

BANCO BPI CONSOLIDATED RESULTS IN THE FIRST 9 MONTHS OF 2017

Porto, 19 October 2017

BPI records consolidated recurrent profit of 312 million (+71%) benefiting from strong domestic commercial activity

- **Net income "as reported" reached 23 million euros**, fully absorbing the extraordinary costs recorded in the first six months.
- **Activity in Portugal contributed 152 million** to the recurrent net income, an increase of 96 million over the same period of the previous year.
- **Total customer resources increased by 1,800 million euros (ytd)** through September, contributing to an 8.8% increase in commission income.
- **Corporate loan portfolio increased 320 million** since the beginning of 2017 (+5% ytd) with significant gains in market share in this segment.
- **High quality loan portfolio:** credit at risk ratio of only 3.3% and coverage of 151% for impairments and collateral.
- **Recurrent overhead costs** decreased by 7.6%.
- **Strong capital position** with a fully loaded Common Equity Tier 1 of 11.5%, a regulatory CET1 of 12.5% and a total capital ratio of 13.3% (fully loaded).

BPI recorded a consolidated net profit of 312 million euros from January to September 2017, excluding non-recurrent items, which represents an increase of 71% compared to the 183 million euros recorded in the same period of 2016. Net income "as reported" reached 23 million euros, fully absorbing the accounting impact of the sale of 2% and deconsolidation of BFA (-212 M. € after taxes) and the extraordinary costs recorded in the first six months (-77 M. after taxes).

It should be noted that activity in Portugal contributed 152 million euros to recurrent net income, reflecting a 96 million improvement over the same period of the previous year, which explains the significant growth of recurrent results and the return to profits "as reported".

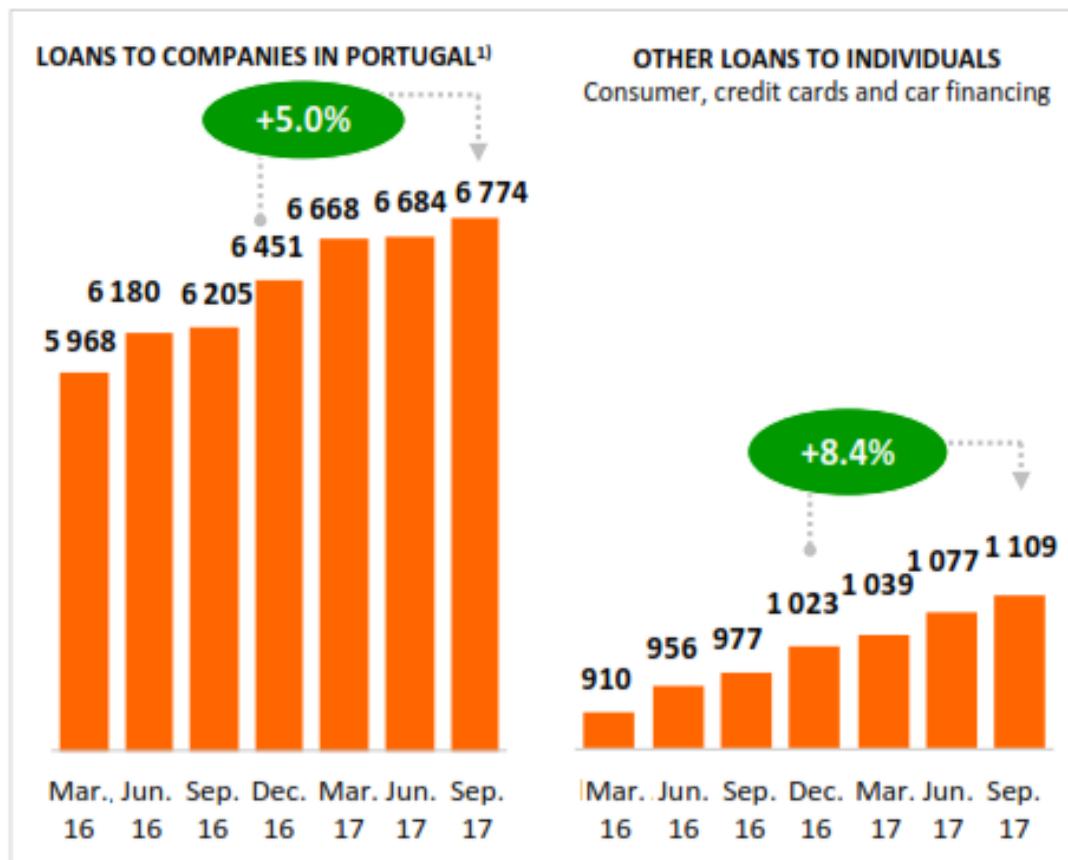
The ongoing strengthening of commercial activity and customer confidence translated into an increase of 1,800 million euros in total customer funds to 34,742 million euros (+5.5% ytd), particularly due to the strong expansion of investment funds which increased 696 million euros (+13.3% ytd) -including subscriptions and portfolio valuations- and deposits which grew 417 million euros (+2.1% ytd).

Market shares maintain growth trend

The total volume of corporate credit extended by BPI in Portugal increased by 5% (ytd) or 320 million euros to 6,774 million euros (excluding project finance and the Madrid branch portfolio). The portfolio of the large and medium-sized business segment rose 4.8% and loans to entrepreneurs and businesses increased 5.4%.

Although gross credit to customers remained stable at 23,338 million euros, the contracting of new credit to individuals and companies has shown an ongoing growth trend. The market share of BPI's mortgage loan portfolio has been steadily increasing, currently at over 11%, with a credit portfolio of 11,077 million euros. During the first nine months of the year, new housing credit contracting grew 19% over the same period of the previous year. BPI's market share in corporate credit also confirmed its upward trend, increasing by 50 bps to 8.2%, after registering a 17% increase in new medium and long-term credit operations.

The narrow financial margin rose 1.4% in the first nine months of the year to 273.9 M. €. Income from net commissions rose 8.8% in the first nine months, a rise mainly explained by the growth of commissions on off-balance sheet products (+33% yoy) such as investment funds and pension funds, compared to the same period in the previous year.



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



Credit at risk at very low levels and high impairment coverage

BPI has very low levels of credit at risk, of only 3.3%, with a coverage ratio of 151% for impairments and collaterals, according to Bank of Portugal criteria. According to EBA criteria, the ratio of Non-performing exposures (NPE) rose to 5.5%, with coverage of 114% for impairments and collaterals.

The high quality of the loan portfolio led to a decrease in impairments, going from 37 million euros in the first nine months of 2016 to 21 million euros in the same period of this year. In annualized terms, the cost of credit decreased from 0.15% in 2016 to 0.12% this year. The cost of credit at risk, measured by impairments net of recoveries on loans previously written off, decreased from 19 million euros (0.09%) in 2016 to -5.7 million (-0.01%) in the first nine months of 2017.

Overhead costs fall by approximately 8%

Recurrent overhead costs, excluding extraordinary costs, decreased by 22 million euros (-7.6%) in the first six months of 2017.

The BPI Executive Board reaffirmed its synergies target of 120 million euros announced for the end of 2019, and has already identified projects totalling 103 million euros (85% of the total). The planned investment in synergies and overhead costs is expected to be significantly lower than the 250 million euros previously announced.

The development in revenues and costs in the first nine months of 2017 has enabled the efficiency ratio to have improved by five percentage points since the end of 2016 and is currently at 63%. The Bank has kept its strong capital position with a fully loaded Common Equity Tier 1 of 11.5%, a regulatory CET1 of 12.5% and a total capital ratio of 13.3% (fully loaded)

Standard & Poor upgrades BPI rating to investment grade level

In the third quarter, the rating agency Standard & Poor's upgraded BPI's long-term debt rating from BB+ to BBB-, the first investment grade level. The outlook for the future remains stable and the short-term rating rose from B to A-3.

BPI now holds investment grade ratings attributed by two agencies, Standard & Poor's and Fitch, with only one other bank in the Portuguese financial system also having two ratings. This decision by Standard & Poor's confirms BPI's strength and represents an important competitive advantage, enhancing customer confidence and satisfaction.

BPI launches Entrepreneur XXI awards for innovative start-ups

Also in the 3rd quarter, BPI launched the first holding in Portugal of the Entrepreneur XXI Awards in September to identify, recognize and monitor innovative companies with greater growth potential. This initiative is organized in partnership with the *Caixa Capital Risc (Criteria Caixa)*, the venture capital management company for the companies of the "la Caixa" Foundation. The awards will take place for the first time in Portugal as part of the CaixaBank Group's strategy of implementing some of its programmes in our country after BPI joined the Group last February.

In addition, Portuguese candidates can also aspire to win the awards at the global level. The 2017 edition of the Entrepreneur Awards XXI will distribute around 490,000 euros, making it one of the most important initiatives for entrepreneurs in the Iberian Peninsula.



Social Responsibility: BPI Seniors delivered 700,000 euros to 27 projects to improve the lives of senior citizens

As part of the 5th holding of the BPI Seniors Award, BPI delivered 700,000 euros to 27 charitable institutions to support projects which promote social inclusion and the active ageing of people over 65 years old, thus reinforcing the budget initially planned by 200,000 euros.

The first award was given, ex aequo, to the *Santa Casa da Misericórdia* of Castanheira de Pera and to the *Associação de Solidariedade e Acção Social* (ASAS) of Ramalde. BPI also gave awards to projects of another 25 institutions with honourable mentions.

Set up in 2013, the Senior BPI Award aims to respond to an increasingly serious problem in society, namely the lack of social responses involving senior citizens. In the five times it has been held, BPI has already given more than 3 million euros in donations, distributed among 134 projects that contribute daily to benefiting more than 40 thousand senior citizens throughout Portugal.