	44.7	51.3	56.6	26.6%
Contingently convertible subordinated bonds				
Other subordinated loans	69.5	69.5	69.5	(0.0%)
Other liabilities	519.2	605.6	572.7	10.3%
Shareholders' equity attributable to the shareholders of BPI	1 785.9	1 927.8	1 899.0	6.3%
Minority interests	1.8	1.8	1.8	(0.3%)
Shareholders' equity	**1 787.7**	**1 929.6**	**1 900.8**	**6.3%**
Total liabilities and shareholders' equity	**34 034.3**	**33 271.0**	**32 911.2**	**(3.3%)**

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

1) According to IFRS10, in the 1st quarter 2015 Banco BPI began to consolidate using the full consolidation method the stakes in the unit trust funds BPI Obrigações Mundiais, in Imofomento and in the BPI Strategies.

International activity income statement

Amounts in M.€

	2015					2016	Chg.% 1Q15 / 1Q16
	1Q	2Q	3Q	4Q	2015	1Q	
Net interest income (narrow sense)	76.7	85.1	72.8	73.6	**308.2**	**73.3**	(4.5%)
Unit linked gross margin							
Income from securities (variable yield)				0.0	**0.0**		
Commissions related to deferred cost (net)	0.0				**0.0**		(100.0%)
Net interest income	**76.7**	**85.1**	**72.8**	**73.6**	**308.2**	**73.3**	**(4.5%)**
Technical results of insurance contracts							
Commissions and other similar income (net)	13.8	17.0	17.5	20.4	**68.7**	**13.1**	(5.4%)
Gains and losses in financial operations	31.3	41.5	47.4	26.4	**146.7**	**55.5**	77.1%
Operating income and charges	(3.5)	(5.3)	(1.0)	1.8	**(7.9)**	**(3.8)**	(8.3%)
Net operating revenue	**118.4**	**138.3**	**136.8**	**122.3**	**515.7**	**138.1**	**16.6%**
Personnel costs	20.8	20.8	21.6	21.8	**85.0**	**21.8**	5.0%
Outside supplies and services	18.1	18.6	16.1	19.2	**71.9**	**15.9**	(11.9%)
Depreciation of fixed assets	4.1	4.2	3.6	4.4	**16.4**	**3.2**	(23.2%)
Operating costs	**43.0**	**43.5**	**41.3**	**45.4**	**173.3**	**40.9**	**(4.8%)**
Operating profit before provisions	**75.4**	**94.7**	**95.4**	**76.9**	**342.4**	**97.2**	**28.9%**
Recovery of loans written-off	0.5	0.5	0.5	0.4	**1.9**	**0.8**	59.9%
Loan provisions and impairments	3.2	15.0	4.8	10.6	**33.6**	**10.5**	226.5%
Other impairments and provisions	0.9	0.9	0.9	0.9	**3.6**	**0.9**	0.6%
Profits before taxes	**71.8**	**79.3**	**90.2**	**65.7**	**307.1**	**86.6**	**20.6%**
Corporate income tax	7.0	9.2	12.5	4.7	**33.3**	**11.7**	67.5%
Equity-accounted results of subsidiaries	1.4	2.6	4.8	1.5	**10.3**	**1.4**	4.5%
Minority shareholders' share of profit	33.4	36.1	40.0	31.3	**140.8**	**38.4**	15.3%
Net Income	**32.8**	**36.7**	**42.5**	**31.2**	**143.3**	**37.9**	**15.4%**

International activity balance sheet

Amounts in M.€

	31 Mar. 15	31 Dec.15	31 Mar. 16	Chg.% Mar.15/ Mar.16
Assets				
Cash and deposits at central banks	1 947.5	1 730.5	1 544.0	(20.7%)
Amounts owed by credit institutions repayable on demand	117.6	345.3	286.7	143.7%
Loans and advances to credit institutions	1 160.7	914.0	864.9	(25.5%)
Loans and advances to Customers	1 988.0	1 493.6	1 311.4	(34.0%)
Financial assets held for dealing	287.1	527.5	830.6	189.3%
Financial assets available for sale	2 957.2	2 786.4	2 168.8	(26.7%)
Financial assets held to maturity				
Hedging derivatives				
Investments in associated companies and jointly controlled entities	57.5	64.3	55.8	(3.0%)
Investment properties				
Non-current assets held for sale				
Other tangible assets	153.3	129.1	106.3	(30.7%)
Intangible assets	2.7	3.7	3.2	15.9%
Tax assets	10.0	9.2	8.9	(11.0%)
Other assets	18.6	18.1	14.1	(24.1%)
Total assets	**8 700.3**	**8 021.7**	**7 194.6**	**(17.3%)**
Liabilities and shareholders' equity				
Resources of central banks				
Financial liabilities held for dealing	3.0	25.7	29.3	n.s.
Credit institutions' resources	0.4	0.3	5.4	n.s.
Customers' resources and other loans	7 572.1	6 913.0	6 159.1	(18.7%)
Debts evidenced by certificates				
Technical provisions				
Financial liabilities associated to transferred assets				
Hedging derivatives				
Provisions	35.9	26.4	21.8	(39.4%)
Tax liabilities	26.2	40.8	47.7	82.1%
Contingently convertible subordinated bonds				
Other subordinated loans				
Other liabilities	59.0	109.7	110.6	87.3%
Shareholders' equity attributable to the shareholders of BPI	523.8	479.0	431.8	(17.6%)
Minority interests	479.8	426.8	388.9	(18.9%)
Shareholders' equity	**1 003.6**	**905.9**	**820.7**	**(18.2%)**
Total liabilities and shareholders' equity	**8 700.3**	**8 021.7**	**7 194.6**	**(17.3%)**

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

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

	31 Mar. 15	31 Mar. 16
Net operating revenue and results of equity accounted subsidiaries / ATA	2.7%	3.0%
Profit before taxation and minority interests / ATA	0.8%	1.1%
Profit before taxation and minority interests / average shareholders' equity (including minority interests)	12.0%	15.7%
Personnel costs / net operating revenue and results of equity accounted subsidiaries [1]	33.0%	31.3%
Operating costs / net operating revenue and results of equity accounted subsidiaries [1]	58.0%	54.2%
Loans in arrears for more than 90 days + doubtful loans / loan portfolio (gross)	4.3%	4.0%
Loans in arrears for more than 90 days + doubtful loans, net of accumulated loan impairments / loan portfolio (net)	0.1%	-0.2%
Non-performing loans ratio [2]	5.4%	5.0%
Non-performing loans ratio [2], net of accumulated loan impairments / loan portfolio (net)	1.3%	0.8%
Restructured loans as % of total loans[3]	6.5%	6.8%
Restructured loans not included in non-performing loans ("credit at risk") as % of total loans[3]	4.4%	4.8%
Total capital ratio (according to Bank of Portugal rules)	10.5% [4)]	10.8% [5)]
Tier I (according to Bank of Portugal rules)	10.5% [4)]	10.8% [5)]
Core Tier I	10.4% [4)]	10.8% [5)]
Loans (net) to deposits ratio	83%	88%

1) Excluding early-retirement costs.

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

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

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

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

ATA = Average total assets.