www.ir.bpi.pt

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

Earnings release

BANCO BPI CONSOLIDATED RESULTS IN THE 1ST HALF 2016

(Unaudited)
Oporto, 26 July 2016

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

- **CONSOLIDATED NET PROFIT INCREASES 39.1% TO 105.9 M.€;**
- **ROE OF 9.1%;**
- **NET INTEREST INCOME INCREASES BY 8.8% (+29.0 M.€);**
- **NET OPERATING REVENUE INCREASES BY 2.6%.**

PERFORMANCE AND RESULTS

- DOMESTIC NET INTEREST INCOME INCREASES BY 17.7%;
- COMMERCIAL BANKING INCOME IN THE DOMESTIC ACTIVITY INCREASES BY 7.9%;
- CONSOLIDATED OPERATING COSTS INCREASE BY 0.9%;
- COST-TO-INCOME RATIO IMPROVES FROM 56.7% TO 56.3%.

RISK

- CREDIT AT RISK RATIO DECREASED FROM 4.9% TO 4.7%;
- COST OF CREDIT RISK DROPS FROM 0.64% TO 0.33%;
- IMPAIRMENTS COVERAGE OF CREDIT AT RISK INCREASES TO 85%.

CAPITAL

- COMMON EQUITY TIER 1 RATIO CRD IV / CRR:
    - PHASING IN: 11.0%;
    - FULLY IMPLEMENTED: 10.1%.

I. BPI GROUP'S CONSOLIDATED RESULTS

Net profit of 105.9 million euro – BANCO BPI (Euronext Lisbon - Reuters BBPI.LS; Bloomberg BPI PL) recorded in the 1st half 2016 a consolidated net profit of 105.9 million euro (M.€). Earnings per share (Basic EPS) were 0.073 € (0.053 € in the 1st half 2015).

The consolidated net profit in the 1st half 2016 (105.9 M.€) is made up of a contribution of 24.5 M.€ from the **domestic activity** (+17.9 M.€ in the 1st half 2015) and a contribution of 81.4 M.€ (+11.8 M.€ than in the 1st half 2015) from the **international activity**.

Consolidated income statement

Amounts in M.€

			Jun.15 / Jun.16	
	Jun.15	**Jun.16**	**Chg. M.€**	**Chg.%**
Net interest income	331.2	360.3	29.0	8.8%
Technical results of insurance contracts	19.4	13.5	(5.9)	-30.4%
Commissions and other similar income (net)	155.4	153.9	(1.5)	-1.0%
Gains and losses in financial operations	95.4	105.2	9.8	10.3%
Other operating income and charges	(14.2)	(30.5)	(16.3)	-115.2%
Net operating revenue	**587.2**	**602.4**	**15.1**	**2.6%**
Personnel costs	189.1	192.0	2.9	1.5%
Outside supplies and services	127.1	127.6	0.6	0.4%
Depreciation of fixed assets	17.5	17.0	(0.5)	-2.9%
Operating costs, excluding costs with early-retirements and changes to the plan (ACT)	**333.6**	**336.6**	**3.0**	**0.9%**
Early-retirements	0.0	47.1	47.1	n.s.
Changes to the plan (ACT)	0.0	(44.3)	(44.3)	n.s.
Operating costs	**333.6**	**339.5**	**5.9**	**1.8%**
Operating profit before provisions	**253.6**	**262.9**	**9.3**	**3.7%**
Recovery of loans written-off	7.8	8.3	0.5	6.5%
Loan provisions and impairments	86.9	47.3	(39.6)	-45.6%
Other impairments and provisions	16.0	35.7	19.7	122.5%
Profits before taxes	**158.4**	**188.2**	**29.8**	**18.8%**
Corporate income tax	25.5	21.5	(4.0)	-15.6%
Equity-accounted results of subsidiaries	12.7	21.4	8.6	67.7%
Minority shareholders' share of profit	69.5	82.1	12.6	18.2%
Net Income	**76.2**	**105.9**	**29.8**	**39.1%**

Return on shareholders' equity (ROE)

The return on shareholders' equity (ROE) was 9.1% in the 1st half 2016.

The return on shareholders' equity in the domestic activity was 2.6% in the 1st half 2016.

In the international activity, in its individual accounts, BFA's posted a return on shareholders' equity (ROE) of 41.9% in the 1st half 2016 and BCI's ROE reached 13.7%. The ROE of the international activity (after consolidation adjustments) stood at 37.4%.

Capital allocation, net income and ROE by business area in the 1st half 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]	1 892.6	785.1	435.1	**2 327.7**
As % of total	81.3%	-	18.7%	**100.0%**
Net income	24.5	164.4	81.4	**105.9**
ROE	**2.6%**	**41.9%**	**37.4%**	**9.1%**

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 June 2016, the Customer loans portfolio (net, consolidated) amounted to 24.0 Bi.€, which corresponded to a year-on-year contraction of 1.4%.

Resources

Total Customer resources decreased by 1.2 Bi.€ year-on-year (-3.3%), 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 June 2016.

Transformation ratio of deposits into loans

At 30 June 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 15.1 M.€ yoy to 602.4 M.€ in the 1st half 2016.

The positive evolution of the net operating revenue is mainly explained by the improvement in net interest income by 29.0 M.€ (+8.8%) to 360.3 M.€ and the increase in the profits from financial operations by 9.8 M.€ (+10.3%) to 105.2 M.€. Commissions amounted to 153.9 M.€ (-1% vs. Jun.15) and Other operating income and charges were negative at 30.5 M.€, which includes 18.1 M.€ of the annual contribution to the Resolution Fund.

Consolidated operating costs, excluding non-recurring costs, increased by 0.9% (+3.0 M.€).

The consolidated efficiency ratio – operating costs as a percentage of net operating revenue -, excluding non-recurring costs, improves from 56.7% in the 1st half 2015 to 56.3% in the 1st half 2016.

Quality of the loan portfolio

At 30 June 2016, the ratio of Customer loans in arrears for more than 90 days stood at 3.6% in the consolidated accounts. The credit at risk [2] ratio decreased to 4.7%.

The accumulated impairment allowances in the balance sheet covered at 111% the loans in arrears for more than 90 days and at 85% the credit at risk.

Loan portfolio quality – consolidated accounts

Amounts in M.€

	Jun. 15		Dec. 15		Jun. 16	
	M.€	% of loan portfolio [1)]	M.€	% of loan portfolio [1)]	M.€	% of loan portfolio [1)]
Loans in arrears (+90 days)	963.8	3.8%	908.2	3.6%	898.4	3.6%
Credit at risk (consolidation perimeter IAS/IFRS) [2)]	1 235.2	4.9%	1 158.1	4.6%	1 174.6	4.7%
Loans impairments (in the balance sheet)	1 035.4	4.1%	1 012.8	4.0%	998.5	4.0%
Write offs (in the period)	99.6		169.2		43.7	
Note:						
Gross loan portfolio	25 289.2		25 260.3		24 926.3	

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 Jun. 2016 the credit at risk amounts to 1174.6 M.€ and the credit at risk ratio to 5.0%.

Cost of credit risk

Loan impairment charges decreased from 86.9 M.€ in the 1st half 2015 to 47.3 M.€ in the 1st half 2016 (-39.6 M.€). The ratio of loan impairments as percentage of the loan portfolio decreased from 0.70% to 0.39%, in annualised terms.

On the other hand, arrear loans and interest previously written off of 8.3 M.€ were recovered (0.07% of the loan portfolio), with the result that impairments after deducting the abovementioned recoveries amounted to 39.0 M.€ in the 1st half 2016 (79.1 M.€ in the 1st half 2015), which represents 0.33% of the loan portfolio, in annualised terms and an improvement relatively to the 0.64% recorded in the 1st half 2015.

Loan portfolio quality

Amounts in M.€

	Jun. 15		Jun. 16	
	M.€	**% of loan portfolio[1)]**	**M.€**	**% of loan portfolio[1)]**
Loan impairments	86.9	0.70%	47.3	0.39%
Recovery of loans and interest in arrears written-off	7.8	0.06%	8.3	0.07%
Loan impairments, after deducting the recovery of loans and interest in arrears written-off	**79.1**	**0.64%**	**39.0**	**0.33%**

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

II. CAPITAL

Common Equity Tier 1 capital ratio

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

- CET1 phasing in (rules for 2016): 11.0%;
- CET1 fully implemented: 10.1%.

Own funds and own funds requirements

Amounts in M.€

	CRD IV / CRR Phasing in			CRD IV / CRR Fully implemented		
	30 Jun. 15 (rules for 2015)	31 Dec. 15 (rules for 2015)	30 Jun. 16 (rules for 2016)	30 Jun. 15	31 Dec. 15	30 Jun. 16
Common Equity Tier 1 capital	2 528.9	2 574.3	2 566.2	2 181.4	2 313.4	2 352.6
Risk weighted assets	24 178.1	23 702.3	23 343.4	24 114.3	23 652.8	23 272.9
Common Equity Tier 1 ratio	**10.5%**	**10.9%**	**11.0%**	**9.0%**	**9.8%**	**10.1%**

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 11.1%;
- CET1 fully implemented amounted to 1.6 Bi.€ and corresponded to a CET1 ratio of 10.4%.

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 10.7%;
- CET1 fully implemented amounted to 0.7 Bi.€ and corresponded to a CET1 ratio of 9.6%.

Leverage and Liquidity ratios

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

- Leverage ratio *phasing in*: 7.1%
- Leverage ratio *Fully implemented*: 6.7%

- Liquidity Coverage Ratio (LCR) *fully implemented*: 156%
- Net Stable Funding Ratio (NSFR) *fully implemented*: 115%

III. DOMESTIC ACTIVITY RESULTS

Net income

The net income from domestic operations in the 1st half 2016 was positive by 24.5 M.€, which compares with a net income of 6.6 M.€ in the 1st half 2015.

Income statement

Amounts in M.€

			Jun.15 / Jun.16	
	Jun.15	**Jun.16**	**Chg. M.€**	**Chg.%**
Net interest income	169.5	199.5	30.0	17.7%
Technical results of insurance contracts	19.4	13.5	(5.9)	-30.4%
Commissions and other similar income (net)	124.6	125.2	0.6	0.5%
Gains and losses in financial operations	22.5	25.1	2.6	11.5%
Other operating income and charges	(5.4)	(19.6)	(14.2)	-263.5%
Net operating revenue	**330.6**	**343.7**	**13.2**	**4.0%**
Personnel costs	147.5	148.5	1.0	0.7%
Outside supplies and services	90.4	93.3	2.9	3.2%
Depreciation of fixed assets	9.2	10.8	1.6	17.0%
Operating costs, excluding costs with early-retirements and changes to the plan (ACT)	**247.1**	**252.6**	**5.5**	**2.2%**
Early-retirements	0.0	47.1	47.1	n.s.
Changes to the plan (ACT)	0.0	(44.3)	(44.3)	n.s.
Operating costs	**247.1**	**255.5**	**8.3**	**3.4%**
Operating profit before provisions	**83.5**	**88.3**	**4.8**	**5.8%**
Recovery of loans written-off	6.8	7.2	0.4	5.2%
Loan provisions and impairments	68.7	35.8	(32.9)	-47.9%
Other impairments and provisions	14.2	33.9	19.6	137.9%
Profits before taxes	**7.3**	**25.8**	**18.5**	**253.0%**
Corporate income tax	9.4	19.0	9.6	101.7%
Equity-accounted results of subsidiaries	8.7	17.7	9.0	103.1%
Minority shareholders' share of profit	0.0	0.0	0.0	5.3%
Net Income	**6.6**	**24.5**	**17.9**	**271.3%**

Resources and loans

Resources

Total Customer resources in the domestic activity (on-balance sheet and off-balance sheet) stood at 28.0 Bi.€ at the end of June 2016, decreasing by 2.0% year-on-year (-566 M.€).

Customers resources

Amounts in M.€

	Jun.15	Dec.15	Jun.16	Chg.% Jun.15/ Jun.16
On-balance sheet resources				
Sight deposits	7 813.3	8 851.9	9 517.5	21.8%
Term deposits	11 319.0	9 925.3	9 520.3	(15.9%)
Customers' deposits	19 132.3	18 777.2	19 037.8	(0.5%)
Retail bonds	480.2	336.2	190.7	(60.3%)
Subtotal	19 612.5	19 113.3	19 228.5	(2.0%)
Capitalisation insurance and PPR (BPI Vida) and other	5 951.1	5 875.4	4 860.8	(18.3%)
On-balance sheet resources	**25 563.6**	**24 988.7**	**24 089.3**	**(5.8%)**
Off-balance sheet resources[1)]	3 284.3	4 474.2	4 494.4	36.8%
Corrections for double counting[2)]	(269.9)	(654.0)	(572.1)	
Total Customer resources[3)]	**28 578.0**	**28 808.9**	**28 011.6**	**(2.0%)**
Total Customer resources excluding placements of pension funds under management	28 256.5	28 504.3	27 674.4	(2.1%)

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 decreased by 0.5% yoy (-94 M.€) to 19.0 Bi.€ at the end of June 2016.

Capitalisation insurance registered a decrease of 18.3% (-1.1 Bi.€) and the off-balance sheet resources (unit trust funds, Retirements savings – PPR - and equity savings – PPA - plans) increased by 36.8% (+1.2 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 0.9% (-0.2 Bi.€).

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

- loans to large and medium-sized companies increase by 11.5%, i.e., +0.4 Bi.€[1]
- loans to small businesses increase by 13.3% (+0.2 Bi.€).
- the portfolio of mortgage loans decreases by 1.0% (-0.1 Bi.€), but presents a significant growth in new loans contracted (+72.5% in the 1st half of 2016 over the same period last year).

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.€

	Jun.15	Dec.15	Jun.16	Chg.% Jun.15/ Jun.16
Corporate banking	**3 640.5**	**3 831.7**	**4 057.7**	**11.5%**
Large companies	1 380.0	1 445.5	1 583.8	14.8%
Medium-sized companies	2 260.5	2 386.2	2 473.9	9.4%
Project Finance - Portugal	**1 146.8**	**1 161.0**	**1 117.0**	**(2.6%)**
Madrid branch	**1 026.6**	**943.6**	**877.0**	**(14.6%)**
Project Finance	590.8	557.3	511.2	(13.5%)
Corporates	435.9	386.3	365.8	(16.1%)
Public Sector	**1 408.6**	**1 358.8**	**1 496.3**	**6.2%**
Central Administration	210.1	204.8	197.4	(6.0%)
Regional and local administrations	809.5	774.6	820.2	1.3%
State Corporate Sector - in the budget perimeter	42.1	51.8	55.0	30.7%
State Corporate Sector - outside the budget perimeter	314.9	267.4	394.6	25.3%
Other Institutional	32.2	60.2	29.2	(9.3%)
Individuals and Small Businesses Banking	**13 261.4**	**13 364.4**	**13 433.4**	**1.3%**
Mortgage loans to individuals	10 893.3	10 813.9	10 787.7	(1.0%)
Loans contracted before 2011	9 471.4	9 115.7	8 755.9	(7.6%)
Loans contracted in 2011 and thereafter	1 422.0	1 698.1	2 031.8	42.9%
Consumer credit / other purposes	553.2	576.2	614.4	11.1%
Credit Cards	156.5	164.7	154.5	(1.3%)
Car financing	132.5	136.2	148.6	12.2%
Small businesses	1 525.9	1 673.5	1 728.3	13.3%
BPI Vida	**1 939.1**	**1 724.9**	**1 325.3**	**(31.7%)**
Loans in arrears net of impairments	**10.4**	**- 30.0**	**- 35.3**	**(438.2%)**
Other	**474.3**	**433.6**	**423.1**	**(10.8%)**
Total	**22 907.8**	**22 788.1**	**22 694.6**	**(0.9%)**

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 June 2016, the portfolio of financial assets available for sale amounted to 3.8 Bi.€, at market prices. The fair value reserve (before deferred taxes) was positive by 4 M.€.

At 30 June 2016 the portfolio of financial assets available for sale was comprised by 2.4 Bi.€ of EU sovereign short term debt (1.5 Bi.€ of Portuguese Treasury Bills, 485 M.€ of Spanish debt and 420 M.€ of Italian debt), 332 M.€ of Portuguese Treasury Bonds, 557 M.€ of MLT Italian public debt, 164 M.€ of corporate bonds, 116 M.€ of equities and 189 M.€ of participating units.

Portfolio of assets available for sale

Amounts in M.€

M.€	31 Dec. 15					30 Jun. 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**	3 217	3 283	82	- 93	**- 11**
Portugal	1 746	1 778	34	- 36	**- 2**	1 808	1 821	24	- 34	**- 9**
Of which										
TBonds	320	351	34	- 36	**- 2**	319	332	25	- 34	**- 9**
TBills	1 426	1 427	0		**0**	1 489	1 488	0		**0**
Italy	505	562	61	- 63	**- 3**	505	557	57	- 60	**- 2**
T-Bills Spain	440	440	0		**0**	485	485	0		**0**
T-Bills Italy	390	390	0		**0**	420	420	0		**0**
Corporate Bonds	234	227	- 15	- 6	**- 21**	186	164	- 8	- 2	**- 10**
Equities	134	133	46		**46**	138	116	24		**24**
Other	244	194	- 1		**- 1**	243	189	0		**0**
Total	**3 693**	**3 723**	**126**	**- 106**	**20**	**3 784**	**3 752**	**99**	**- 95**	**4**

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 June 2016, corresponding entirely to funds raised under the TLTRO.

At the end of June 2016 BPI still had 5.9 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 0.8 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 343.7 M.€ in the 1st half 2016, which corresponds to an increase of 13.2 M.€ (+4.0%) relative to the 1st half 2015.

That amount is essentially composed of captions with a more recurring nature: net interest income amounted to 199.5 M.€ (+30.0 M.€ than in the 1st half 2015), commissions amounted to 125.2 M.€ (+0.6 M.€ than in the 1st half 2015) and the technical results of insurance contracts amounted to 13.5 M.€. The sum of these captions – designated by commercial banking income – increased by 7.9% (+24.7 M.€) yoy.

Profits from financial operations amounted to 25.1 M.€ in the 1st half 2016 (22.5 M.€ in the 1st half 2015) and Other operating income and charges were negative at 19.6 M.€, which includes 18.1 M.€ of the annual contribution to the Resolution Fund.

Net interest income in the domestic activity increased by 17.7% (+30.0 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 1.1% in the 2nd quarter 2015 to 0.3% in the 2nd 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 background of Euribor interest rates at historical minimums, close to zero, 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.

Commissions (net) increased by 0.5% (+0.6 M.€).

Net commissions and fees

Amounts in M.€

	30 Jun. 15	30 Jun. 16	Chg. M.€	Chg.%
Commercial banking	99.8	102.6	+2.8	2.8%
Asset management	20.4	19.8	- 0.6	(3.1%)
Investment banking	4.4	2.9	- 1.5	(34.6%)
Total	**124.6**	**125.2**	**+0.6**	**0.5%**

Profits from financial operations amounted to 25.1 M.€ in the 1st half 2016, which compares with 22.5 M.€ in the 1st half 2015. In the 1st half of 2016 profits from financial operations include equities gains of 22.9 M.€ (before taxes) from the merger operation of Visa Europe into Visa Inc.

Equity-accounted results of subsidiaries

The equity-accounted results of subsidiaries in domestic operations amounted to 17.7 M.€ in the 1st half 2016, increasing by 9.0 M.€ over the same period last year.

The contribution of the subsidiaries from the insurance sector amounted to 6.9 M.€ (contribution of 4.9 M.€ from Allianz Portugal and 2.1 M.€ from Cosec).

The contribution of the participation in Unicre amounted to 10.8 M.€, benefiting from gains from the merger operation of Visa Europe into Visa Inc (gain of 8.6 M.€ after taxes, proportional to the value of the participation of BPI in Unicre).

Equity-accounted earnings Amounts in M.€

	30 Jun. 15	30 Jun. 16	Chg. M.€
Insurance companies	7.0	6.9	- 0.0
Allianz Portugal	4.9	4.9	- 0.1
Cosec	2.1	2.1	+0.0
Unicre	1.9	10.8	+8.9
Other	(0.2)	0.0	+0.2
Total	**8.7**	**17.7**	**+9.0**

Operating costs

Recurrent operating costs remained stable (+0.2% or +0.4 M.€ yoy).

Operating costs as reported, increased by 3.4% (+8.3 M.€). It included in the 1st half 2016 non-recurring costs in the amount of 7.9 M.€:

- Cost with consultants of 5.1 M.€
- Costs with early retirements of 47.1 M.€ corresponding to 252 early retirements, of which 12 took place in the 1st half of 2016 and the remaining 240 will occur until the end of this year;
- Gain of 44.3 M.€ with the changes to the plan following the revision of the Collective Labour Agreement of the Banking Sector (ACT).

Operating costs Amounts in M.€

	30 Jun.15	30 Jun.16	Chg. M.€	Chg.%
Personnel costs	147.5	148.5	+1.0	0.7%
Outside supplies and services	90.4	88.3	- 2.1	(2.4%)
Depreciation of fixed assets	9.2	10.8	+1.6	17.0%
Operating costs, excluding non recurring costs	**247.1**	**247.5**	**+0.4**	**0.2%**
Costs with consultants	0.0	5.1	+5.1	
Early-retirements	0.0	47.1	+47.1	
Changes to the plan (ACT)	0.0	-44.3	- 44.3	
Operating costs	**247.1**	**255.5**	**+8.3**	**3.4%**
Operating costs as a % of net operating revenue [1)]	74.4%	75.0%		

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

Recurrent personnel costs increased by 1.0 M.€ (0.7%), third-party supplies and services were down by 2.1 M.€ (-2.4%) and depreciation and amortization increased by 1.6 M.€ (+17.0%) yoy.

The efficiency ratio in domestic operations – operating costs as a percentage of net operating revenue – (excluding non-recurring profits and costs with), stood at 75.0% in the 1st half 2016.

Cost of credit risk

Loan impairments decreased by 32.9 M.€, from 68.7 M.€ in the 1st half 2015 to 35.8 M.€ in the 1st half 2016. The indicator loan impairment allowances as a percentage of the loan portfolio's average balance was situated at 0.32% in the 1st half 2016 (0.60% in the 1st half 2015), in annualised terms.

On the other hand, arrear loans and interest of 7.2 M.€ previously written off were recovered in the 1st half 2016, with the result that impairments after deducting the abovementioned recoveries amounted to 28.6 M.€ (61.9 M.€ in the 1st half 2015), which represents 0.25% of the loan portfolio in annualised terms (0.54% in the 1st half 2015).

Cost of credit risk

Amounts in M.€

	Jun. 15		Jun. 16	
	M.€	**% of loan portfolio[1)]**	**M.€**	**% of loan portfolio[1)]**
Loan impairments	68.7	0.60%	35.8	0.32%
Recovery of loans and interest in arrears written-off	6.8	0.06%	7.2	0.06%
Loan impairments, after deducting the recovery of loans and interest in arrears written-off	**61.9**	**0.54%**	**28.6**	**0.25%**

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

Quality of the loan portfolio

At 30 June 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 109% in June 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 4.7% in June 2016. The accumulated impairment allowances in the balance sheet represented 83% 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

	Jun. 15		Dec. 15		Jun. 16	
	M.€	% of loan portfolio 1)	M.€	% of loan portfolio 1)	M.€	% of loan portfolio 1)
Loans in arrears (+90 days)	896.6	3.8%	841.4	3.6%	846.2	3.6%
Credit at risk (consolidation perimeter IAS/IFRS) 2)	1 142.4	4.8%	1 070.9	4.5%	1 104.5	4.7%
Loans impairments (in the balance sheet)	932.2	3.9%	906.7	3.8%	918.3	3.9%
Write offs (in the period)	99.6		162.0		20.1	
Note:						
Gross loan portfolio	23 807.1		23 668.1		23 588.1	

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 Jun. 2016 the credit at risk amounts to 1104.5 M.€ and the credit at risk ratio to 5.0%.

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

	Jun.15			Dec.15			Jun.16		
	M.€	% of loan portfolio 1)	Impair-ments coverage	M.€	% of loan portfolio 1)	Impair-ments coverage	M.€	% of loan portfolio 1)	Impair-ments coverage
Corporate banking	583.7	7.6%	89%	525.0	6.8%	96%	574.2	7.2%	92%
Individuals Banking	555.9	4.0%	72%	543.2	3.9%	71%	525.9	3.8%	71%
Mortgage loans	391.0	3.5%	62%	375.0	3.4%	62%	363.8	3.3%	61%
Other loans to individuals	38.6	4.4%	101%	40.0	4.4%	101%	43.1	4.5%	102%
Small businesses	126.3	7.7%	96%	128.2	7.2%	89%	119.0	6.5%	92%
Other	2.8	0.1%		2.8	0.1%		4.4	0.3%	
Domestic activity	**1 142.4**	**4.8%**	**82%**	**1 070.9**	**4.5%**	**85%**	**1 104.5**	**4.7%**	**83%**

1) As % of the gross loan portfolio

Impairments for foreclosure properties

At 30 June 2016, foreclosed properties amounted to 142.9 M.€, in terms of gross balance sheet value. The accumulated amount of impairment allowances for foreclosed properties of 29.3 M.€, covered 20.5% of their gross balance sheet value. The net value of these properties was therefore 113.7 M.€, which compared to a market value of these properties, according to the valuation of the Bank, of 141.0 M.€.

Real estate loans recovery at 30 June 2016

Amounts in M.€

	Gross value	Coverage by impairments		Net value	Appraisal
		Amount	%		
Mortgage	56.7	2.1	3.7%	**54.6**	68.5
Other	86.2	27.1	31.5%	**59.1**	72.5
Total	**142.9**	**29.3**	**20.5%**	**113.7**	**141.0**

Other impairments and provisions

Other impairments and provisions stood at 33.9 M.€ in the 1st half of 2016 and include impairments in bonds of PT International Finance (Oi Group) in the amount of 20.2 M.€.

Employee pension liabilities

At 30 June 2016 BPI's pension liabilities amounted to 1 306 M.€ and are 98% covered by the pension fund.

Financing of pension liabilities

Amounts in M.€

	Jun.15	Dec.15	Jun.16
Pension obligations	1 279.0	1 279.9	1 306.3
Pension funds[1)]	1 354.3	1 392.3	1 285.1
Financing surplus	75.3	112.4	(21.3)
Cover of pension obligations	**105.9%**	**108.8%**	**98.4%**
Total actuarial deviations[2)]	(79.9)	(40.5)	(165.4)
Pension fund return[3)]	9.9%	14.0%	-6.7%

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 -6.7% in the 1st half 2016.

It should be pointed out that, up till the end of June 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 6.4%, 9.0% and 8.0%, 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.13	Jun.14	Dec.14	Dec.15	Jun.16
Discount rate - current employees	4.33%	3.83%	2.83%	2.83%	2.50%
Discount rate - retirees	3.50%	3.00%	2.00%	2.00%	2.50%
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 81.4 M.€ in the 1st half 2016 (+17.0% over the 69.6 M.€ obtained in the 1st half 2015).

Main contributions to net profit from international activity corresponded to:

- BFA's contribution of 79.1 M.€[1], relating to the appropriation of 50.1% of its individual net profit, which was 18.2% higher than the contribution in the 1st half 2015 (66.9 M.€). Minority interests of 82.0 M.€ were recognised in BFA's net profit (69.4 M.€ in the 1st half 2015).
- BCI's (Mozambique) contribution of 3.3 M.€ relating to the appropriation of 30% of its individual net profit (recognised using the equity-method), which decreased 9.5% relative to the contribution in the 1st half 2015 (3.7 M.€).

Income statement

Amounts in M.€

			Jun.15 / Jun.16	
	Jun.15	**Jun.16**	**Chg. M.€**	**Chg.%**
Net interest income	161.8	160.8	(1.0)	-0.6%
Technical results of insurance contracts	0.0	0.0	0.0	0.0%
Commissions and other similar income (net)	30.8	28.7	(2.1)	-7.0%
Gains and losses in financial operations	72.9	80.1	7.2	9.9%
Other operating income and charges	(8.8)	(10.9)	(2.2)	-24.5%
Net operating revenue	**256.7**	**258.6**	**2.0**	**0.8%**
Personnel costs	41.6	43.5	1.9	4.6%
Outside supplies and services	36.6	34.3	(2.4)	-6.4%
Depreciation of fixed assets	8.3	6.2	(2.1)	-24.9%
Operating costs	**86.5**	**84.0**	**(2.5)**	**-2.9%**
Operating profit before provisions	**170.1**	**174.6**	**4.5**	2.6%
Recovery of loans written-off	1.0	1.1	0.2	16.1%
Loan provisions and impairments	18.2	11.5	(6.7)	-36.7%
Other impairments and provisions	1.8	1.8	0.0	0.9%
Profits before taxes	**151.1**	**162.4**	**11.3**	**7.5%**
Corporate income tax	16.1	2.6	(13.6)	-84.0%
Equity-accounted results of subsidiaries	4.0	3.6	(0.4)	-9.5%
Minority shareholders' share of profit	69.4	82.0	12.6	18.2%
Net Income	**69.6**	**81.4**	**11.8**	**17.0%**

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 41.9% in the 1st half 2016 and BCI's return on the average Shareholders' equity reached 13.7%.

The return on the average Shareholders' equity allocated to the international activity, after consolidation adjustments, i.e. after the impact of taxes on dividends, stood at 37.4% in the 1st half 2016.

Customer resources and loans

Total Customer resources in the international activity, measured in euro (consolidation currency), recorded a year-on-year decrease of 9.1%, to 6 101 M.€ in June 2016.

The year-on-year evolution of deposits expressed in euro is penalized by the 27% 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 14.8% yoy (a 15.0% decrease when expressed in euro) and Customer resources in kwanzas (representing c. 2/3 of total resources) increased by 28.2% yoy (a 6.4% decrease when expressed in euro).

Customers resources

Amounts in M.€

	Jun.15	Dec.15	Jun.16	Chg.% Jun.15/ Jun.16
Sight deposits	3 586.3	4 045.3	3 597.7	0.3%
Term deposits	3 124.8	2 814.7	2 503.0	(19.9%)
Total	**6 711.1**	**6 860.0**	**6 100.7**	**(9.1%)**

The loans to Customers portfolio, expressed in euro, decreased by 9.3%, from 1 389 M.€ in June 2015, to 1 260 M.€ in June 2016.

When expressed in the currency they were granted, the loan portfolio in USD (1/2 of the total) decreased by 10.4% yoy (a 10.6% decrease when expressed in euro) and the loan portfolio in kwanzas (1/2 of the total) grew by 26% yoy (a 7.9% decrease when expressed in euro).

Loans to Customers

Amounts in M.€

	Jun.15	Dec.15	Jun.16	Chg.% Jun.15/ Jun.16
Performing loans	1 395.1	1 498.5	1 264.2	(9.4%)
Loans in arrears	70.9	72.4	53.3	(24.8%)
Loan impairments	(92.8)	(98.7)	(78.0)	(16.0%)
Interests and other	16.1	21.3	20.8	29.2%
Total	**1 389.3**	**1 493.6**	**1 260.3**	**(9.3%)**
Guarantees	503.6	385.7	236.2	

Securities portfolio

At 30 June 2016, BFA's securities portfolio totalled 3 150 M.€ or 44% of the Bank's assets. The portfolio of short-term securities, comprising Treasury Bills, amounted to 1 026 M.€ at the end of June (+9 M.€ relative to June 2015) and the Treasury Bonds portfolio amounted to 2 097 M.€ (-325 M.€ relative to June 2015).

Customers

The number of Customers has increased by 9.7%, from 1.4 million Customers in June 2015 to 1.5 million Customers in June 2016.

Physical distribution network

The distribution network in Angola increased 1.6% over June 2015. Three new branches were opened over the last 12 months (all in 2015). At the end of June 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 23.8% market share in June 2016 in terms of valid debit cards. At the end of June 2016, BFA had 1 113 thousand valid debit cards (Multicaixa cards) and 15 842 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 June 2016, of which 561 thousand are individuals) and an extensive terminal network with 374 ATM and 9 337 active point-of-sale (POS) terminals connected to the EMIS network, corresponding to market shares of 13.7% (ranking 2nd) and 26.4% (ranking 1st), respectively.

Number of employees

BFA's workforce at the end of June 2016 stood at 2 619 employees, which represents an increase in staff of 60 (+2.3%) relative to the staff complement in June 2015. At the end of June 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 258.6 M.€ in the 1st half 2016, corresponding to an increase of 0.8% yoy (+2.0 M.€).

This evolution is explained by the maintenance of net interest income in an amount close to the same period last year (-0.6%), by the increase in profits from financial operations (+7.2 M.€), whereas the commissions have decreased in the period by -2.1 M.€.

Operating costs have decreased by 2.5 M.€ (-2.9%)[1] over the 1st half 2015. Personnel costs increased by 1.9 M.€, third-party supplies and services decreased by 2.4 M.€ and depreciation and amortization fell by 2.1 M.€.

The ratio "operating costs as percentage of net operating revenue" stood at 32.5% in the 1st half 2016.

Cost of credit risk

In the international activity, loan provision charges were 11.5 M.€ in the 1st half 2016, which corresponded to 1.7% of the average performing loan portfolio, in annualised terms.

On the other hand, 1.1 M.€ of loans and interests in arrears, previously written-off, were recovered.

Loan provisions, deducted from recoveries of loans in arrears, have thus reached 10.4 M.€ in the 1st half 2016, corresponding to 1.6% of the average performing loan portfolio, in annualised terms.

Loan impairments and recoveries

Amounts in M.€

	Jun. 15		Jun. 16	
	M.€	**% of loan portfolio[1)]**	**M.€**	**% of loan portfolio[1)]**
Loan impairments	18.2	1.92%	11.5	1.74%
Recovery of loans and interest in arrears written-off	1.0	0.10%	1.1	0.17%
Loan impairments, after deducting the recovery of loans and interest in arrears written-off	**17.2**	**1.82%**	**10.4**	**1.57%**

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

At 30 June 2016, the ratio of Customer loans in arrears for more than 90 days stood at 3.9%. The provisioning coverage of loans in arrears for more than 90 days stood, at the end of June 2016, at 154%.

The credit at risk ratio, calculated in accordance with Bank of Portugal Instruction 23/2011, stood at 5.2% at the end of June 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. The Euro / USD exchange rate has remained relatively stable over the period (the USD depreciated 0.3% against the euro, when comparing the average exchange rate in the 1st half 2016 to the 1st half of 2015) and therefore the currency effect on the yoy evolution of costs expressed in Euro was not significant.

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

	Jun. 15		Dec. 15		Jun. 16	
	M.€	% of loan portfolio 1)	M.€	% of loan portfolio 1)	M.€	% of loan portfolio 1)
Loans in arrears (+90 days)	67.2	4.5%	66.8	4.2%	52.2	3.9%
Credit at risk (consolidation perimeter IAS/IFRS)	92.7	6.3%	87.1	5.5%	70.1	5.2%
Loans impairments (in the balance sheet)	103.2	7.0%	106.1	6.7%	80.2	6.0%
Write offs (in the period)			7.3		23.6	
Note:						
Gross loan portfolio	1 482.1		1 592.2		1 338.2	

1) As % of the gross loan portfolio

Equity-accounted results of subsidiaries

In the international activity, the equity-accounted earnings of subsidiaries amounted to 3.6 M.€ in June 2016 (-0.4 M.€ over June 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 21.4%[2] yoy decrease in net total assets. Customer deposits fell by 22.4%[2] year-on-year, to 1 373 M.€ at the end of June 2016, while the Customer loan portfolio decreased 23.2%[2] year-on-year, to 1 122 M.€. BCI market shares in deposits and loans, at the end of May 2016, reached 28.6% and 30.5%, respectively.

At the end of June 2016, BCI served 1.4 million clients (+20.0% relative to June 2015) through a network of 193 branches (+22 than one year before), representing 31.4% of the total Mozambican banking system distribution network. The staff complement reached 3 046 Employees at the end of June 2016 (+11.1% than in June 2015).

INDEX

Contact for Analysts and Investors

Investor Relations Officer

Ricardo Araújo

Tel. direct: (351) 22 607 31 19

Fax: direct: (351) 22 600 47 38

e-mail: luis.ricardo.araujo@bancobpi.pt

1) BCI's total contribution to consolidated net profit was 3.7 M.€ in the 1st half 2015 and 3.3 M.€ in the 1st half 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" (0.3 M.€ in the 1st half 2015 and 0.3 M.€ in the 1st half 2016).

2) Expressed in USD, net total assets decrease by 22.1%, deposits decrease by 23.1% and the loan portfolio decreases by 23.9%.

V. ANNEXES

Leading indicators

Amounts in M.€

	Domestic activity			International activity			Consolidated		
	Jun.15	Jun.16	Chg.%	Jun.15	Jun.16	Chg.%	Jun.15	Jun.16	Chg.%
Net income, efficiency and profitability									
Net income (as reported)	6.6	**24.5**	271.3%	69.6	**81.4**	17.0%	76.2	**105.9**	39.1%
Net income (as reported) per share (EPS)	0.005	**0.017**	271.1%	0.048	**0.056**	17.0%	0.053	**0.073**	39.0%
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)]	74.4%	**75.0%**		33.7%	**32.5%**		56.7%	**56.3%**	
Return on average total assets (ROA)	0.0%	**0.1%**		3.3%	**4.5%**		0.7%	**1.0%**	
Return on Shareholders' equity (ROE)	0.8%	**2.6%**		28.7%	**37.4%**		6.8%	**9.1%**	
Balance sheet									
Net total assets [3)]	34 261	**32 378**	(5.5%)	7 859	**7 154**	(9.0%)	41 434	**38 857**	(6.2%)
Loans to Customers	22 908	**22 695**	(0.9%)	1 389	**1 260**	(9.3%)	24 297	**23 955**	(1.4%)
Deposits	19 132	**19 038**	(0.5%)	6 711	**6 101**	(9.1%)	25 843	**25 139**	(2.7%)
On-balance sheet Customer resources	25 564	**24 089**	(5.8%)	6 711	**6 101**	(9.1%)	32 275	**30 190**	(6.5%)
Off-balance sheet Customer resources[4)]	3 284	**4 494**	36.8%				3 284	**4 494**	36.8%
Total Customer resources[5)]	28 578	**28 012**	(2.0%)	6 711	**6 101**	(9.1%)	35 289	**34 112**	(3.3%)
Loans to deposits ratio (Instruction 23/2011 BoP)	102%	**108%**		21%	**21%**		82%	**88%**	
Asset quality									
Loans in arrears for more than 90 days	897	**846**	(5.6%)	67	**52**	(22.3%)	964	**898**	(6.8%)
Ratio of loans in arrears [6)]	3.8%	**3.6%**		4.5%	**3.9%**		3.8%	**3.6%**	
Impairments cover of loans in arrears [6)]	104%	**109%**		154%	**154%**		107%	**111%**	
Credit at risk (consolidation perimeter IAS/IFRS) [7)]	1 142	**1 104**	(3.3%)	93	**70**	(24.3%)	1 235	**1 175**	(4.9%)
Ratio of credit at risk (consolidation perimeter IAS/IFRS) [7)]	4.8%	**4.7%**		6.3%	**5.2%**		4.9%	**4.7%**	
Impairments cover of credit at risk (consolidation perimeter IAS/IFRS) [7)]	82%	**83%**		111%	**114%**		84%	**85%**	
Cost of credit risk [8)]	0.54%	**0.25%**		1.82%	**1.57%**		0.64%	**0.33%**	
Pension liabilities									
Employees pension liabilities	1 279	**1 306**	2.1%				1 279	**1 306**	2.1%
Employees pension funds assets	1 354	**1 285**	(5.1%)				1 354	**1 285**	(5.1%)
Cover of pension obligations [9)]	106%	**98%**					106%	**98%**	
Capital									
Shareholders' equity and minority interests	1 784	**1 885**	5.7%	837	**795**	(5.0%)	2 621	**2 680**	2.3%
CRD IV/CRR phasing in									
Common Equity Tier I							2 529	**2 566**	
Risk weighted assets							24 178	**23 343**	
Common Equity Tier I ratio							10.5%	**11.0%**	
Leverage ratio							6.1%	**7.1%**	
LCR = Liquidity coverage ratio							139%	**156%**	
NSFR = Net Stable Funding Ratio							106%	**115%**	
CRD IV/CRR fully implemented									
Common Equity Tier I							2 181	**2 353**	
Risk weighted assets							24 114	**23 273**	
Common Equity Tier I ratio							9.0%	**10.1%**	
Leverage ratio							5.5%	**6.7%**	
LCR = Liquidity coverage ratio							139%	**156%**	
NSFR = Net Stable Funding Ratio							106%	**115%**	
Distribution network and staff									
Distribution network [10)]	649	**570**	(12.2%)	188	**191**	1.6%	837	**761**	(9.1%)
BPI Group staff[11)]	5 952	**5 845**	(1.8%)	2 580	**2 639**	2.3%	8 532	**8 484**	(0.6%)

1) Average outstanding number of shares, deducted of treasury stock.
2) Operating costs as % of net operating revenue.
3) The total assets for each of the geographical segments presented above has not been corrected for the balances resulting from operations between these
4) Unit trust funds, PPR and PPA (excludes pension funds).
5) Corrected for double counting: placements of unit trust funds managed by BPI in the Group's deposits, structured products and unit trust funds.
6) Loans in arrears for more than 90 days.
7) Calculated in accordance with 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.

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 Jun.16).
11) Excludes temporary workers.

Consolidated income statement

Amounts in M.€

	2015						2016			Chg.% 1H15 / 1H16
	1Q	2Q	**1H**	3Q	4Q	2015	1Q	2Q	**1H**	
Net interest income (narrow sense)	147.4	164.9	**312.4**	153.9	158.3	624.6	158.7	180.0	**338.7**	8.4%
Unit linked gross Jungin	2.2	3.2	**5.4**	3.7	3.9	13.0	3.6	3.4	**7.1**	31.1%
Income from securities (variable yield)	0.0	3.6	**3.6**	0.0	1.1	4.7	0.0	3.9	**3.9**	8.6%
Commissions related to deferred cost (net)	4.6	5.3	**9.9**	4.7	6.6	21.1	5.4	5.1	**10.6**	6.8%
Net interest income	**154.2**	**177.0**	**331.2**	**162.3**	**169.9**	**663.4**	**167.8**	**192.4**	**360.3**	**8.8%**
Technical results of insurance contracts	10.6	8.8	**19.4**	8.2	4.2	31.8	7.9	5.6	**13.5**	(30.4%)
Commissions and other similar income (net)	73.9	81.5	**155.4**	81.7	87.6	324.7	74.1	79.8	**153.9**	(1.0%)
Gains and losses in financial operations	47.6	47.8	**95.4**	58.3	41.0	194.6	51.9	53.3	**105.2**	10.3%
Other operating income and charges	(6.1)	(8.0)	**(14.2)**	(3.1)	(15.3)	(32.6)	(5.0)	(25.5)	**(30.5)**	(115.2%)
Net operating revenue	**280.2**	**307.1**	**587.2**	**307.3**	**287.4**	**1 181.9**	**296.7**	**305.6**	**602.4**	**2.6%**
Personnel costs, excluding costs with early-retirements and changes to the plan (ACT)	94.2	94.9	**189.1**	94.8	94.9	378.8	94.7	97.3	**192.0**	1.5%
Outside supplies and services	62.6	64.4	**127.1**	60.7	61.5	249.2	60.5	67.1	**127.6**	0.4%
Depreciation of fixed assets	8.7	8.8	**17.5**	8.7	9.9	36.1	8.6	8.4	**17.0**	(2.9%)
Operating costs, excluding non recurring costs	165.5	168.1	**333.6**	164.2	166.2	664.1	163.9	172.8	**336.6**	0.9%
Costs with early-retirements	0.0	0.0	**0.0**	4.6	1.9	6.5	0.6	46.6	**47.1**	0.0%
Changes to the plan (ACT)	0.0	0.0	**0.0**	0.0	0.0	0.0	0.0	(44.3)	**(44.3)**	0.0%
Operating costs	**165.5**	**168.1**	**333.6**	**168.8**	**168.1**	**670.6**	**164.5**	**175.0**	**339.5**	**1.8%**
Operating profit before provisions	**114.7**	**138.9**	**253.6**	**138.5**	**119.2**	**511.3**	**132.3**	**130.6**	**262.9**	**3.7%**
Recovery of loans written-off	3.5	4.3	**7.8**	6.5	3.9	18.2	4.7	3.6	**8.3**	6.5%
Loan provisions and impairments	36.6	50.3	**86.9**	26.5	23.6	137.0	30.7	16.6	**47.3**	(45.6%)
Other impairments and provisions	7.4	8.6	**16.0**	2.0	1.5	19.5	4.2	31.5	**35.7**	122.5%
Profits before taxes	**74.2**	**84.2**	**158.4**	**116.5**	**98.0**	**372.9**	**102.1**	**86.1**	**188.2**	**18.8%**
Corporate income tax	15.4	10.1	**25.5**	12.1	(8.5)	29.1	23.5	(1.9)	**21.5**	(15.6%)
Equity-accounted results of subsidiaries	5.4	7.3	**12.7**	10.4	10.3	33.4	5.6	15.8	**21.4**	67.7%
Minority shareholders' share of profit	33.4	36.1	**69.5**	40.1	31.3	140.8	38.4	43.6	**82.1**	18.2%
Net Income	**30.9**	**45.3**	**76.2**	**74.8**	**85.4**	**236.4**	**45.8**	**60.2**	**105.9**	**39.1%**

Consolidated balance sheet

Amounts in M.€

	30 Jun. 15	31 Dec.15	30 Jun. 16	Chg.% Jun.15/ Jun.16
Assets				
Cash and deposits at central banks	2 012.8	2 728.2	2 401.1	19.3%
Amounts owed by credit institutions repayable on demand	551.6	612.1	414.2	(24.9%)
Loans and advances to credit institutions	1 913.5	1 230.0	989.6	(48.3%)
Loans and advances to Customers	24 297.1	24 281.6	23 954.9	(1.4%)
Financial assets held for dealing	3 513.2	3 674.6	4 092.9	16.5%
Financial assets available for sale	7 352.3	6 509.4	5 608.1	(23.7%)
Financial assets held to maturity	22.4	22.4	16.3	(27.1%)
Hedging derivatives	109.1	91.3	46.6	(57.3%)
Investments in associated companies and jointly controlled entities	214.6	210.4	191.6	(10.7%)
Investment properties[1)]	154.8			(100.0%)
Non-current assets held for sale				
Other tangible assets	198.5	195.1	160.6	(19.1%)
Intangible assets	22.5	29.1	26.7	18.5%
Tax assets	398.9	420.2	455.1	14.1%
Other assets	673.0	668.8	499.1	(25.8%)
Total assets	**41 434.2**	**40 673.3**	**38 856.6**	**(6.2%)**
Liabilities and shareholders' equity				
Resources of central banks	1 520.1	1 520.7	2 000.6	31.6%
Financial liabilities held for dealing	332.2	294.3	287.1	(13.6%)
Credit institutions' resources	1 388.3	1 311.8	1 235.9	(11.0%)
Customers' resources and other loans	28 255.5	28 177.8	27 706.9	(1.9%)
Debts evidenced by certificates	1 227.4	1 077.4	604.4	(50.8%)
Technical provisions	3 962.0	3 663.1	2 681.0	(32.3%)
Financial liabilities associated to transferred assets	956.1	689.5	657.6	(31.2%)
Hedging derivatives	237.5	161.6	151.0	(36.4%)
Provisions	119.7	99.9	95.8	(20.0%)
Tax liabilities	61.9	92.0	48.7	(21.4%)
Contingently convertible subordinated bonds				
Other subordinated loans	69.5	69.5	69.5	(0.0%)
Other liabilities	683.0	680.2	637.8	(6.6%)
Share capital	1 293.1	1 293.1	1 293.1	
Share premium account and reserves	869.4	885.0	906.9	4.3%
Other equity instruments	3.9	5.2	4.4	13.6%
Treasury stock	(12.8)	(12.8)	(11.5)	10.0%
Net profit	76.2	236.4	105.9	39.1%
Shareholders' equity attributable to the shareholders of BPI	2 229.7	2 406.9	2 298.8	3.1%
Minority interests	391.3	428.6	381.3	(2.5%)
Shareholders' equity	**2 621.0**	**2 835.5**	**2 680.1**	**2.3%**
Total liabilities and shareholders' equity	**41 434.2**	**40 673.3**	**38 856.6**	**(6.2%)**

1) According to IFRS10, at 30 June 2016 Banco BPI consolidates using the full consolidation method the stakes in the unit trust funds BPI Obrigações Mundiais and BPI Alternative Fund Luxembourg.

Domestic activity income statement

Amounts in M.€

	2015						2016			Chg.% 1H15 / 1H16
	1Q	2Q	**1H**	3Q	4Q	2015	1Q	2Q	**1H**	
Net interest income (narrow sense)	70.7	79.9	**150.6**	81.1	84.7	316.4	85.5	92.5	**178.0**	18.2%
Unit linked gross Jungin	2.2	3.2	**5.4**	3.7	3.9	13.0	3.6	3.4	**7.1**	31.1%
Income from securities (variable yield)	0.0	3.6	**3.6**	0.0	1.1	4.7	0.0	3.9	**3.9**	8.6%
Commissions related to deferred cost (net)	4.6	5.3	**9.9**	4.7	6.6	21.1	5.4	5.1	**10.6**	6.8%
Net interest income	**77.5**	**91.9**	**169.5**	**89.5**	**96.3**	**355.2**	**94.6**	**104.9**	**199.5**	**17.7%**
Technical results of insurance contracts	10.6	8.8	**19.4**	8.2	4.2	31.8	7.9	5.6	**13.5**	(30.4%)
Commissions and other similar income (net)	60.1	64.5	**124.6**	64.2	67.2	255.9	61.0	64.2	**125.2**	0.5%
Gains and losses in financial operations	16.2	6.3	**22.5**	10.9	14.6	47.9	(3.6)	28.7	**25.1**	11.5%
Other operating income and charges	(2.7)	(2.7)	**(5.4)**	(2.2)	(17.1)	(24.7)	(1.2)	(18.3)	**(19.6)**	(263.5%)
Net operating revenue	**161.8**	**168.8**	**330.6**	**170.5**	**165.1**	**666.2**	**158.7**	**185.1**	**343.7**	**4.0%**
Personnel costs, excluding costs with early-retirements and changes to the plan (ACT)	73.4	74.1	**147.5**	73.2	73.1	293.8	72.9	75.6	**148.5**	0.7%
Outside supplies and services	44.6	45.9	**90.4**	44.6	42.3	177.3	44.6	48.8	**93.3**	3.2%
Depreciation of fixed assets	4.6	4.6	**9.2**	5.1	5.5	19.8	5.5	5.3	**10.8**	17.0%
Operating costs, excluding non recurring costs	122.5	124.6	**247.1**	122.9	120.8	490.8	123.0	129.6	**252.6**	2.2%
Early-retirements	0.0	0.0	**0.0**	4.6	1.9	6.5	0.6	46.6	**47.1**	0.0%
Changes to the plan (ACT)	0.0	0.0	**0.0**	0.0	0.0	0.0	0.0	(44.3)	**(44.3)**	0.0%
Operating costs	**122.5**	**124.6**	**247.1**	**127.5**	**122.7**	**497.3**	**123.6**	**131.9**	**255.5**	**3.4%**
Operating profit before provisions	**39.3**	**44.2**	**83.5**	**43.0**	**42.3**	**168.8**	**35.1**	**53.2**	**88.3**	**5.8%**
Recovery of loans written-off	3.0	3.8	**6.8**	6.0	3.5	16.2	3.9	3.3	**7.2**	5.2%
Loan provisions and impairments	33.4	35.4	**68.7**	21.7	12.9	103.4	20.1	15.6	**35.8**	(47.9%)
Other impairments and provisions	6.5	7.7	**14.2**	1.1	0.6	15.9	3.3	30.6	**33.9**	137.9%
Profits before taxes	**2.4**	**4.9**	**7.3**	**26.2**	**32.3**	**65.8**	**15.6**	**10.2**	**25.8**	**253.0%**
Corporate income tax	8.4	1.0	**9.4**	(0.4)	(13.1)	(4.2)	11.8	7.2	**19.0**	101.7%
Equity-accounted results of subsidiaries	4.1	4.7	**8.7**	5.6	8.8	23.1	4.1	13.6	**17.7**	103.1%
Minority shareholders' share of profit	0.0	0.0	**0.0**	0.0	0.0	0.0	0.0	0.0	**0.0**	5.3%
Net Income	**(2.0)**	**8.6**	**6.6**	**32.3**	**54.2**	**93.1**	**7.9**	**16.7**	**24.5**	**271.3%**

n.s. – non-significant.

Domestic activity balance sheet

Amounts in M.€

	30 Jun. 15	31 Dec.15	30 Jun. 16	Chg.% Jun.15/ Jun.16
Assets				
Cash and deposits at central banks	402.0	997.7	782.9	94.8%
Amounts owed by credit institutions repayable on demand	472.3	434.4	303.0	(35.8%)
Loans and advances to credit institutions	1 429.7	732.5	755.6	(47.2%)
Loans and advances to Customers	22 907.8	22 788.1	22 694.6	(0.9%)
Financial assets held for dealing	3 163.7	3 147.1	2 798.9	(11.5%)
Financial assets available for sale	4 241.8	3 723.0	3 752.4	(11.5%)
Financial assets held to maturity	22.4	22.4	16.3	(27.1%)
Hedging derivatives	109.1	91.3	46.6	(57.3%)
Investments in associated companies and jointly controlled entities	147.6	146.1	145.3	(1.5%)
Investment properties[1)]	154.8			(100.0%)
Non-current assets held for sale				
Other tangible assets	56.7	66.0	58.3	2.8%
Intangible assets	19.9	25.5	23.2	16.7%
Tax assets	392.3	411.0	448.7	14.4%
Other assets	740.5	685.9	552.5	(25.4%)
Total assets	**34 260.5**	**33 271.0**	**32 378.3**	**(5.5%)**
Liabilities and shareholders' equity				
Resources of central banks	1 520.1	1 520.7	2 000.6	31.6%
Financial liabilities held for dealing	314.2	268.6	261.8	(16.7%)
Credit institutions' resources	2 008.7	1 895.7	1 839.2	(8.4%)
Customers' resources and other loans	21 485.7	21 264.8	21 564.5	0.4%
Debts evidenced by certificates	1 227.4	1 077.4	604.4	(50.8%)
Technical provisions	3 962.0	3 663.1	2 681.0	(32.3%)
Financial liabilities associated to transferred assets	956.1	689.5	657.6	(31.2%)
Hedging derivatives	237.5	161.6	151.0	(36.4%)
Provisions	88.1	73.5	73.7	(16.3%)
Tax liabilities	38.5	51.3	26.6	(30.8%)
Contingently convertible subordinated bonds				
Other subordinated loans	69.5	69.5	69.5	(0.0%)
Other liabilities	568.6	605.6	563.1	(1.0%)
Shareholders' equity attributable to the shareholders of BPI	1 782.4	1 927.8	1 883.4	5.7%
Minority interests	1.8	1.8	1.8	(0.0%)
Shareholders' equity	**1 784.2**	**1 929.6**	**1 885.2**	**5.7%**
Total liabilities and shareholders' equity	**34 260.5**	**33 271.0**	**32 378.3**	**(5.5%)**

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, at 30 June 2016 Banco BPI consolidates using the full consolidation method the stakes in the unit trust funds BPI Obrigações Mundiais and BPI Alternative Fund Luxembourg.

International activity income statement

Amounts in M.€

	2015						2016			Chg.% 1H15 / 1H16
	1Q	2Q	**1H**	3Q	4Q	**2015**	1Q	2Q	**1H**	
Net interest income (narrow sense)	76.7	85.1	**161.8**	72.8	73.6	**308.2**	73.3	87.5	160.8	(0.6%)
Unit linked gross Jungin	0.0	0.0	**0.0**	0.0	0.0	**0.0**	0.0	0.0	0.0	0.0%
Income from securities (variable yield)	0.0	0.0	**0.0**	0.0	0.0	**0.0**	0.0	0.0	0.0	0.0%
Commissions related to deferred cost (net)	0.0	0.0	**0.0**	0.0	0.0	**0.0**	0.0	0.0	0.0	(100.0%)
Net interest income	**76.7**	**85.1**	**161.8**	**72.8**	**73.6**	**308.2**	**73.3**	**87.5**	**160.8**	**(0.6%)**
Technical results of insurance contracts	0.0	0.0	**0.0**	0.0	0.0	**0.0**	0.0	0.0	0.0	0.0%
Commissions and other similar income (net)	13.8	17.0	**30.8**	17.5	20.4	**68.7**	13.1	15.6	28.7	(7.0%)
Gains and losses in financial operations	31.3	41.5	**72.9**	47.4	26.4	**146.7**	55.5	24.6	80.1	9.9%
Other operating income and charges	(3.5)	(5.3)	**(8.8)**	(1.0)	1.8	**(7.9)**	(3.8)	(7.2)	(10.9)	(24.5%)
Net operating revenue	**118.4**	**138.3**	**256.7**	**136.8**	**122.3**	**515.7**	**138.1**	**120.5**	**258.6**	**0.8%**
Personnel costs	20.8	20.8	**41.6**	21.6	21.8	**85.0**	21.8	21.7	43.5	4.6%
Outside supplies and services	18.1	18.6	**36.6**	16.1	19.2	**71.9**	15.9	18.4	34.3	(6.4%)
Depreciation of fixed assets	4.1	4.2	**8.3**	3.6	4.4	**16.4**	3.2	3.1	6.2	(24.9%)
Operating costs	**43.0**	**43.5**	**86.5**	**41.3**	**45.4**	**173.3**	**40.9**	**43.1**	**84.0**	**(2.9%)**
Operating profit before provisions	**75.4**	**94.7**	**170.1**	**95.4**	**76.9**	**342.4**	**97.2**	**77.4**	**174.6**	**2.6%**
Recovery of loans written-off	0.5	0.5	**1.0**	0.5	0.4	**1.9**	0.8	0.3	1.1	16.1%
Loan provisions and impairments	3.2	15.0	**18.2**	4.8	10.6	**33.6**	10.5	1.0	11.5	(36.7%)
Other impairments and provisions	0.9	0.9	**1.8**	0.9	0.9	**3.6**	0.9	0.9	1.8	0.9%
Profits before taxes	**71.8**	**79.3**	**151.1**	**90.2**	**65.7**	**307.1**	**86.6**	**75.8**	**162.4**	**7.5%**
Corporate income tax	7.0	9.2	**16.1**	12.5	4.7	**33.3**	11.7	(9.1)	2.6	(84.0%)
Equity-accounted results of subsidiaries	1.4	2.6	**4.0**	4.8	1.5	**10.3**	1.4	2.2	3.6	(9.5%)
Minority shareholders' share of profit	33.4	36.1	**69.4**	40.0	31.3	**140.8**	38.4	43.6	82.0	18.2%
Net Income	**32.8**	**36.7**	**69.6**	**42.5**	**31.2**	**143.3**	**37.9**	**43.5**	**81.4**	**17.0%**

International activity balance sheet

Amounts in M.€

	30 Jun. 15	31 Dec.15	30 Jun. 16	Chg.% Jun.15/ Jun.16
Assets				
Cash and deposits at central banks	1 610.8	1 730.5	1 618.2	0.5%
Amounts owed by credit institutions repayable on demand	133.3	345.3	394.6	196.0%
Loans and advances to credit institutions	1 050.8	914.0	554.4	(47.2%)
Loans and advances to Customers	1 389.3	1 493.6	1 260.3	(9.3%)
Financial assets held for dealing	349.5	527.5	1 294.0	270.3%
Financial assets available for sale	3 110.5	2 786.4	1 855.6	(40.3%)
Financial assets held to maturity				
Hedging derivatives				
Investments in associated companies and jointly controlled entities	67.0	64.3	46.3	(30.9%)
Investment properties				
Non-current assets held for sale				
Other tangible assets	141.7	129.1	102.3	(27.8%)
Intangible assets	2.6	3.7	3.5	31.9%
Tax assets	6.6	9.2	6.4	(2.6%)
Other assets	(2.8)	18.1	18.2	747.6%
Total assets	**7 859.3**	**8 021.7**	**7 153.7**	**(9.0%)**
Liabilities and shareholders' equity				
Resources of central banks				
Financial liabilities held for dealing	18.0	25.7	25.3	40.4%
Credit institutions' resources	0.6	0.3	0.5	(12.8%)
Customers' resources and other loans	6 769.8	6 913.0	6 142.4	(9.3%)
Debts evidenced by certificates				
Technical provisions				
Financial liabilities associated to transferred assets				
Hedging derivatives				
Provisions	31.7	26.4	22.1	(30.2%)
Tax liabilities	23.5	40.8	22.1	(5.9%)
Contingently convertible subordinated bonds				
Other subordinated loans				
Other liabilities	179.0	109.7	146.4	(18.2%)
Shareholders' equity attributable to the shareholders of BPI	447.3	479.0	415.4	(7.1%)
Minority interests	389.5	426.8	379.5	(2.6%)
Shareholders' equity	**836.8**	**905.9**	**795.0**	**(5.0%)**
Total liabilities and shareholders' equity	**7 859.3**	**8 021.7**	**7 153.7**	**(9.0%)**

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

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

	30 Jun. 15	30 Jun. 16
Net operating revenue and results of equity accounted subsidiaries / ATA	2.8%	3.2%
Profit before taxation and minority interests / ATA	0.8%	1.1%
Profit before taxation and minority interests / average shareholders' equity (including minority interests)	12.8%	15.3%
Personnel costs / net operating revenue and results of equity accounted subsidiaries [1]	31.5%	23.7%
Operating costs / net operating revenue and results of equity accounted subsidiaries [1]	55.6%	46.9%
Loans in arrears for more than 90 days + doubtful loans / loan portfolio (gross)	4.2%	4.0%
Loans in arrears for more than 90 days + doubtful loans, net of accumulated loan impairments / loan portfolio (net)	0.0%	0.0%
Non-performing loans ratio [2]	5.3%	5.0%
Non-performing loans ratio [2], net of accumulated loan impairments / loan portfolio (net)	1.1%	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)	10.7% [4)]	11.0% [5)]
Tier I (according to Bank of Portugal rules)	10.7% [4)]	11.0% [5)]
Core Tier I	10.5% [4)]	11.0% [5)]
Loans (net) to deposits ratio	82%	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.