



Banco BPI

Consolidated results in 1st half 2017

25 July 2017



Note on captions' reclassification

- ✓ Certain captions of income and costs were reclassified in this results' presentation, and repositioned in the Profit and Loss account in accordance with the format used by CaixaBank (BPI's consolidating entity). The underlying accounting criteria were not affected by the change in the format adopted.
- ✓ The presentation of the loans and resources' portfolios was also modified, with the same objective of approaching the formats used by CaixaBank; however, the segmentation criteria have not been changed.
- ✓ All the cases of the above mentioned nature are highlighted throughout the presentation and, where appropriate, an annexe is included with information that allows to reconcile the information currently presented with the one previously presented.

Acronyms and designations adopted

ytd	<i>Year-to-date</i>
yoy	<i>Year-on-year</i>
qoq	quarter-on-quarter
RCL	Reclassified
ECB	European Central Bank
BoP	Bank of Portugal
CMVM	<i>Comissão do Mercado de Valores Mobiliários</i> (Securities Market Commission)
APM	Alternative Performance Measures
IMM	Interbank Money Market
T1	Tier 1
CET1	Common Equity Tier 1
RWA	Risk weighted assets
TLTRO	Targeted longer-term refinancing operations
LCR	Liquidity coverage ratio

Units, conventional signs and abbreviations

€, Euros, EUR	euros
M.€, M. euros	million euros
th.€, th. euros	thousand euros
Δ	change
n.a.	not available
0, –	null or irrelevant
vs.	versus
b.p.	basis points
p.p.	percentage point
E	Estimate
F	Forecast

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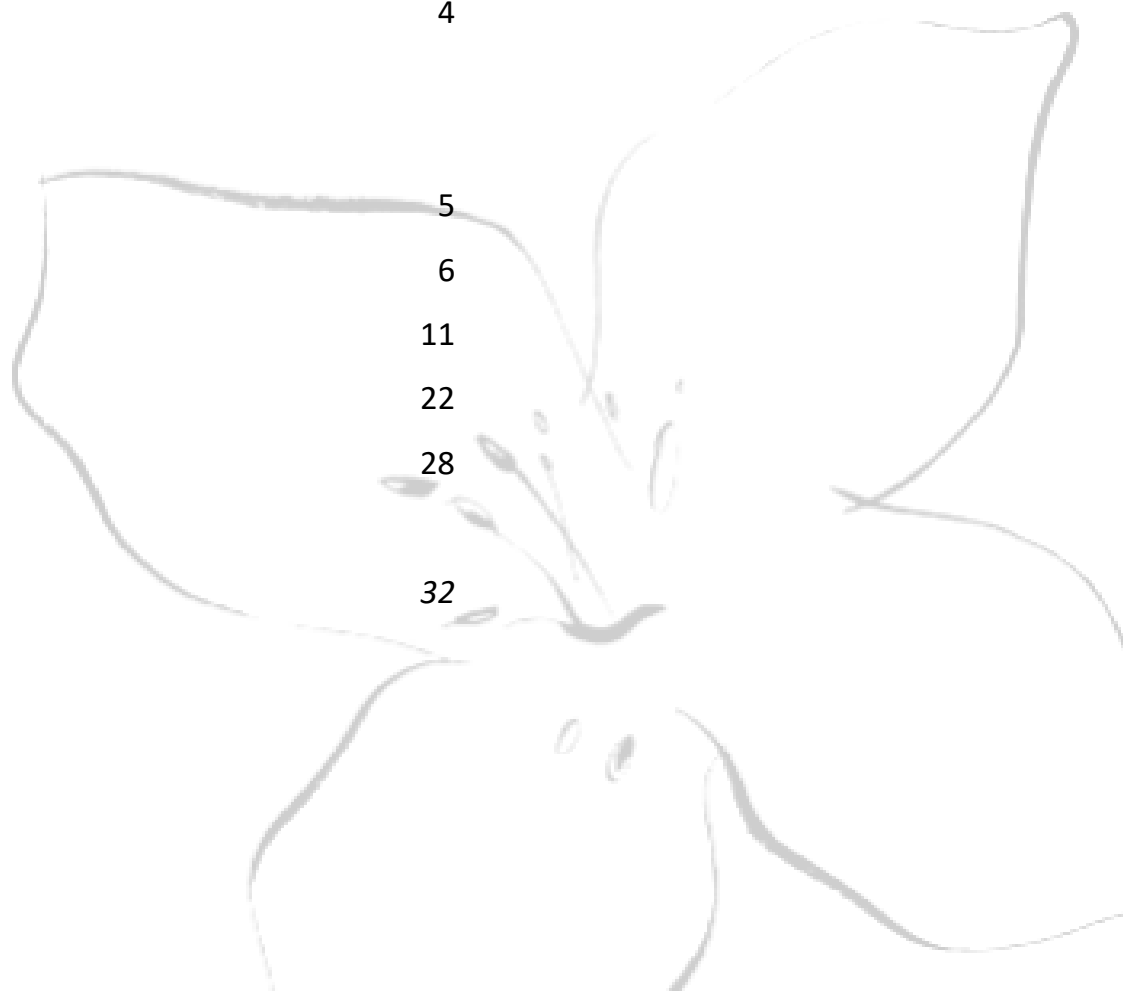
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Consolidated net income (excluding non recurring items) of 188 M.€

Net income of 188 M.€ in 1H (excl. non recurring items)

- Consolidated net income, excluding non-recurring items, increases by 77%, from 106 M.€ in the 1st half 2016 to 188 M.€, in the 1st half 2017.

Non recurring items of -290 M.€

- Consolidated net income “as reported” negative by 102 M.€ in the 1st half 2017, reflects the non recurring negative impacts of 290 M.€ (after taxes): 212 M.€ with the sale and deconsolidation of BFA and 77 M.€ with the voluntary terminations and early retirements program.

Customer Resources increased by 1.6 Bi.€ Loan portfolio increases in specific segments

- Total customer resources increased by 1.6 Bi.€ (+4.7%) ytd, of which: 0.3 Bi.€ increase of in deposits and 1.0 Bi.€ in mutual funds.
- Total loan portfolio increases 0.3% ytd. **Growth of 3.6% of corporate loans in Portugal**¹⁾. Stabilisation of mortgage loans portfolio.

Growth of core revenues and reduction of recurring costs

- Financial margin in the first half falls slightly (yoy and qoq).
- Commissions grow 4.8% yoy.**
- Reduction of overhead costs** excluding non recurring items²⁾ **by 8.5% (yoy).**

Reduction in cost of credit risk

- Impairments for loans and guarantees decrease** from 35.8 M.€ in the 1st half 2016 (0.32% of the loan portfolio³⁾ **to 16.6 M.€** in the 1st half 2017 (0.15% of the loan portfolio³⁾.
- Impairments net of recoveries⁴⁾ decrease from 28.6 M.€ (0.25%³⁾ to 7.5 M.€ (0.07%³⁾ in the same periods.

Solid Balance Sheet and High impairment coverage of credit risk

- Credit at risk ratio of 3.6% and coverage by impairments of 83%, without considering the associated collateral, and 149% considering the associated collateral.**
- NPL ratio⁵⁾ of 5.8% and impairments coverage, without considering the associated collateral, of 48% and 115% considering the associated collateral.
- Loan to Deposit ratio of 106%.
- Phasing in capital ratios: CET1 of 11.9%** and total ratio of 13.3%.
- Fully Loaded capital ratios: CET1 of 10.9%** and total ratio of 12.7%.

Note: yoy changes calculated in relation to June 2016 proforma.

1) Does not include Project Finance and Madrid branch loans portfolio.

2) Costs from voluntary terminations and early retirements.

3) In annualized terms.

4) Recoveries from loans previously written off

5) According to CaixaBank criteria.

1st half 2017 results

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Strong increase in Customer resources: +1.6 Bi.€ (+4.7%) ytd

Customer resources

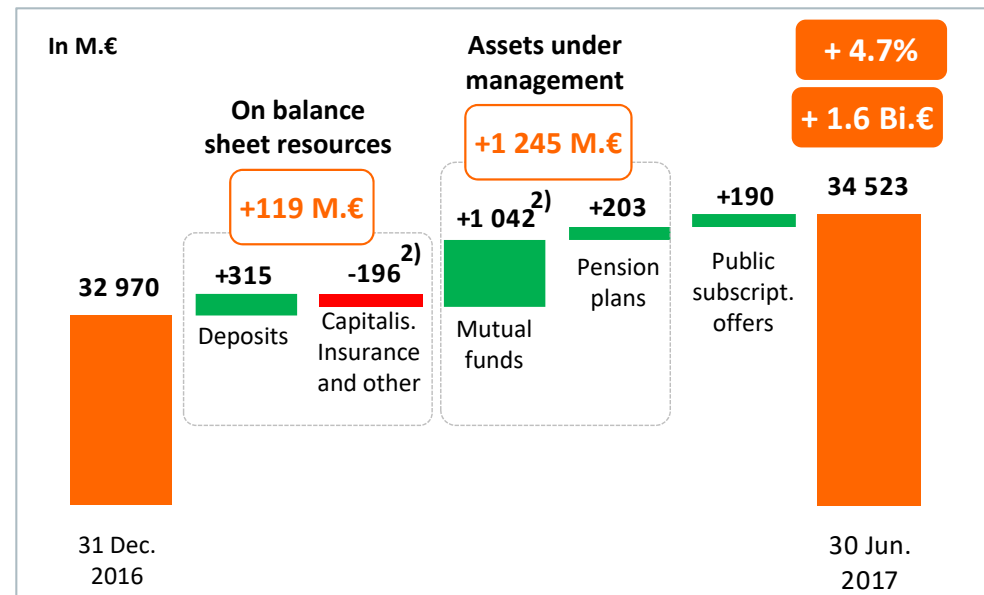
In M.€	Jun-17	Dec-16	YtD	qoq
I. On-balance sheet resources	24 122	24 003	0.5%	-0.8%
Deposits ¹	20 069	19 754	1.6%	0.2%
Capitalisation insurance and other ²	4 053	4 250	-4.6%	-5.3%
II. Assets under management	8 907	7 662	16.2%	7.4%
Mutual funds ²	6 286	5 244	19.9%	9.5%
Pension plans ³	2 621	2 418	8.4%	2.6%
III. Public offerings	1 494	1 304	14.6%	13.8%
Total	34 523	32 970	4.7%	1.8%

1) Includes bonds placed with customers of 95 M.€ in Dec.16 and 56 M.€ in Jun.17.

2) BPI Alternative Fund ceased to be consolidated from March 2017 onwards and started being consolidated off balance sheet. In Dec. 16 and Mar. 17 the caption "capitalisation insurance and others" included 250 M.€ and 268 M.€, respectively, relative to that fund. Adjusted by the deconsolidation of the fund, the caption "capitalisation insurance and others" increased by 1.3% ytd and 1.1% qoq and "Mutual Funds" increase by 14.4% ytd and 4.7% qoq.

3) Includes BPI Group employee pension funds of 1 397 in Dec.16 and 1 556 in Jun.17.

Growth drivers



Market shares	30 Apr. 17
Total deposits ⁴	9.6%
Mutual funds ⁵	23.9%
PPR's ⁶	12.2%
Capitalisation insurance ⁷	14.0%
Pension plans ⁸	13.6%

4) Does not include the effect of the securitization operations (BPI calculation).

5) Excludes PPR's in the form of mutual funds. Including PPR's in the form of mutual funds, BPI Gestão de Activos market share in mutual funds is 30%.

6) PPR's in the form of mutual funds and capitalisation insurance.

7) Excludes PPR in the form of capitalisation insurance.

8) In 31 Mar. 2017

Sources: Banco BPI, Bank of Portugal, APS – Ass. Portuguesa de Seguradores (Portuguese Association of Insurers), APFIPP – Ass. Portuguesa de Fundos de Investimento, Pensões e Patrimónios (Portuguese Association of Mutual Funds, Pensions and Assets), IGCP (Portuguese Treasury and Debt Management Agency), ASF - Autoridade de Supervisão de Seguros e Fundos de Pensões (Supervision Authority of Insurance and Pension Funds).

Total Customer Resources increased by 1.6 Bi.€ ytd:

- Deposits grew 315 M.€ (+1.6%)
- Strong growth in mutual funds +1.0 Bi.€; +19.9% (+ 0.8 Bi.€; + 14.4% adjusted by the deconsolidation of BPI Alternative Fund).

Growth in Corporate and Consumer Loans

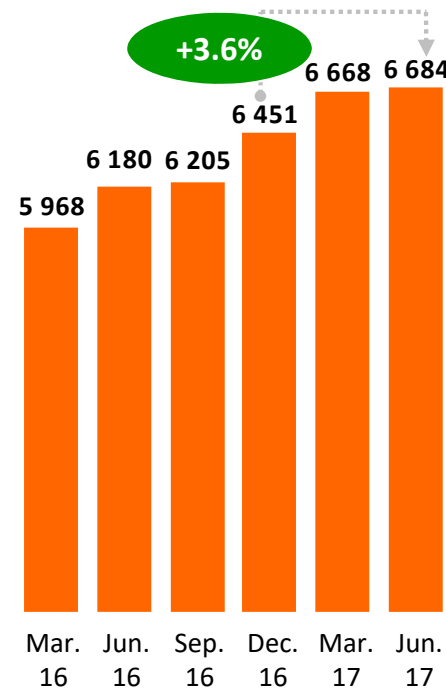
Loans to customers by segments

Gross portfolio, in M.€	Jun.17	Dec.16	YtD	qoq
I. Loans to individuals	12 146	12 107	0.3%	0.2%
Mortgage loans	11 069	11 084	(0.1%)	(0.1%)
Other loans to individuals	1 077	1 023	5.3%	3.6%
II. Loans to Companies	8 333	8 232	1.2%	(0.4%)
Large and medium sized corporates ¹	6 350	6 315	0.5%	(1.0%)
Small businesses	1 983	1 916	3.5%	1.7%
III. BPI Vida e Pensões portfolio²	1 248	1 303	(4.2%)	4.9%
IV. Public sector	1 440	1 417	1.6%	3.8%
V. Other	327	372	(12.3%)	(6.5%)
Total	23 494	23 431	0.3%	0.4%
Note:	0	0	0.0%	0.0%
Loan portfolio net	22 820	22 736	0.4%	0.4%

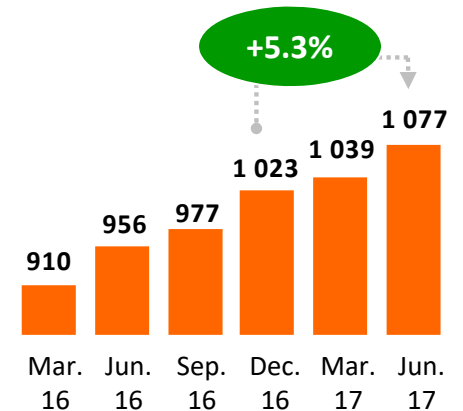
1) Includes loans to large and medium-sized companies in Portugal (4 701 M.€ in June 2017 and 4 535 M.€ in December 2016), project finance (995 M.€ in June 2017, 996 M.€ in December 2016) and the Madrid branch loan portfolio (654 M.€ in June 2017, 785 M. € in December 2016).

2) Debt securities portfolio, mainly from large companies.

LOANS TO COMPANIES IN PORTUGAL³⁾



OTHER LOANS TO INDIVIDUALS Consumer, credit cards and car financing



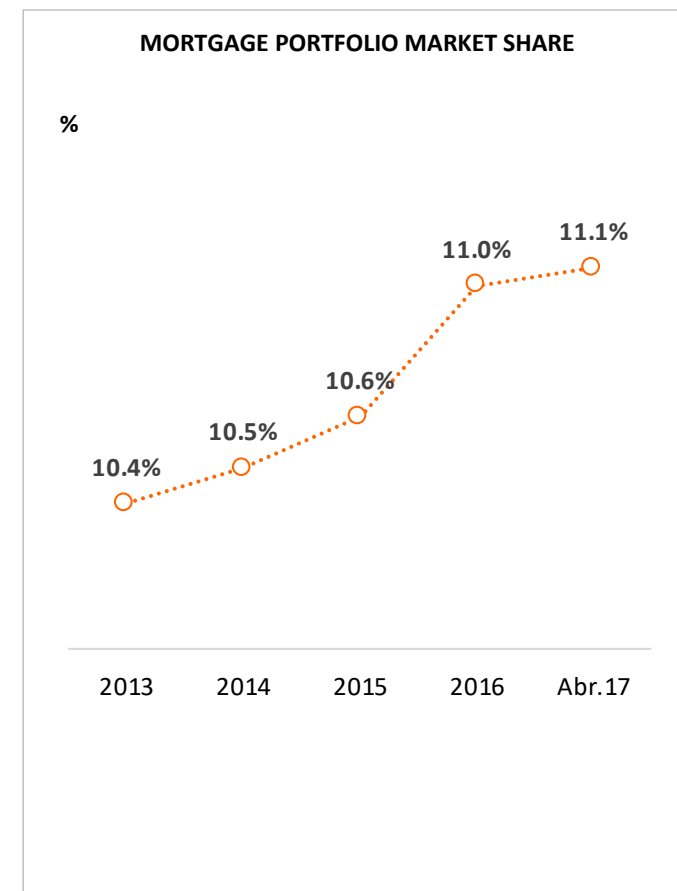
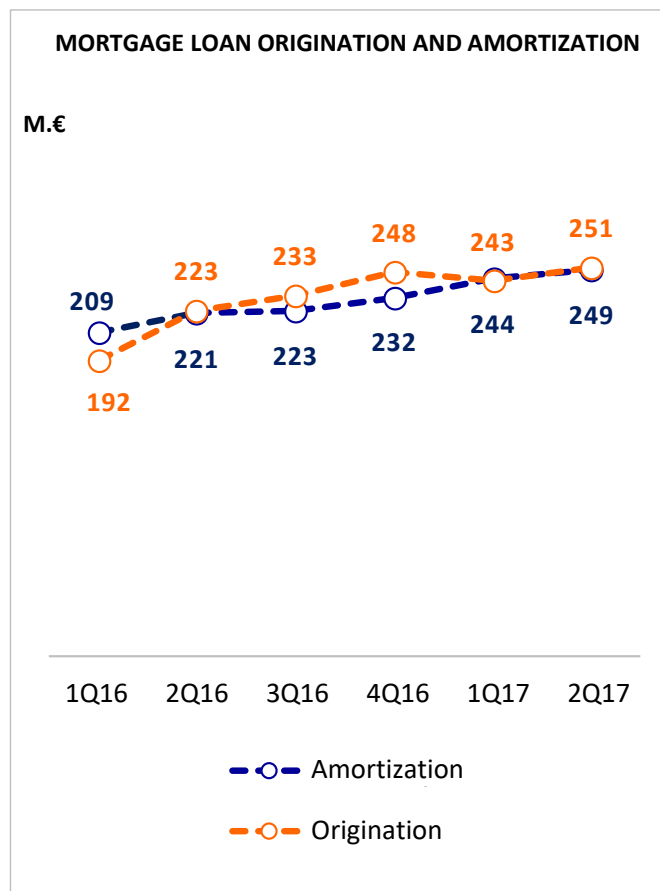
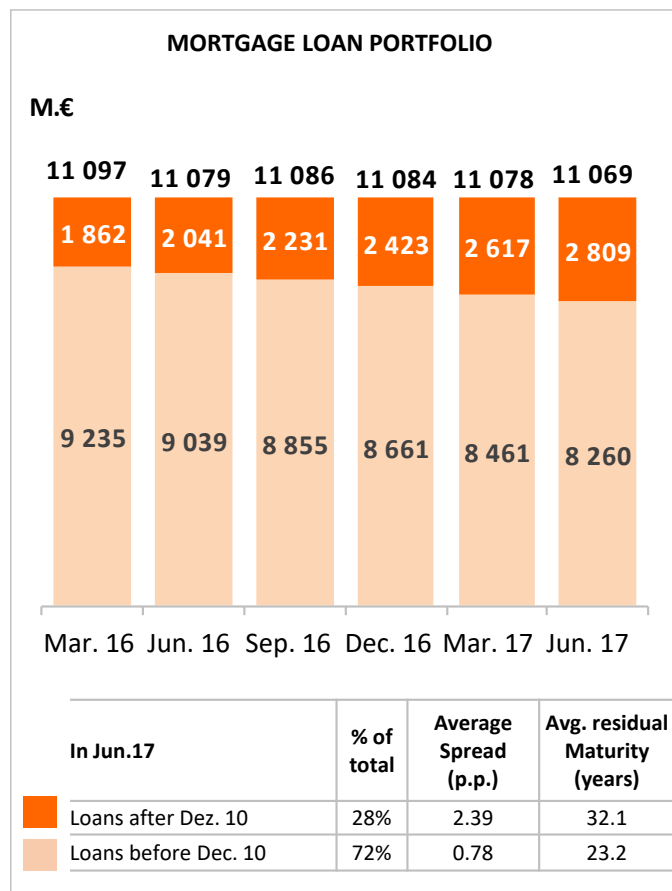
3) Large and medium-sized companies and small business in Portugal. Excludes project finance and Madrid branch loan portfolio.

Growth trends are maintained in the 2nd quarter

- Growth in the segments of corporates and small business and stabilisation of the mortgage loan portfolio (vs. Dec.16). Total loan portfolio stable.
- After deleveraging 6 Bi.€ between 2010 and 2015, total loan portfolio stabilized and shows signs of selective growth in 2017.

Mortgage loan origination increases by 19% yoy

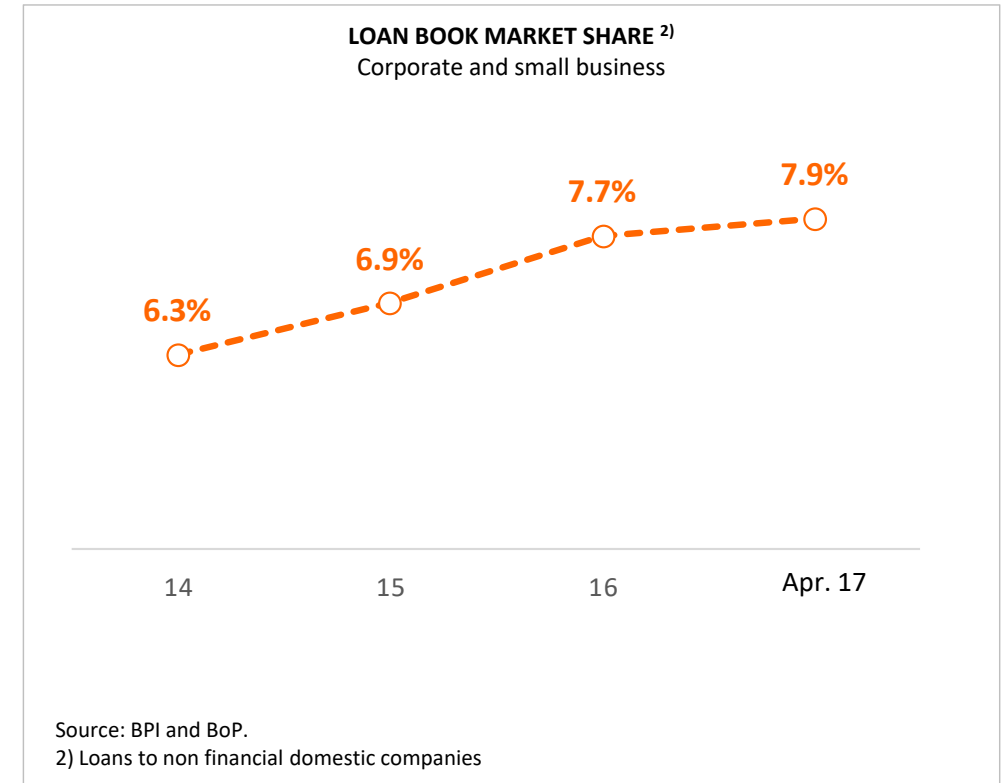
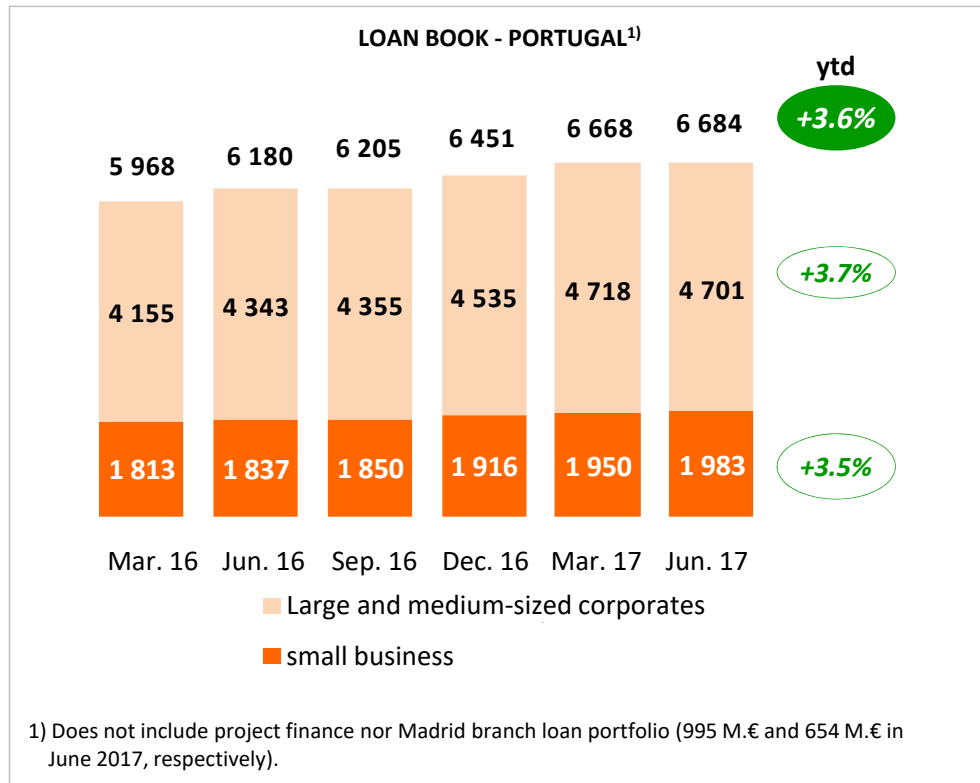
Mortgage loans



- Origination of mortgage loans increases by 19% in the 1st half (yoy) to 494 M.€.
- Consistent increase in the loan portfolio market share (11.1% as of April 2017) in a market segment that is still shrinking.

Corporate and small business loans increase by 3.6%¹⁾. Increase in BPI market share

Corporate and small business loans



- Growth of 3.7% (ytd) in loans to Large and Medium-sized companies in Portugal (excludes project finance and Madrid branch loan portfolio).
- Growth of 3.5% (ytd) in loans to small business.
- Gradual increase in market share (7.9% in April 2017).

1st half 2017 results

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Increase of 77% in recurring consolidated net income to 188 M.€

Consolidated Income Statement

PRESENTATION REORGANISED ACCORDING TO THE FORMAT USED BY CAIXABANK

Captions reclassified (RCL) according to the format used by CaixaBank (BPI's consolidating entity). The underlying accounting criteria were not affected by the change in the format adopted. The annex presents a reconciliation of this income statement with the one presented in previous earnings presentation.

In M.€	1st half 2017			1st half 2016
	As reported	Non recurr. ¹⁾	Excluding non recurring ¹⁾	Proforma ²⁾
Financial margin - RCL	200		200	203
Income from equity instruments - RCL	6		6	4
Net commission income - RCL	138		138	132
Equity accounted results - RCL	121		121	21
Net income on financial operations	15		15	25
Net operating income	(191)	(176)	(16)	(20)
Operating income from banking activity - RCL	289	(176)	465	366
Overhead costs	(339)	(106)	(232)	(257)
Operating profit before impairments and provisions	(49)	(282)	232	109
Recovery of Loans, interest and expenses	9		9	7
Impairment losses and provisions for loans and guarantees	(17)		(17)	(36)
Impairment losses and other provisions	3		3	(34)
Net income before income tax	(54)	(282)	228	47
Income tax	(48)	(8)	(40)	(22)
Net income from continuing operations	(102)	(290)	188	24
Net income from discontinued operations				164
Income attributable to non-controlling interests	(0)		(0)	(82)
Net income	(102)	(290)	188	106

Main “drivers” of recurring net profit increase

Recurring net profit increases by +82 M.€:

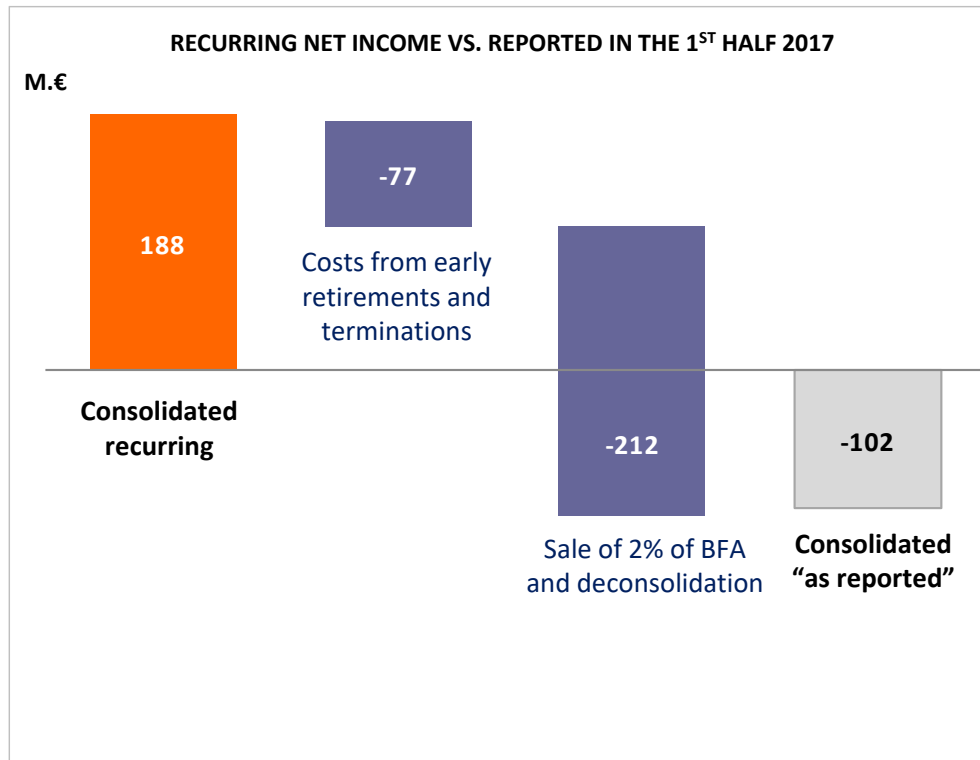
- Recurring costs decrease 8.5% yoy (-22 M.€);
- Total impairments net of recoveries decrease from 62 M.€ in the 1st half 16 to 5 M.€ in the 1st half 2017;
- Increase in the contribution of BFA to profits from 79 M.€ to 96 M.€ (after taxes).

1) Includes:

- Impact of the sale of 2% of BFA capital and deconsolidation negative by 212 M.€ (176 M.€ recorded in Net Operating Income and 36 M.€ in taxes).
- Costs from terminations and voluntary early retirements of 106 M.€ before taxes and 77 M.€ after taxes.

2) The designation “proforma” reflects the restatement of the contribution of BFA to consolidated results according to IFRS 5 standards, that is recorded in net income from discontinued operations.

Strong increase in recurring profits and ROTE



- Recurring consolidated net income increases to 188 M.€.
- Consolidated net income "as reported" is negative by 102 M.€ due to the impact of BFA deconsolidation (-212 M.€¹⁾) and costs from early retirements and voluntary terminations (-77 M.€¹⁾).

RETURN ON TANGIBLE EQUITY (ROTE) IN JUN. 2017 (last 12 months)
Excluding impact of the sale of 2% of BFA and costs from early retirements and voluntary terminations

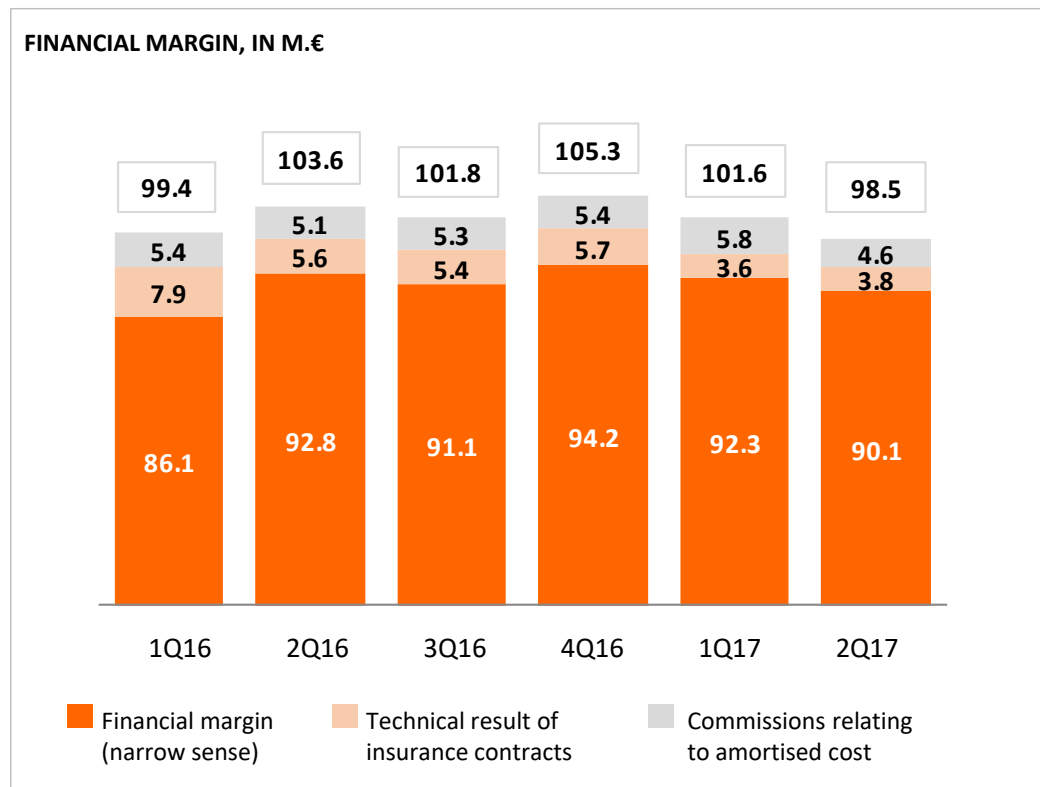
	Consolidated, Jun.17 (last 12 months)
Recurring ROTE	
Adjusted allocated capital (M.€) ²⁾	2 407
Recurring ROTE	16.8%
Recurring ROTE, excluding contribution from stakes in African banks	
Adjusted allocated capital (M.€) ²⁾	1 936
Recurring ROTE, excluding contribution from stakes in African banks	11.4%

2) The average capital considered in the calculation of ROTE excludes the average balance of intangible assets (average balance of last 12 months: 26.8 M.€.)

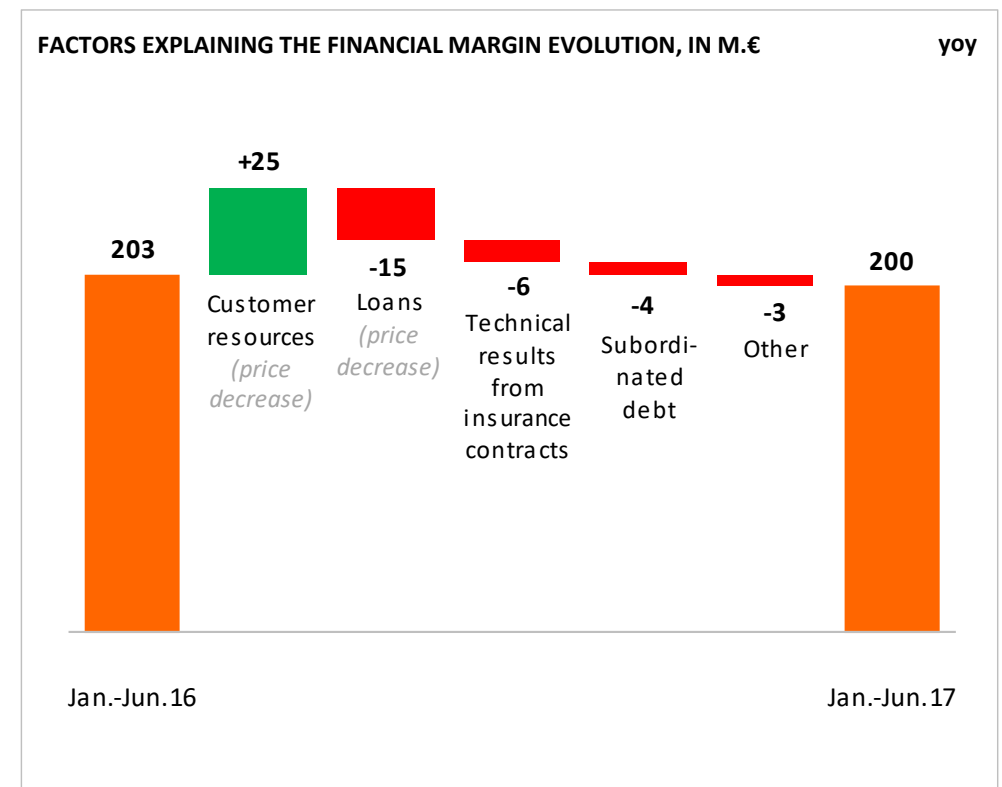
- Recurring ROTE excluding the contribution of shareholdings in African banks of 11.4% in June 2017.

Financial margin falls slightly

Financial margin falls slightly in 2nd quarter 17...



... penalised by the cost of the subordinated debt issued in Mar. 2017

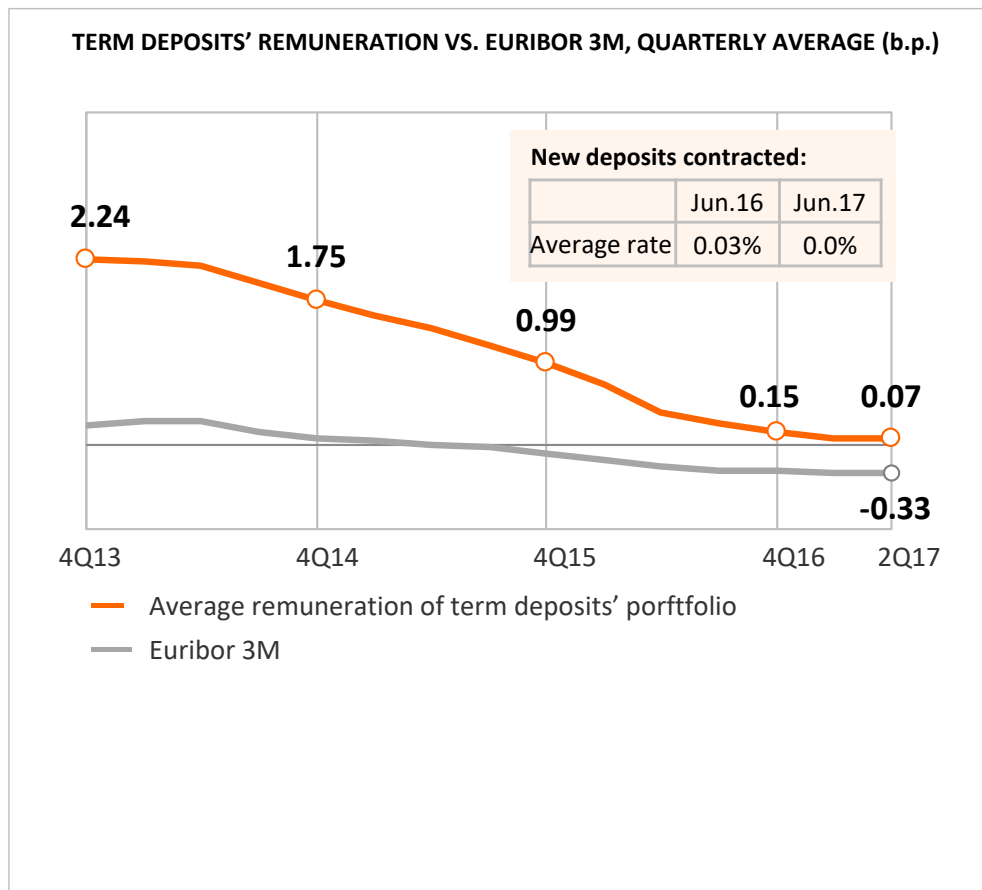


Trends in margin evolution:

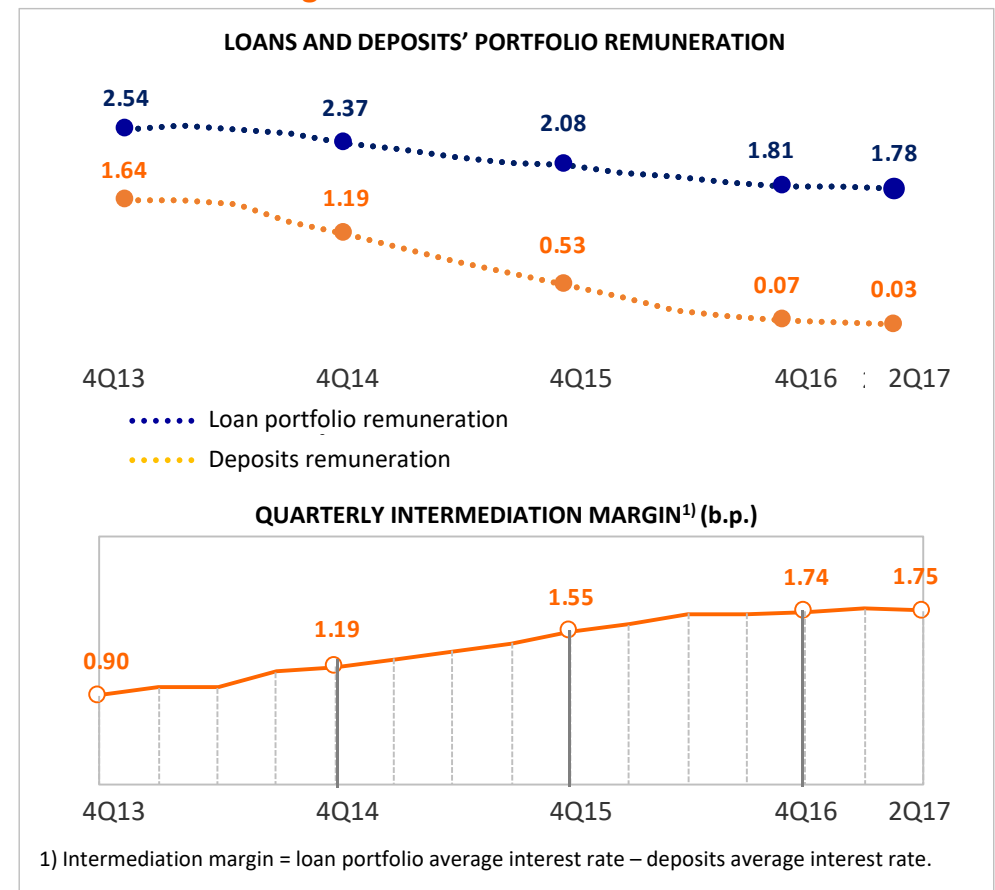
- Reduction in the average cost of term deposits to 0.07% in 2Q17
- Reduction in the spreads of corporate loans
- Stabilisation of the credit portfolio
- Minimal contribution from the securities portfolio
- Cost of 4 M.€ in the first half 2017 related to the subordinated Tier II debt issued on 24 Mar.17 (remuneration Euribor 6M + 5.74%)

Intermediation margin improved slightly

Fall in term deposits costs...



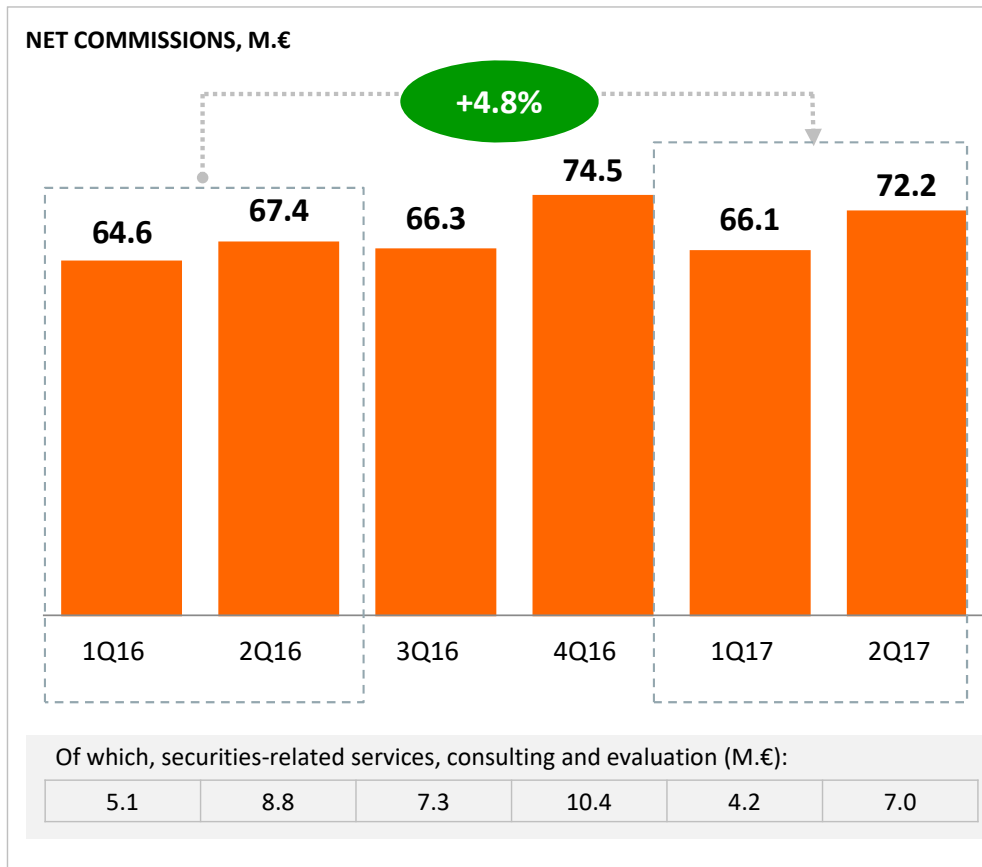
... has been the main driver behind the improvement in intermediation margin



- Adjustment of the cost of time deposits has been the main factor for the improvement of the intermediation margin, more than compensating the spreads narrowing on the loan side.
- Average remuneration of time-deposits is close to zero.
- Average remuneration of the loan portfolio showing signs of stabilisation.

Commissions increased by 4.8% yoy

Commissions



Commissions by business area

NET COMMISSIONS, M.€

In M.€	1H 17	1H 16	YoY	2Q 17	qoq
Banking commissions	86	83	3.2%	44	5.6%
Insurance intermediation ¹⁾	29	29	-1.8%	15	2.8%
Asset management ²⁾	24	20	21.1%	14	32.6%
Total	138	132	4.8%	72	9.2%
Note:	0	0	0.0%	0	0.0%
Unit links gross margin	6	7	-8.7%	3	6.4%

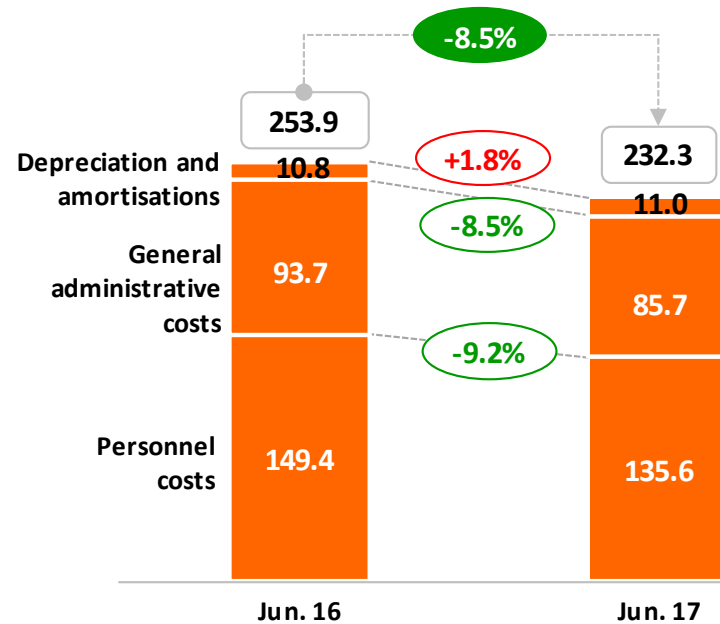
1) Includes unit links gross margin.

2) BPI Alternative Fund ceased to be consolidated from March 2017 onwards. In the consolidation of that fund in the 1st half 2016 and 1st quarter 2017, net commissions of 3.6 M.€ and 2.2 M.€ were annulled, respectively. Adjusting the variations by the deconsolidation of BPI Alternative Fund, asset management fees increased 11.7% yoy in the first half 2017 and 9.5% qoq in the 2nd quarter 2017.

- Net commissions increased 9.2% in the 2nd quarter (qoq) and 4.8% in the first half, in year-on-year terms (vs. the 1st half of 2016)
- Asset management commissions show strong growth in the semester: + 21% yoy and 32.6% qoq

Overhead costs (excluding non-recurring items) decreased 8.5% yoy

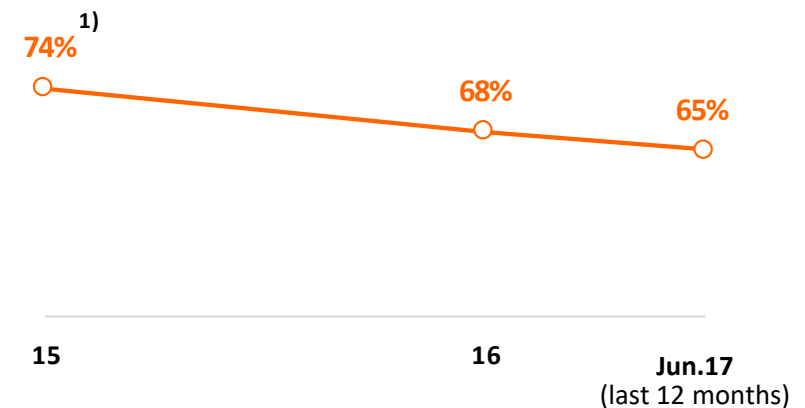
OVERHEAD COSTS (EXCLUDING NON-RECURRING), IN M.€



Non-recurring impacts

Early retirements and terminations	47.1	106.4
Gains with ACT revision	-44.3	-
Costs "as reported"	256.8	338.7

COST TO INCOME

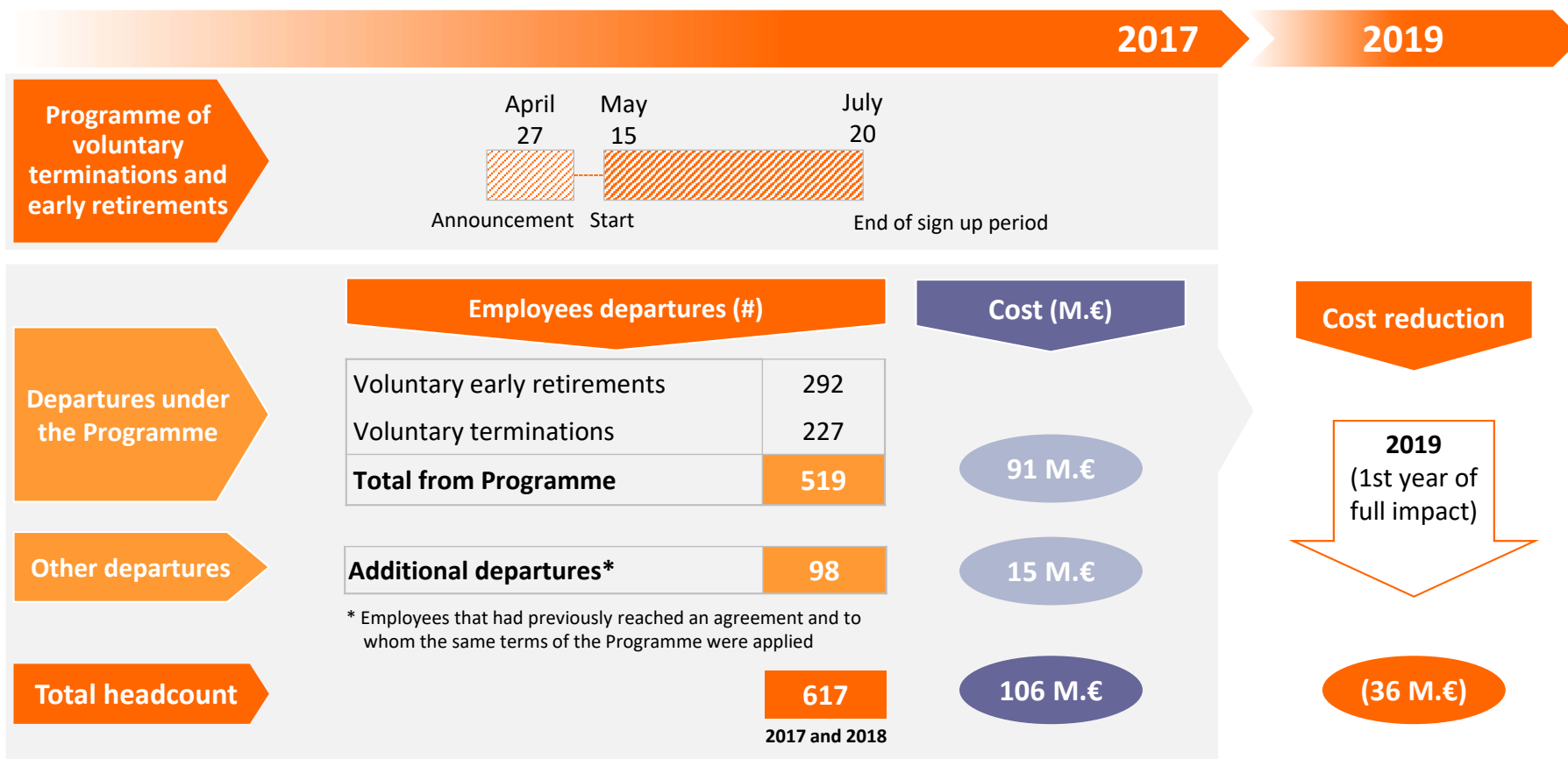


Adjusted overhead costs as % of commercial banking income

$$\text{Overhead costs adjusted in \% of commercial operating income from banking} = \frac{\text{Overhead costs} - \text{Costs from early retirements and voluntary terminations} - \text{gains with ACT revision}}{\text{Financial margin} + \text{commissions (includes unit links gross margin)} + \text{Equity accounted income excluding that coming from African banks} + \text{Dividends}}$$

- Overhead costs excluding costs from voluntary terminations and early retirements decrease 22 M. € (-8.5%) in the first half of 2017 (vs. 1st half of 2016)
- Personnel costs (excluding non-recurring items) decreased by 14 M.€ (-9.2%) yoy.

Programme of voluntary terminations and early retirements



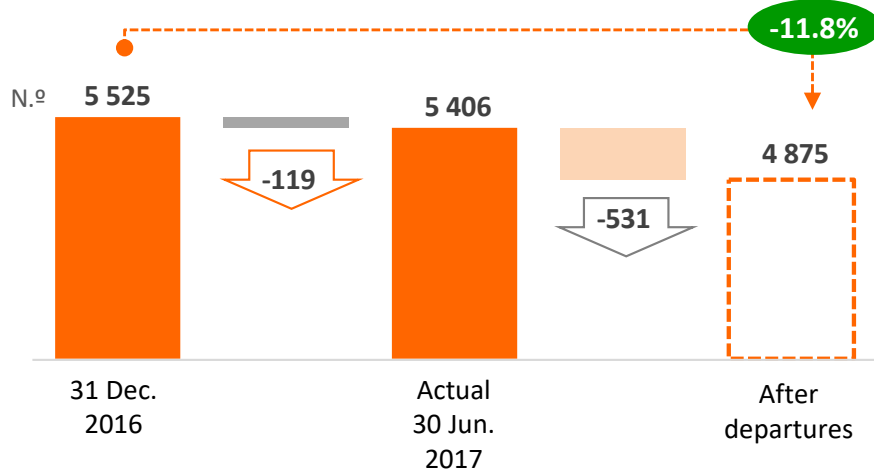
- Agreement for the departure of **617** employees representing **11%** of total staff
- **544** people leaving the Bank in 2017 and **73** in 2018
- Cost of **106 M.€** fully recognised in the 1st half 2017
- Estimated annual savings of **36 M.€** from 2019 onwards

Programme of voluntary terminations and early retirements: 617 departures agreed

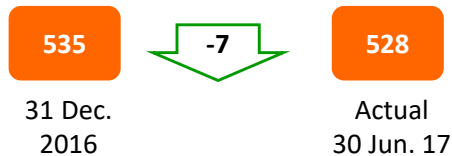
EMPLOYEES EVOLUTION

Voluntary terminations and early retirements and additional departures

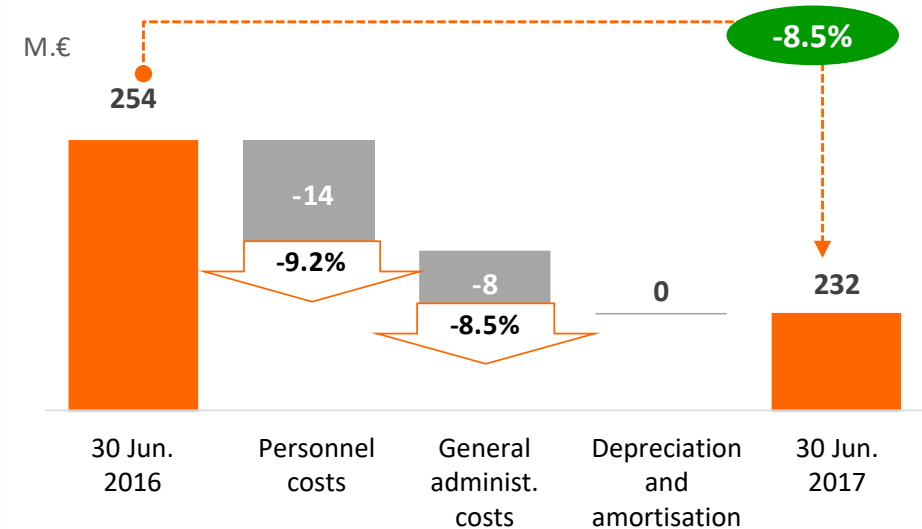
$$-86 + -531 = -617$$



BRANCH NETWORK EVOLUTION



EVOLUTION OF OVERHEAD COSTS¹⁾



- The decrease of 8.5% in overhead costs (excluding non-recurring items) in 1H17, does not reflect the departures agreed in 2017.

Employees' pension liabilities covered at 98%

Pension fund return (2017, ytd)

6.8%

EMPLOYEES PENSION LIABILITIES, M.€

M.€	31 Dec. 16	30 Jun. 17
Total past service liability	1 463	1 541
Net assets of the pension funds ¹⁾	1 431	1 504
Degree of coverage of pension liabilities	97.8%	97.6%
Discount rate	2.00%	2.08%
Salary growth rate	1.00%	1.00%
Pensions growth rate	0.50%	0.50%
Mortality table: Men	TV 73/77 – 2 years ²⁾	TV 88/ 90
Mortality table: Women	TV 88/ 90 – 3 years ²⁾	TV 88/ 90 – 3 years ²⁾

1) In Dec. 16 includes 75.5 M.€ of contributions transferred to the pension funds in the beginning of 2017.

2) For the target population, the age below the actual age of beneficiaries is two years for men and three years for women respectively, which is equivalent to considering a higher life expectancy.

ACTUARIAL DEVIATIONS IN THE PERIOD³⁾, M.€

	M.€
Total actuarial deviations at 31 Dec.16	(244.1)
Change of assumptions ⁴⁾	(40.7)
Pension funds income deviation	78.5
Other	(3.1)
Total actuarial deviations at 30 Jun.17	(209.4)

3) Recognised directly in shareholders, in accordance with IAS19.

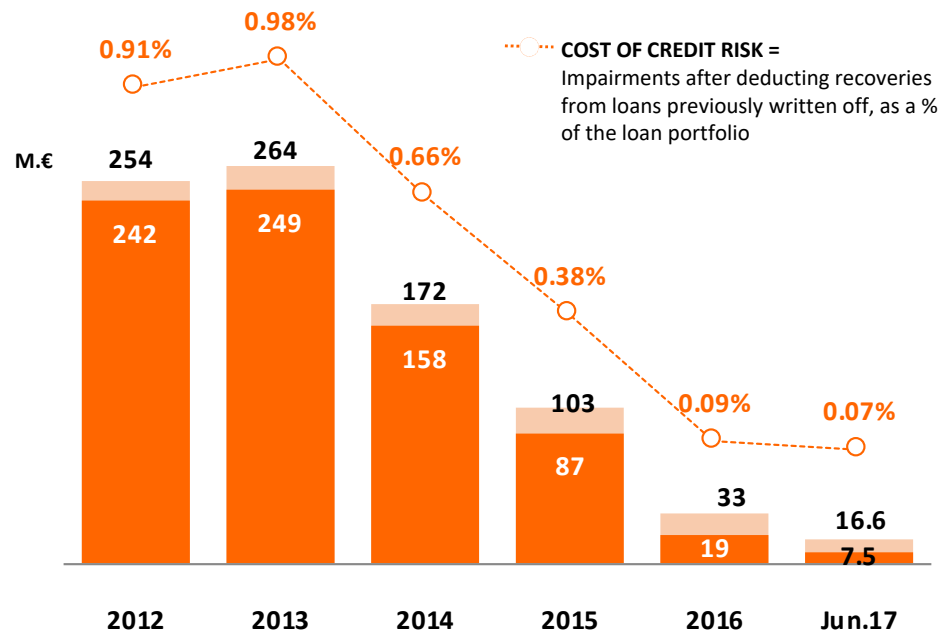
4) Includes the change in mortality tables and discount rate.

- Pension fund return of 6.8% ytd with a positive impact of 78.5 M.€ in actuarial deviations.
- BPI adopted a more conservative mortality table for men (TV 88/90).
- Amount of liabilities at 30 June 2017 already includes the increase from the programme of early retirements and voluntary terminations.

Cost of credit risk drops from 0.09% in 2016 to 0.07%¹⁾ in the 1st half 2017

Cost of credit risk¹⁾

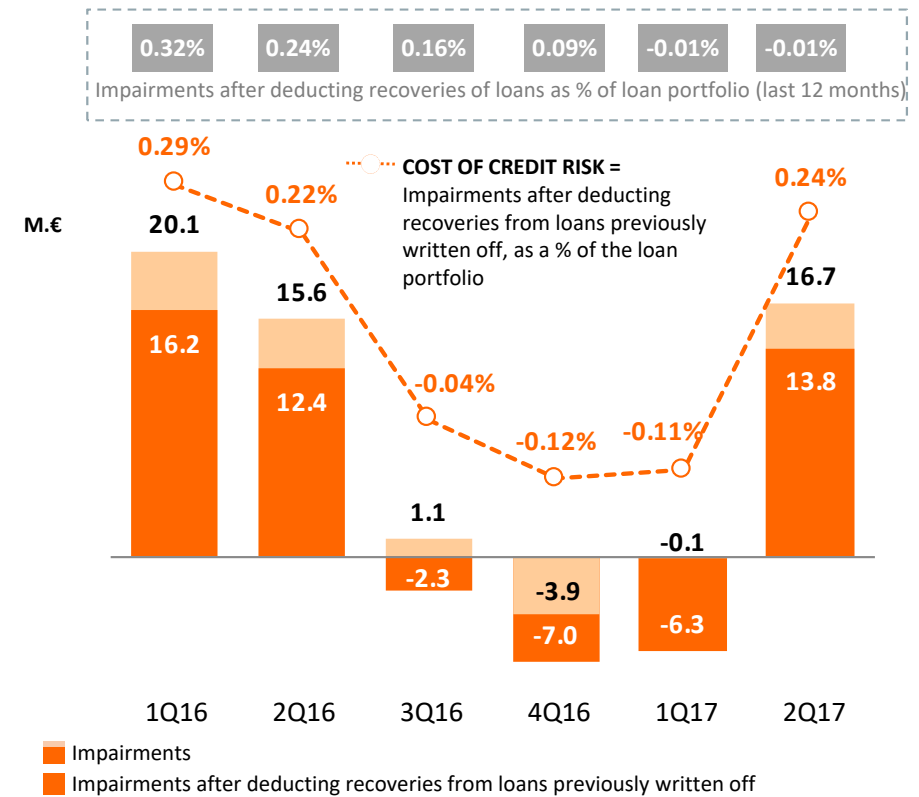
YOY EVOLUTION OF COST OF CREDIT RISK



Note: amounts from Dec.12 to Dec.15 relate to the domestic activity.

■ Impairments
■ Impairments after deducting recoveries from loans previously written off

QOQ EVOLUTION OF COST OF CREDIT RISK



■ Impairments
■ Impairments after deducting recoveries from loans previously written off

- Impairments in the first half of 2017 amounted to 16.6 M.€, which corresponds to 0.15% of the loan portfolio in annualised terms.
- The cost of credit risk, net of recoveries from loans previously written off, of 7.5 M.€ in the first half corresponds to 0.07% of the loan portfolio in annualised terms.

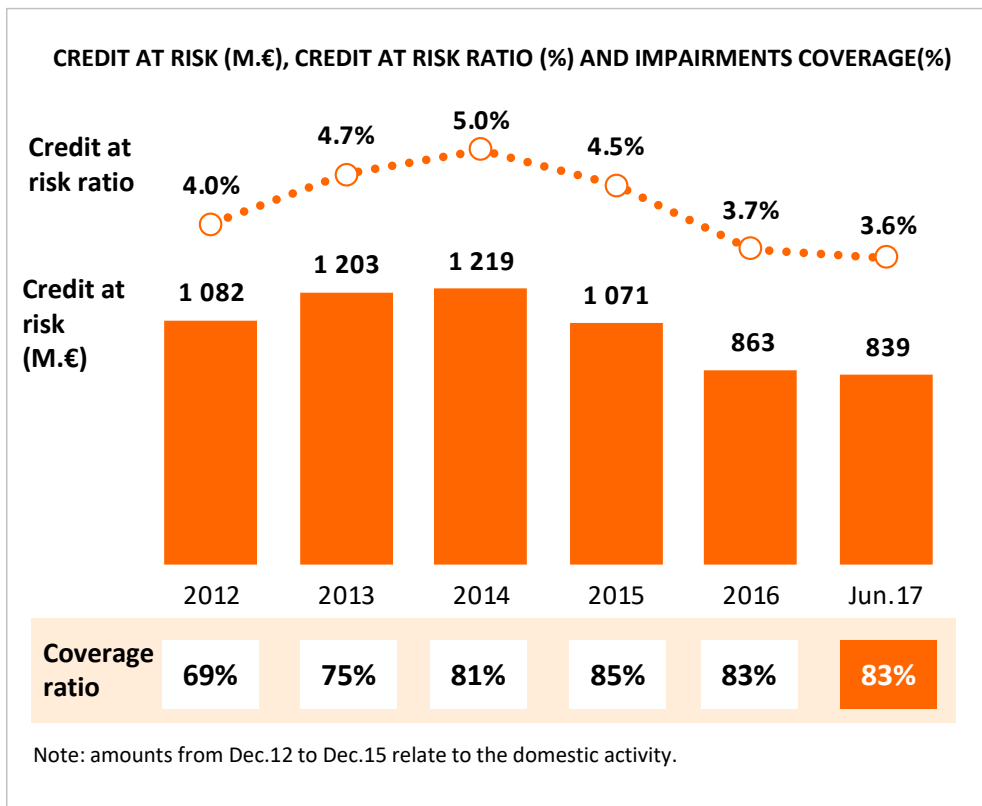
1st half 2017 results

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Credit at risk at low levels and with a high impairments coverage

Credit at risk



Credit at risk (Bank of Portugal rules)

- Ratio of credit at risk decreased in the first half to 3.6%. This ratio improved significantly vis-à-vis the maximum recorded at the end of 2014 (5.0%)
- Impairments coverage of credit at risk of 83%¹⁾
- Impairments coverage of credit at risk of 149%, including collateral

Non performing loans (CaixaBank definition)

NON PERFORMING LOANS (M.€), NON PERFORMING LOANS RATIO (%) AND IMPAIRMENTS COVERAGE (%)

	31 Mar. 17	30 Jun. 17
Non performing loans	1 508 M.€	1 439 M.€
Non performing loans ratio	6.1%	5.8%
Coverage ratio	47%	48%




Non performing loans (CaixaBank definition)

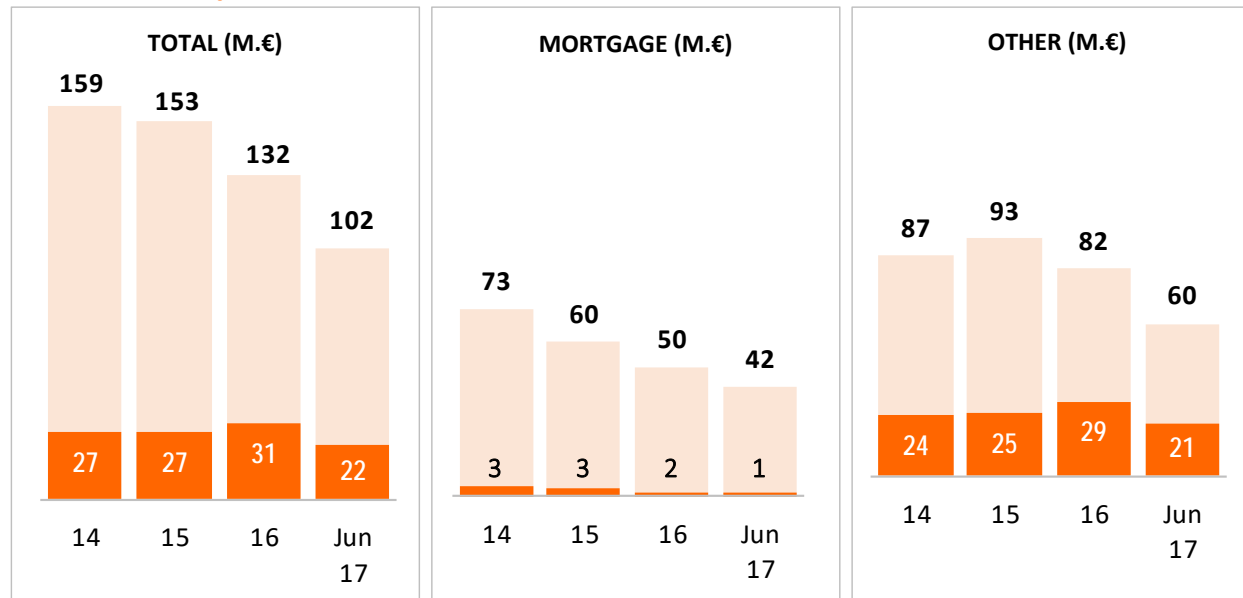
- Non performing loans ratio of 5.8%;
- Impairments coverage of 48%¹⁾
- Impairments coverage of 115% including collateral

1) Not considering collateral.


Properties foreclosure at very low levels

Foreclosure properties of 80 M.€ (net of impairments)

 Gross book value
 Net book value
 Impairments



Impairment coverage (% gross value)	22%		3%	35%
Valuation (% net book value)	125%		126%	123%
Average age of the portfolio (years)	-		2.5	5.5
# properties 1st half 2017	1 013	641	372	
- properties inflows	127	113	14	
- properties outflows	280	222	58	

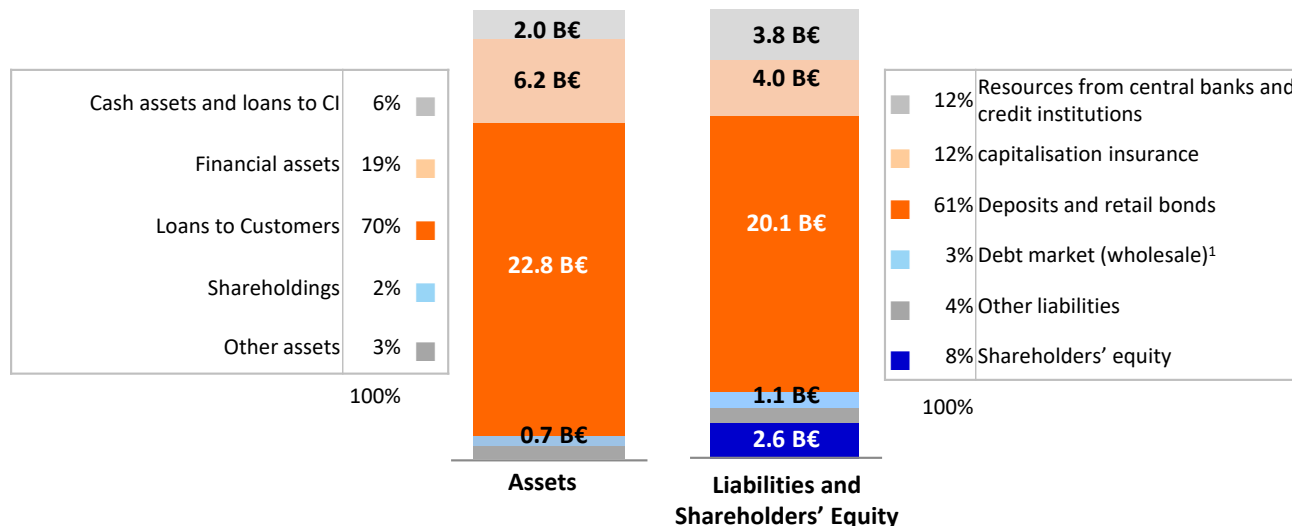
MAIN RECOVERY FUNDS		
	Capital subscribed	
Market	4.8 Bi.€	
By BPI	103.5 M.€	
% BPI	2%	
		
M.€	Subs-cribed	Real-ized
RF	97.9	88.6
CRF	5.6	3.8
Total	103.5	92.4
Impairments		(33.1)
Potential capital gains / (losses)		2.0
Net exposure		61.3
RF – Recovery Fund, FCR CRF – Corporate Restructuring Fund, FCR		

- Sale of 280 properties in the first half for 40 M.€. Positive impact in profits before taxes of 7.9 M.€.

Balanced funding structure and comfortable liquidity position

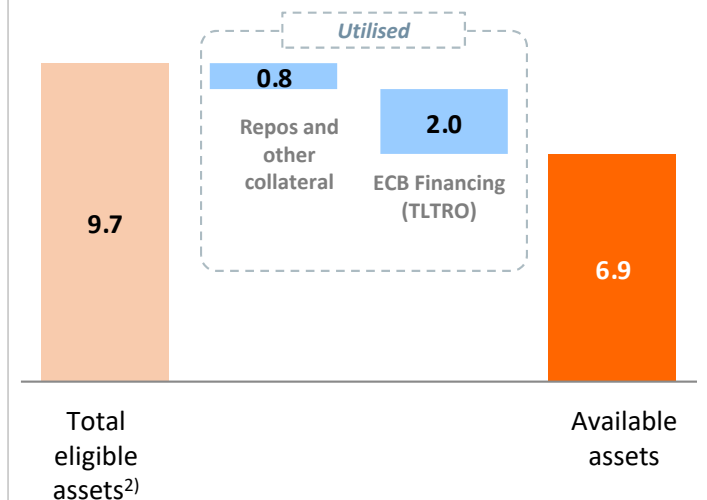
CONSOLIDATED BALANCE SHEET

€33.0 Bn



ASSETS ELIGIBLE FOR ECB FUNDING

(In Bi.€, 30 Jun. 2017)



2) Total eligible assets, net of price appreciation and haircuts and before utilisation.

COMFORTABLE LIQUIDITY METRICS

Loans/deposits
(BoP supervision perimeter)

106%

Liquidity
coverage ratio

179%

- Client Resources are the main source of funding in the Balance sheet (73% of assets).
- Loan to Deposit ratio of 106%.
- 2.0 Bi.€ of funds obtained with the ECB (TLTRO). BPI still has eligible assets to raise 6.9 Bi.€ of additional funding from the ECB.
- Portfolio of financial assets available for sale of 3.8 Bi.€, of which 2.9 Bi.€ of short term public debt and 0.5 Bi.€ of medium and long term public debt with a residual maturity of 1.8 years.
- Recourse to wholesale debt market is small (3% of assets).

M.€	Book value (M.€)	Gains / (losses)	Residual maturity, years
Short-term public debt ³⁾	2 904	1	0.4
MLT public debt ⁴⁾	519	0	1.8
Equity, corporate bonds and other	356	22	
Total	3 779	24	

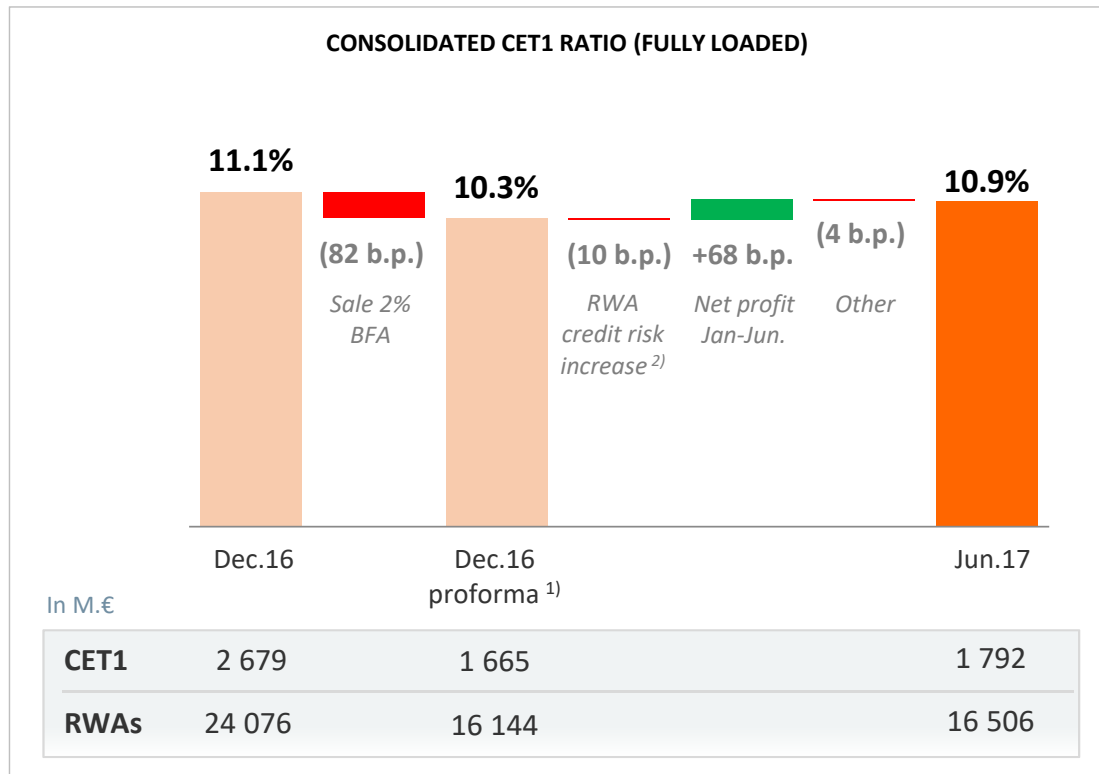
3) Portugal (67%), Italy (17%) and Spain (16%).

4) Portugal (63%), Italy (37%).

1) Includes 300 M.€ of subordinated debt issued in the 1Q17, and subscribed in full by CaixaBank.

CET1 FL ratio

Evolution of CET1 fully loaded ratio



Capital ratios

BANCO BPI CONSOLIDATED, 30 JUNE 2017

	Phase-in	Fully loaded
CET1	11.9%	10.9%
T1	11.9%	10.9%
Total capital	13.3%	12.7%
Leverage ratio	6.7%	6.0%

300 M.€





Issue of subordinated debt in the 1Q17, subscribed by CaixaBank
→ Increased Tier 2 and Total Capital

- Phasing in capital ratios: CET1 of 11.9% and total capital of 13.3%.
- BPI fulfils minimum SREP requirements of CET1, T1 and total ratio
- Fully loaded capital ratios: CET1 of 10.9% and total capital of 12.7%
- Leverage ratio of 6.7% phase-in and 6.0% fully loaded.

1) Excluding impact from the sale of 2% of BFA capital and deconsolidation.

2) Excluding DTA and equity risk class.

Rating levels

	Long Term	Short term	Outlook	Mortgage bonds
 1)	BBB-	F3	positive	-
 2)	BB+	B	stable	-
 3)	Ba3	Not-prime	stable	A2 ⁴⁾
	-	-	-	A (high) ⁵⁾

- 1) As of 21/06/17
- 2) As of 13/02/17
- 3) As of 18/01/17
- 4) As of 20/01/17
- 5) As of 31/03/17

1st half 2017 results

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Results at 30 June 2017: Summary

1

Consolidated net income, excluding non-recurring items, increases by 77%, from 106 M.€ in the 1st half 2016 to **188 M.€ in the 1st half 2017**.

2

Positive commercial results in the semester: **4.7% ytd growth in customer resources, 3.6% ytd growth in corporate loans in Portugal, with market share gains** in mortgage loans (+10bps) and corporate loans (+20bps).

3

Voluntary terminations and early retirements: **reduction of 617 employees** (11% total staff in 31.12.16) **with a total cost of 106 M.€** which will allow for **annual savings of 36 M.€** from 2019 onwards.

4

Strong liquidity position: Client Resources represent 73% of assets, Loan to Deposit ratio of 106% and Liquidity Coverage Ratio of 179%.

5

Quality of the loan portfolio allowed for a **decrease in the cost of credit risk** to 0.07% in the first half 2017; Portuguese economy improving.

1st half 2017 results

Annexes

- Profitability, efficiency, credit quality and solvency, as in the Bank of Portugal's Instruction no. 23/2011
- Quarterly Income Statements, Profitability and Balance sheets
- Tables of historical reconciliation of information
- Alternative Performance Measures



Profitability, efficiency, credit quality and solvency

As in the Bank of Portugal's Instruction no. 23/2011

	30 Jun. 16 as reported	30 Jun. 16 proforma	30 Jun. 17 as reported	30 Jun. 17 excl. the impact of the sale of 2% BFA and deconsolidation
Operating income from banking activity and results of equity accounted subsidiaries / ATA	3.2%	1.9%	1.7%	2.8%
Profit before taxation and income attributable to non-controlling interests / ATA	1.1%	1.1%	-0.3%	0.7%
Profit before taxation and income attributable to non-controlling interests / average shareholders' equity (including non-controlling interests)	15.3%	15.4%	-4.3%	9.6%
Personnel costs / Operating income from banking activity and results of equity accounted subsidiaries ¹	30.8%	40.8%	46.9%	29.2%
Overhead costs / Operating income from banking activity and results of equity accounted subsidiaries ¹	54.0%	69.4%	80.3%	50.0%
Loans in arrears for more than 90 days + doubtful loans / loan portfolio (gross)	4.0%		3.1%	
Loans in arrears for more than 90 days + doubtful loans, net of accumulated loan impairments / loan portfolio (net)	0.0%		0.1%	
Credit at risk as % of total loans (gross) ²	5.0%		3.8%	
Credit at risk ² , net of accumulated loan impairments as % of total loans (net)	0.9%		0.8%	
Restructured loans as % of total loans (gross) ³	6.5%		6.3%	
Restructured loans not included in credit at risk as % of total loans (gross) ³	4.5%		4.6%	
Total capital ratio	11.0% ⁴⁾		13.3% ⁵⁾	
Tier I ratio	11.0% ⁴⁾		11.9% ⁵⁾	
Core Tier I ratio	11.0% ⁴⁾		11.9% ⁵⁾	
Loans (net) to deposits ratio	88%		106%	

1) Excluding early-retirement costs and changes to the plan (personnel 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 2016.

5) According to CRD IV/CRR phasing in rules for 2017.

Consolidated Income Statement

Captions reclassified according to the format used by CaixaBank (BPI's consolidating entity). The underlying accounting criteria were not affected by the change in the format adopted.

	1st half 2017	2Q17	1Q17	2016	4Q16	3Q16 proforma ¹⁾	1st half 16 proforma ¹⁾	2Q16 proforma ¹⁾	1Q16 proforma ¹⁾
Financial margin narrow sense	182.3	90.1	92.3	364.2	94.2	91.1	178.9	92.8	86.1
Technical result of insurance contracts	7.4	3.8	3.6	24.6	5.7	5.4	13.5	5.6	7.9
Net commissions relating to amortised cost	10.3	4.6	5.8	21.2	5.4	5.3	10.6	5.1	5.4
Financial margin - RCL	200.1	98.5	101.6	410.0	105.3	101.8	203.0	103.6	99.4
Income from equity instruments - RCL	6.4	6.3	0.1	8.5	4.6	0.0	3.9	3.9	0.0
Net commission income - RCL	138.3	72.2	66.1	272.8	74.5	66.3	132.0	67.4	64.6
Equity accounted results (earnings associated companies) - RCL	120.7	64.6	56.1	26.2	0.8	4.0	21.4	15.8	5.6
Net income on financial operations	14.7	7.1	7.7	48.9	17.7	6.1	25.2	28.7	(3.6)
Net operating income	(191.0)	(15.0)	(176.0)	(23.8)	(3.2)	(1.0)	(19.6)	(18.3)	(1.2)
Operating income from banking activity - RCL	289.3	233.6	55.6	742.7	199.6	177.3	365.9	201.1	164.8
Personnel costs	(242.0)	(164.1)	(77.9)	(308.0)	(79.8)	(76.0)	(152.3)	(78.3)	(74.0)
Of which: Non-recurring personal costs ²⁾	(106.4)	(95.6)	(10.7)	(16.8)	(9.3)	(4.7)	(2.9)	(2.3)	(0.6)
General administrative costs	(85.7)	(44.3)	(41.4)	(168.6)	(29.7)	(45.2)	(93.7)	(48.9)	(44.8)
Depreciation and amortisation	(11.0)	(5.5)	(5.5)	(21.4)	(5.4)	(5.2)	(10.8)	(5.3)	(5.5)
Overhead costs	(338.7)	(213.9)	(124.7)	(497.9)	(114.8)	(126.3)	(256.8)	(132.5)	(124.2)
Operating profit before impairments and provisions	(49.4)	19.7	(69.1)	244.8	84.8	50.9	109.1	68.6	40.5
Recovery of loans, interest and expenses	9.1	2.9	6.2	13.7	3.1	3.4	7.2	3.3	3.9
Impairment losses and provisions for loans and guarantees, net	(16.6)	(16.7)	0.1	(33.0)	3.9	(1.1)	(35.8)	(15.6)	(20.1)
Impairment losses and other provisions, net	3.0	(0.6)	3.5	(36.5)	2.5	(5.1)	(33.9)	(30.6)	(3.3)
Net income before income tax	(54.0)	5.3	(59.3)	189.0	94.3	48.2	46.6	25.6	21.0
Income tax	(47.7)	15.3	(63.1)	(44.7)	(6.5)	(15.8)	(22.5)	(9.0)	(13.4)
Net income from continuing operations	(101.7)	20.6	(122.3)	144.4	87.8	32.4	24.1	16.6	7.6
Net income from discontinued operations				337.7	84.8	89.0	163.9	87.2	76.6
Income attributable to non-controlling interests from continuing operations	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)
Income attributable to non-controlling interests from discontinued operations				(168.8)	(42.3)	(44.4)	(82.0)	(43.6)	(38.4)
Net income	(101.7)	20.6	(122.3)	313.2	130.3	77.0	105.9	60.2	45.8

1) The designation "proforma" reflects the reclassification (RCL) of the contribution of BFA for consolidated results according to IFRS 5 rules, that is recorded in the net income from discontinued operations.

2) Costs from voluntary terminations and early retirements and (only in 2016) gains with the revision of the Collective Labour Agreement (Acordo Colectivo de Trabalho - ACT).

Increase of 77% in consolidated net income to 188 M.€

Consolidated income statement

Captions reclassified (RCL) according to the format used by CaixaBank (BPI's consolidating entity). The underlying accounting criteria were not affected by the change in the format adopted

In M.€	1st half 2017			1st half 2016
	As reported	Non recurr.	Excluding non recurring items	Proforma ¹⁾
Financial margin - RCL	200		200	203
Income from equity instruments - RCL	6		6	4
Net commission income - RCL	138		138	132
Equity accounted results - RCL	121		121	21
Net income on financial operations	15		15	25
Net operating income	(191)	(176)	(16)	(20)
Operating income from banking activity - RCL	289	(176)	465	366
Overhead costs	(339)	(106)	(232)	(257)
Operating profit before impairments and provisions	(49)	(282)	232	109
Recovery of loans, interest and expenses	9		9	7
Impairment losses and provisions for loans and guarantees, net	(17)		(17)	(36)
Impairment losses and other provisions, net	3		3	(34)
Net income before income tax	(54)	(282)	228	47
Income tax	(48)	(8)	(40)	(22)
Net income from continuing operations	(102)	(290)	188	24
Net income from discontinued operations				164
Income attributable to non-controlling interests	(0)		(0)	(82)
Net income	(102)	(290)	188	106

Includes interest cost of 4 M.€ with subordinated Tier II debt issued by the end of Mar.17 (300 M.€, remuneration Euribor 6M + 5.74%)

1st half 17: the shareholding in BFA (48.1%) is accounted by the equity method.

Includes gain of 23 M.€ with the sale of the stake in Visa Europe

Includes annual contributions for the national and European resolution funds (15 M.€ in 1H17 and 18 M.€ in 1H16)

Contribution for 1H17 consolidated profit:

- BFA, 96 M.€ excl. impact of sale and deconsolidation (+16.9 M.€ yoy)
- BCI, 4.6 M.€ (+1.3 M.€ yoy)

Included 20 M.€ of impairments PT International Finance bonds (OI Group)

Include extraordinary contributions over the banking sector (7 M.€ in 1H17 and 11 M.€ in 1H16)

1st half proforma: the contribution of BFA was recorded in net income from discontinued operations.

Recurring net profit increases by +82M.€:

- Recurring costs decrease 8.5% yoy (-22 M.€, before taxes);
- Loan impairments for loans and guarantees (before taxes) decrease from 62 M.€ in 1H16 to 5 M.€ in 1H17;
- Increase in contribution of BFA to the result from 79 M.€ to 96 M.€, after taxes.

Non recurring impacts in 1st half 2017 negative by 290 M.€:

- Costs from early retirements and voluntary terminations of 77.2 M.€ (106.4 M.€ before taxes)
- Sale of 2% of BFA capital and deconsolidation, already recognised in the 1st quarter 2017:
 - The impact in consolidated shareholders equity was negative by 30.2 M.€²⁾
 - The impact in consolidated net profit was negative by 212.3 M.€³⁾

1)The designation "proforma" reflects the restatement of the contribution of BFA for consolidated results according to IFRS 5 accounting standards, that is recorded in the net income from discontinued operations.

2)Impact from the sale of 2% of BFA and deconsolidation in shareholders equity: capital gain of 6.6 M.€ and, with a negative sign, deferred tax liabilities of 36.8 M.€.

3)Impact from the sale of 2% of BFA and deconsolidation in consolidated net profit: negative by 212.3 M.€, as, in addition to the negative impact in shareholders equity (-30.2 M.€), there was a transfer of 182.1 M.€ of negative foreign exchange reserves to net profit in the period.

Return on Equity (ROE) and Return on Tangible Equity (ROTE) YtD (annualised) vs Last 12 months

Return on Equity (ROE)

	YtD (annualised)	Last 12 months
	1st Half 17 (Jan. - Jun.17)	Jul.16 -Jun.17
Recurring ROE		
[A.] Shareholders'Equity attributed to BPI Shareholders (average balance, M.€)	2 494	2 434
[B.] Fair value reserve of the financial assets available for sale portfolio (average balance, M.€)	20	16
[C.] Adjusted allocated capital (M.€) [=A.-B.]	2 474	2 418
[D.] Net recurring income (M.€)	188	405
[E.] Recurring ROE [D. / C.]	15.2%	16.8%
Recurring ROE, excluding contribution of stakes in African Banks		
[F.] Shareholders'Equity attributed to BPI Shareholders (average balance, M.€)	1 999	1 960
[G.] Fair value reserve of the financial assets available for sale portfolio (average balance, M.€)	20	16
[H.] Adjusted allocated capital (M.€) [=F.-G.]	1 978	1 944
[I.] Net recurring income (M.€)	89	221
[J.] Recurring ROE, excluding contribution of stakes in African Banks [I. / H.]	9.0%	11.4%
[K.] Net income "as reported" (M.€)	(102)	106
[L.] ROE "as reported" [K. / C.] ¹⁾	3.5%	4.4%

Return on Tangible Equity (ROTE)

	YtD (annualised)	Last 12 months
	1st Half 17 (Jan. - Jun.17)	Jul.16 -Jun.17
Recurring ROTE		
[A.] Shareholders'Equity attributed to BPI Shareholders (average balance, M.€)	2 494	2 434
[B.] Intangible assets (average balance, M.€)	25	27
[C.] Adjusted allocated capital (M.€) [=A.-B.]	2 469	2 407
[D.] Net recurring income (M.€)	188	405
[E.] Recurring ROTE [D. / C.]	15.2%	16.8%
Recurring ROTE, excluding contribution of stakes in African Banks		
[F.] Shareholders'Equity attributed to BPI Shareholders (average balance, M.€)	1 999	1 960
[G.] Intangible assets (average balance, M.€)	25	24
[H.] Adjusted allocated capital (M.€) [=F.-G.]	1 974	1 936
[I.] Net recurring income (M.€)	89	221
[J.] Recurring ROTE, excluding contribution of stakes in African Banks [I. / H.]	9.0%	11.4%
[K.] Net income "as reported" (M.€)	(102)	106
[L.] ROTE "as reported" [K. / C.] ¹⁾	3.5%	4.4%

1) In the annualization of the ROE and ROTE "as reported" in the 1st half 2017 the non recurring impacts (negative by 290 M.€) were not annualised.

Consolidated Balance sheet (as reported)

In M.€	30 Jun. 17	31 Mar. 17	31 Dec. 16
Assets			
Cash and deposits at central banks	983.4	1 300.2	876.6
Deposits at other credit institutions	300.0	272.1	300.2
Loans and advances to credit institutions	744.6	781.8	637.6
Loans and advances to Customers	22 819.8	22 718.4	22 735.8
Financial assets held for trading and at fair value through profit or loss	2 409.7	2 421.4	2 197.9
Financial assets available for sale	3 779.3	3 816.9	3 876.4
Held to maturity investments	14.4	16.3	16.3
Hedging derivatives	20.4	21.1	25.8
Investments in associated companies and jointly controlled entities	675.0	681.6	175.7
Investment properties	0.0	0.0	0.0
Non-current assets held for sale and discontinued operations	0.0	0.0	6 295.9
Other tangible assets	43.7	48.0	51.0
Intangible assets	24.7	24.6	25.6
Tax assets	472.8	447.5	471.8
Other assets	463.5	426.8	598.0
Total assets	32 751.4	32 976.7	38 284.7
Liabilities and shareholders' equity			
Resources of central banks	2 145.4	1 999.5	2 000.0
Financial liabilities held for trading	185.8	208.7	212.7
Resources of other credit institutions	1 624.1	1 834.9	1 096.4
Resources of Customers and other debts	22 335.5	22 413.5	21 967.7
Debts securities	268.9	288.6	506.8
Technical provisions	1 923.6	1 985.2	2 048.8
Financial liabilities relating to transferred assets	511.4	525.6	555.4
Hedging derivatives	78.0	93.0	97.8
Non-current liabilities held for sale and discontinued operations	0.0	0.0	5 951.4
Provisions	68.8	69.3	70.2
Tax liabilities	67.1	66.5	22.0
Other subordinated debt and participating bonds	373.8	369.9	69.5
Other liabilities	606.7	587.3	777.4
Shareholders' equity attributable to the shareholders of BPI	2 560.6	2 533.0	2 440.5
Non-controlling interests	1.8	1.8	468.0
Shareholders' equity	2 562.3	2 534.7	2 908.5
Total liabilities and shareholders' equity	32 751.4	32 976.7	38 284.7

Consolidated Income Statement 1st half 17 – Reconciliation with the structure previously used

Captions restated (RST) according to the format used by CaixaBank (BPI's consolidating entity). The underlying accounting criteria were not affected by the change in the format adopted

Income Statement – structure previously used (until 1st quarter 2017 earnings release)

In M.€	1st half 2017
Financial margin (narrow sense)	182.3
Gross margin on unit links	6.4
Income from equity instruments	6.4
Net commissions relating to amortised cost	10.3
Financial margin	205.5
Technical result of insurance contracts	7.4
Net commission income	131.9
Net income on financial operations	14.7
Net operating income	(191.0)
Operating income from banking activity	168.5
Personnel costs	(242.0)
Of which: non-recurring personnel costs ¹⁾	(106.4)
General administrative costs	(85.7)
Depreciation and amortisation	(11.0)
Overhead costs	(338.7)
Operating profit before impairments and provisions	(170.1)
Recovery of loans, interest and expenses	9.1
Impairment losses and provisions for loans and guarantees, net	(16.6)
Impairment losses and other provisions, net	3.0
Net income before income tax	(174.7)
Income tax	(47.7)
Earnings of associated companies (equity method)	120.7
Net income from continuing operations	(101.7)
Net income from discontinued operations	0.0
Income attribut. to non-controlling interests from continuing operations	(0.0)
Income attribut. to non-controlling interests from discontinued operations	0.0
Net Income	(101.7)

Income Statement – structure adopted in 1st half 2017 (according to the format used by CaixaBank, BPI's consolidating entity)

1st half 2017	In M.€
182.3	Financial margin (narrow sense)
7.4	Technical result of insurance contracts
10.3	Net commissions relating to amortised cost
200.1	Financial margin - RCL
6.4	Income from equity instruments - RCL
138.3	Net commission income - RCL
120.7	Equity accounted results - RCL
14.7	Net income on financial operations
(191.0)	Net operating income
289.3	Operating income from banking activity - RCL
(242.0)	Personnel costs
(106.4)	Of which: non-recurring personnel costs ¹⁾
(85.7)	General administrative costs
(11.0)	Depreciation and amortisation
(338.7)	Overhead costs
(49.4)	Operating profit before impairments and provisions
9.1	Recovery of loans, interest and expenses
(16.6)	Impairment losses and provisions for loans and guarantees, net
3.0	Impairment losses and other provisions, net
(54.0)	Net income before income tax
(47.7)	Income tax
(101.7)	Net income from continuing operations
0.0	Net income from discontinued operations
(0.0)	Income attribut. to non-controlling interests from continuing operations
0.0	Income attribut. to non-controlling interests from discontinued operations
(101.7)	Net Income

1) Costs from voluntary terminations and early retirements.

Adjusted overhead costs as a % of commercial banking income

Calculated according to the structure of the income statement previously used (until 1st quarter 2017 earnings release)



Calculated according to the structure of the income statement adopted in the 1st half 2017 (according to the format used by CaixaBank, BPI's consolidating entity)

	1st half 17 (Jan. - Jun.17)	Jul. 16 - Jun.17 (last 12 months)
Financial margin (narrow sense)	182.3	367.6
Gross margin on unit links	6.4	12.8
Income from equity instruments	6.4	11.0
Net commissions relating to amortised cost	10.3	21.0
Financial margin	205.5	412.5
Technical result of insurance contracts	7.4	18.6
Commissions and other income (net)	131.9	266.3
Commercial banking income	344.8	697.4
Adjusted overhead costs¹⁾	232.3	459.5
Adjusted overhead costs as a % of commercial banking income	67%	66%

	1st half 17 (Jan. - Jun.17)	Jul. 16 - Jun.17 (last 12 months)
Financial margin (narrow sense)	182.3	367.6
Technical result of insurance contracts - RCL	7.4	18.6
Net commissions relating to amortised cost	10.3	21.0
Financial margin - RCL	200.1	407.2
Commissions and other income (net) - RCL	138.3	279.2
Equity accounted results, excluding contribution from stakes in African banks - RCL	9.0	11.6
Income from equity instruments - RCL	6.4	11.0
Commercial banking income - RCL	353.8	708.9
Adjusted overhead costs¹⁾	232.3	459.5
Adjusted overhead costs as a % of commercial banking income	66%	65%

1) Excluding costs from voluntary terminations and early retirements.

Net Comissions - reconciliation with the structure previously used

Similar structure to the one used by CaixaBank (BPI's consolidating entity). The underlying accounting criteria were not affected by the change in the format adopted.

Net comissions in the 1st half 17– structure previously used (until 1st quarter 2017 earnings release)

Net commissions

In M.€	1st half 17
Total commissions	131.9
Of which:	0.0
Insurance intermediation	22.2
Asset management	24.0
Other commissions	85.7

Net comissions in the 1st half 17 - structure adopted in the 1º half 2017

(close to the structure used by CaixaBank, BPI's consolidating entity)

Net commissions - RCL

1st half 17	In M.€
85.7	Banking commissions
28.6	Insurance intermediation
24.0	Asset management
138.3	Total

Gross margin on unit links

In M.€	1st half 17
Gross margin on unit links	6.4

Similar structure to the one used by CaixaBank (BPI's consolidating entity). The underlying accounting criteria were not affected by the change in the format adopted.

(close to the format used by
CaixaBank, BPI's consolidating entity)

1) Placements of investment funds managed by BPI Group in on-balance sheet resources.
2) Excludes BPI securities.

Loan portfolio at 30 June 2017- Reconciliation with the structure previously used

Similar structure to the one used by CaixaBank (BPI's consolidating entity). The underlying accounting criteria were not affected by the change in the format adopted.

Loan portfolio at 30 Jun.17 – structure previously used (until 1st quarter 2017 earnings release)

30 Jun. 2017, in M.€	[A] Net portfolio
Corporate banking	4 471
Large companies	1 717
Medium-sized companies	2 754
Project Finance - Portugal	983
Madrid branch	634
Project Finance	400
Corporates	235
Public Sector	1 440
Central Administration	187
Regional and local administrations	893
State Corporate Sector - in the budget perimeter	53
State Corporate Sector - outside the budget perimeter	274
Other Institutional	33
Individuals and Small Businesses Banking	13 739
Mortgage loans to individuals	10 800
Consumer credit / other purposes	702
Credit Cards	151
Car financing	191
Small businesses	1 896
BPI Vida e Pensões	1 239
Loans in arrears net of impairments	(19)
Loans in arrears	655
Loan impairments	(674)
Other	333
Other loans	262
Interests and other	71
Total	22 820

[B] Loans in arrears + 30 days	[C] Interests and other
230	0
56	0
174	0
12	0
19	0
10	0
9	0
0	0
0	0
0	0
0	0
0	0
391	0
270	0
26	0
6	0
2	0
87	0
0	9
-	-
-	-
-	-
2	62
2	62
-	-
655	71

[D] Gross portfolio [=A+B+C]
4 701
1 773
2 928
995
654
410
244
1 440
187
893
53
274
33
14 130
11 069
728
157
193
1 983
1 248
-
-
-
327
327
-
23 494

Loan portfolio at 30 Jun.17 – structure adopted in 1st half 2017

(close to the format used by CaixaBank, BPI's consolidating entity)

Gross portfolio	30 Jun. 2017, in M.€
12 146	I. Loans to individuals
11 069	Mortgage loans
1 077	Other loans to individuals
8 333	II. Loans to corporates
6 350	Large and medium-sized corporates
1 983	Small businesses
1 248	III. BPI Vida e Pensões portfolio
1 440	IV. Public sector
327	V. Other
23 494	Total

ALTERNATIVE PERFORMANCE MEASURES

In addition to the financial information prepared in accordance with the International Financial Reporting Standards (IFRS), BPI uses a number of indicators in the analysis of the performance and financial position which are classified as Alternative Performance Indicators (APM) in accordance with the guidelines set by the European Securities and Markets Authority or ESMA about the disclosure of Alternative Performance Measures by entities published on 5 October 2015 (ESMA / 2015/ 1415). These indicators, which were not audited, are considered additional disclosures and in no case replace the financial information prepared in accordance with the IFRS. In addition, the way Banco BPI defined and calculated these indicators may differ from the way similar indicators are computed by other companies and may therefore not be comparable. The following is a list of alternative performance indicators used by BPI, together with a reconciliation between certain management indicators and the consolidated financial statements and their notes prepared in accordance with IFRS.

EARNINGS, EFFICIENCY AND PROFITABILITY INDICATORS

Financial margin (RCL) = Financial margin (narrow sense) + Technical result of insurance contracts + Commissions relating to amortised cost

Net commissions (RCL) = Net commissions + Gross margin on unit links

Operating income from banking activity (RCL) = Financial margin (RCL) + Income from equity instruments (RCL) + Net commissions income (RCL) + Equity accounted results (RCL) + Net income on financial operations + Net operating income

Commercial banking income = Financial margin (RCL) + Income from equity instruments (RCL) + Net commissions income (RCL) + Equity accounted results (RCL) excluding the contribution of stakes in African banks

Overhead costs = Personnel costs + General administrative expenses + Depreciation and amortization

Adjusted overhead costs = Personnel costs excluding cost with early retirements and voluntary terminations and (only in 2016) gains with the revision of the Collective Labour Agreement (ACT) + General administrative expenses + Depreciation and amortization

Operating profit before impairments and provisions (RCL) = Operating income from banking activity (RCL) - Overhead costs

Net income before income tax (RCL) = Operating profit (RCL) + Recovery of loans, interest and expenses - Impairment losses and provisions for loans and guarantees, net - Impairment losses and other provisions, net

Cost-to-income ratio (efficiency ratio) ¹⁾ = Overhead costs / Operating income from banking activity (RCL)

Adjusted overhead costs-to-commercial banking income ¹⁾ = Overhead costs, excluding costs with early-retirements and voluntary terminations and (only in 2016) gains with the revision of the Collective Labour Agreement (ACT) / Commercial banking income

Return on Equity (ROE) ¹⁾ = Net income for the period / Average value in the period of shareholders' equity attributable to BPI shareholders after deduction of the fair value reserve (net of deferred taxes) related to available-for-sale financial assets

Return on Tangible Equity (ROTE) ¹⁾ = Net income for the period / Average value in the period of shareholders' equity attributable to BPI shareholders after deduction of intangible net assets

Return on Assets (ROA) ¹⁾ = (Net income attributable to BPI shareholders + Income attributable to non-controlling interests - preference shares dividends paid / Average value in the period of net total assets

Intermediation margin = Loan portfolio average interest rate - Deposits average interest rate

Note:

The term “RCL” or “Reclassified captions” identifies income and costs captions that have been reclassified in this earnings release, and repositioned in the structure of the income statement according to the format used by CaixaBank (BPI’s consolidating entity). The underlying accounting criteria were not affected by the change in the format adopted.

1) Ratio referring to the last 12 months, except when indicated otherwise.

The ratio can be computed for the cumulative period since the beginning of the year, in annualised terms, the cases in which it will be clearly marked.

ALTERNATIVE PERFORMANCE MEASURES

BALANCE SHEET AND FUNDING INDICATORS

On-balance sheet Customer resources = Deposits + Capitalization insurance and others

Note: The amount of on-balance sheet Customer resources is not deducted from the applications of off-balance sheets products (mutual funds and pension plans) in on-balance sheet products.

Being:

- Deposits = Sight deposits and other + Time and savings deposits + Accrued interest + Bonds placed with customers (Fixed / variable rate bonds and structured products placed with Customers + Deposits certificates + Subordinated bonds placed with Customers)

- Capitalization insurance and others = Unit links insurance capitalisation + “Aforro” capitalization insurance and others (Technical provisions + Guaranteed rate and guaranteed retirement insurance capitalisation) + Participating units in consolidated mutual funds

Assets under management = Mutual funds + Pension plans

Note: Amounts deducted from participating units in the Group banks' portfolios and from off-balance sheet products investments (mutual funds and pension plans) in other off-balance sheet products.

- Mutual funds = Unit trust funds + Real estate investment funds + Retirement-savings and equity-savings plans (PPR and PPA) + Hedge funds + Funds assets under BPI Suisse management + Third-party unit trust funds placed with Customers

- Pension plans = pension plans under BPI management (includes pension plans of BPI Group)

Subscriptions in public offerings = Customers subscriptions in third parties' public offerings

Total Customer Resources = On-balance sheet Customer Resources + Assets under management + Subscriptions in public offerings

Loan-to-deposit ratio = Net loans to Customers / Customer deposits

ASSET QUALITY INDICATORS

Impairments for loans and guarantees as % of the loan portfolio¹⁾ = Impairment losses and provisions for loans and guarantees, net / Average value in the period of the performing loan portfolio

Cost of credit risk as % of the loan portfolio¹⁾ = (Impairments and provisions for loans and guarantees, net - Recovery of loans, interest and expenses) / Average value in the period of the performing loan portfolio

Performing Loans portfolio = Gross customer loans - (Overdue loans and interest + Receivable interests and other – Loan impairments)

Credit at risk ratio (consolidation perimeter IAS / IFRS) = Credit at risk / Gross loan portfolio

Note: the consolidated financial information prepared in accordance with IAS / IFRS rules is used in the calculation of the indicator.

For the disclosure of the indicators defined in Bank of Portugal Instruction 16/2004, the Bank of Portugal's supervision perimeter is considered in their calculation, which, in the case of BPI, implies that BPI Vida e Pensões be recognised through the equity method (whereas under IAS / IFRS accounting rules that company is fully consolidated).

Coverage of credit at risk by impairments = (Loan impairments + Impairments and provisions for guarantees and commitments) / Credit at risk

Coverage of credit at risk by impairments and associated collateral = (Loan impairments + Impairments and provisions for guarantees and commitments + Collateral associated to credit) / Credit at risk

Non performing loans ratio = Non performing loans (CaixaBank criteria) / (Gross customer loans + guarantees)

Non performing loans coverage ratio = (Loans impairments + Impairments and provisions for guarantees and commitments) / Non performing loans (CaixaBank criteria)

Coverage of non performing loans by impairments and associated collateral = (Loans impairments + Impairments and provisions for guarantees and commitments + Collateral associated to credit) / Non performing loans (CaixaBank criteria)

Impairments cover of foreclosed properties = Impairments for foreclosed properties / Gross value of foreclosed properties

1) Ratio referring to the last 12 months, except when indicated otherwise.

2) The ratio can be computed for the cumulative period since the beginning of the year or for the quarter, both in annualised terms, the cases in which it will be clearly marked.

ALTERNATIVE PERFORMANCE MEASURES

MARKET INDICATORS

Earnings per share (EPS) = Net income / Weighted average no. of shares in the period (basic or diluted)

The earnings per shares (basic or diluted) is calculated in accordance with IAS 33 - Earnings per share.

Cash-flow after taxes (CF per share or CFPS) = Cash-flow after taxes / Weighted average no. of shares in the period.

Note: the denominator corresponds to the weighted average no. of shares used in the calculation of earnings per share (basic or diluted).

Book value per share (BV per share or BVPS) = Shareholders' equity attributable to BPI shareholders / No. of shares at the end of the period

Note: the denominator corresponds to the outstanding number of shares after deducting the treasury stocks portfolio and is adjusted for capital increases, whether by incorporation of reserves (bonus issue) or subscription reserved for shareholders (rights issue), amongst other events, in a similar way to the calculation of earnings per share.

Price to earnings ratio (PER) = Stock market share price / Earnings per share (EPS)

Price to cash flow (PCH) = Stock market share price / Cash-flow after taxes (CFPS)

Price to book value (PBV) = Stock market share price / Book value per share (BVPS)

Earnings yield = Earnings per share (EPS) in the year / Stock market share price (at beginning or end of the year)

Dividend yield = Dividend per share relating to the year / Stock market share price (at beginning or end of the year)



Investor Relations

Tel. +351 226 073 337

E-mail: investor.relations@bancobpi.pt

Website: www.ir.bpi.pt

Ricardo Araújo (IR Officer)

Tel: +351 226 073 119

E-mail: luís.ricardo.araujo@bancobpi.pt

Banco BPI, S.A.

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