

**BANCO BPI, S.A.**
**Public Company**

Registered office: Rua Tenente Valadim, 284, Porto

Share capital: € 1 293 063 324.98

Registered at Commercial Registry of Porto under

Unique taxpayer reference number 501 214 534

**PRESS RELEASE**

Banco BPI informs that, on the 12th of December, the bank has received the European Central Bank's decision regarding minimum prudential requirements to be fulfilled from the 1st of January 2017 onwards, a decision based on the results of the Supervisory Review and Evaluation Process (SREP).

In what concerns the minimum own funds requirements to be observed from the referred date onwards, the SREP's decision determines the following ratios, calculated relative to the total risk weighted assets (RWA):

Phasing-in	Minimum requirements for 2017					
	Consolidated					Individual
	Total	Of which:				Total
Pillar 1		Pillar 2	Buffers <sup>(1)</sup>	Pillar 2 guidance		
CET1	9,25%	4,50%	2,50%	1,25%	1,0%	8,25% <sup>(2)</sup>
T1	9,75%	6,00%	2,50%	1,25%	-	9,75%
Total ratio	11,75%	8,00%	2,50%	1,25%	-	11,75%

- (1) As determined by the Bank of Portugal, the capital conservation buffer for 2017 was set at 1.25%, the counter-cyclical buffer is currently 0% and the O-SII buffer is zero in 2017.
- (2) The difference between the requirement for individual CET1 and consolidated CET1 results from the fact that the Pillar 2 guidance only applies to consolidated CET1. The Pillar 2 guidance is not Maximum Distributable Amount (MDA) relevant.

The ratios now communicated for 2017 compare as follows with the ones that had been determined for 2016:

Phasing-in	Minimum requirements			
	2017		2016	
	Consolidated	Individual	Consolidated <sup>(1)</sup>	Individual
<b>CET1</b>	<b>9,25%</b>	<b>8,25%</b>	9,75%	5,125%
<b>T1</b>	<b>9,75%</b>	<b>9,75%</b>	9,75%	6,625%
<b>Total ratio</b>	<b>11,75%</b>	<b>11,75%</b>	9,75%	8,625%

- (1) Additionally, in 2016, an early warning buffer of 0.25% was applicable to consolidated CET1.



In view of these requirements, and taking into account the sale of 2% of BFA and the 0.5p.p. decrease in the discount rate of pension liabilities foreseen for the end of 2016, it is expected that the Bank complies with the new minimum requirements for CET1 (Common Equity Tier 1) and Tier 1.

In what concerns the total capital ratio, there is a difference relative to the minimum requirement of 11.75%. In order to comply with this requirement, the Board of Directors decided to approve the issuance of up to 350 million euros of subordinated debt (Tier 2), in terms to be defined.

Porto, 15th of December 2016

**Banco BPI, S.A.**