Banco BPI

Consolidated results

2017

30 January 2018

Note on captions' reclassification

- Certain captions of income and costs were reclassified in this results' presentation, and repositioned in the Profit an 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.

Acronyms and designations adopted

ytd	*Year-to-date*
yoy	*Year-on-year*
qoq	quarter-on-quarter
RCL	Reclassified
ECB	European Central Bank
BoP	Bank of Portugal
CMVM	*Comissão do Mercado de Valores Mobiliários* (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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Results in 2017

BPI Consolidated Results in the FY 2017

Net income increases in Portugal and in the consolidated	▪ **Net income in the activity in Portugal increases to 191 M.€** (up by 21% yoy; excluding non recurring results)
	▪ **Consolidated net income "as reported" of 10.2 M.€** reflecting the negative non recurring items (-389 M.€)
	▪ **Non recurring negative impacts of 389 M.€ (after taxes):**
	  ▪ **–69 M.€ in Portugal,** with the voluntary terminations and early retirements programme (-78 M.€) and gain with the sale of BPI Vida e Pensões (+9 M.€)
	  ▪ **–320 M.€ related to BFA,** in Q1**:** with the sale of 2% of BFA and deconsolidation (-212.3 M.€); in Q4: extraordinary negative impact of -107.4 M.€ of which -69 M.€ (BPI estimate) related with the classification of Angola as a high inflation economy by international accounting firms and respective effect in the accounting recognition of the stake in BFA according with IAS 29 .

Customer resources and Loans increase	▪ **Total Customer Resources increased by 1.8 Bi.€** (+5.6% yoy) ▪ **BPI Loan Portfolio to companies in Portugal increases 411 M.€** (+6.4% yoy)
Core revenues rise and recurrent costs fall	▪ **Financial margin up 1.0%** in 2017 (yoy) ▪ **Commissions increase 8.9%** in 2017 (yoy) ▪ **Reduction of overhead costs by 5.3%** (yoy; excluding non-recurring[1])
Low cost of credit risk	▪ **Impairment for loans and guarantees of 25 M.€** in 2017 (0.11% of the loan portfolio) ▪ **Recoveries[2] amounted to 30 M.€** (vs. 14 M.€ in 2016)
Strong capitalisation	▪ **Credit at risk ratio of 2.9%** and 163% coverage by impairments and collaterals ▪ **NPE ratio[3] of 5.1%** and 117% coverage by impairments and collaterals ▪ **Fully loaded capital ratios: CET1 of 12.3% and total of 14.0%** (+1.1 and 2.9 p.p., respectively, yoy) ▪ **Fully loaded capital ratios proforma including the full impact of the application of IFRS 9 and the sale of subsidiaries and businesses announced in Nov. and Dec. 2017: CET1 of 13.0% and total of 14.7%**

1) Costs from voluntary terminations and early retirements.
2)Recoveries from loans previously written off.
3)According to EBA (European Banking Authority) criteria; considering the prudential supervision perimeter.

Recognition of the stake in BFA according with IAS 29 “inflation accounting”

- International accounting firms indicated at end–December, that in 2017 Angola should be considered a high inflation economy in accordance with IAS 29.
- BPI's consolidated result at 31 December 2017 includes an extraordinary negative impact of € 107.4 million on BFA‘ s contribution booked in Q4, of which -69 M.€ (BPI estimate) resulting from the application of IAS 29.
- The amounts estimated by BPI in the stake in BFA from the application of IAS 29 in the consolidated financial statements of 31 December 2017 consider an inflation rate of 23% in Angola in 2017 and imply:
    - A slight increase (2%) of the value of the 48.1% equity stake in BFA, due to the revaluation of non-monetary assets (tangible assets)
    - Banco BPI's consolidated shareholders equity increase (by the same amount), albeit with:
        - estimated negative impact on net results, due to the loss in the net monetary position (-69 M.€)
        - counterbalanced by a positive impact on revaluation reserves (foreign exchange)

Net income (excluding non-recurring) of 191 M.€ in Portugal (2017), +21% yoy

NET INCOME FROM THE ACTIVITY IN PORTUGAL

Em M.€	2016	1Q 17	2Q 17	3Q 17	4Q 17	2017	Δ M.€ 2016/ 2017	Δ%
[1.] Net income as reported	**145**	**43**	**-33**	**65**	**48**	**122**	**(24)**	
Non-recurring impacts								
Costs with voluntary terminations and early retirements [1)]	-12	-8	-69	0	0	-78	-65	
Gain with the sale of BPI Vida e Pensões					9	9	9	
[2.] Total	-12	-8	-69	0	8	-69	-57	
[3.] Net income excluding non-recurring impacts [=1-2]	**157**	**50**	**36**	**65**	**39**	**191**	**+ 33**	**+21%**

- Net profit from the activity in Portugal (excluding non-recurring items) increases 33 M.€ to 191 M.€
- Net profit from the activity in Portugal "as reported" of 122 M.€ is penalized by negative impacts of 69 M.€ (costs with voluntary terminations and early retirements programme, only partially compensated by the gain with the sale of BPI Vida e Pensões)

1) In 2016, includes a gain with the revision of ACT.
2) Negative impact of 119 M.€ before taxes (recorded in the caption "Equity accounted results"), of which -76 M.€ (before taxes) related to the estimated impact from the accounting of the stake in BFA in accordance with IAS29, and +12 M.€ in deferred taxes.

CONTRIBUTION FROM BFA AND BCI

Em M.€	2016	1Q 17	2Q 17	3Q 17	4Q 17	2017	Δ M.€ 2016/ 2017
[1.] Contribution as reported	**168**	**-165**	**54**	**60**	**-60**	**-111**	**(279)**
Non-recurring impacts							
Impact from the sale of 2% of BFA and deconsolidation		-212				-212	-212
Extraordinary impacts at BFA [2)]					-107	-107	(107)
[2.] Total		-212			-107	-320	(320)
[3.] Contribution before non-recurring impacts [=1-2]	**168**	**47**	**54**	**60**	**47**	**208**	**+ 40**

- Contribution from BFA and BCI before non-recurring impacts of 208 M.€ (+40 M.€ yoy)
- BFA's result (excluding non-recurring impacts) in the 4th quarter was in line with last quarters.
- BFA contribution "as reported" was affected by:
  - negative impact of 212 M.€ from the sale of 2% of BFA and deconsolidation in the 1st quarter
  - estimated negative extraordinary impact of 107 M.€[2)] in the 4th quarter, of which -69 M.€ (after taxes) from the accounting of the stake in BFA in accordance with IAS29.

ROTE in Portugal of 9.6% (excluding non-recurring)

ROTE in 2017

excluding contribution

from stakes in African banks :

- **recurring of 9.6%[1)]**
- **as reported of 6.2%**

RETURN ON TANGIBLE EQUITY (ROTE) (last 12 months)

	recurring		as reported	
	2016	**2017**	**2016**	**2017**
ROTE				
Adjusted allocated capital (M.€)[2)]	2 506	2 573	2 506	2 573
ROTE	**13.0%**	**15.5%**	**12.5%**	**0.4%**
ROTE, excluding contribution from stakes in African banks				
Adjusted allocated capital (M.€)[2)]	1 856	2 005	1 856	2 005
ROTE, excluding contribution from stakes in African banks	**8.6%**	**9.6%**	**7.9%**	**6.2%**

2) The average capital considered in the calculation of ROTE excludes the average balance of intangible assets (average consolidated balance in 2017: 25 M.€.) and other comprehensive income (reserves) (average consolidated balance in 2017: -3 M.€.)

BPI expects
to achieve in the
activity in Portugal a
ROTE > 10%
(recurring)
in 2020

1) Note that the recurring RoTE in Portugal (9.6%) benefits from an exceptionally low cost of credit risk and includes the contribution to net income of subsidiaries and business sold at the end of 2017 and which will cease to contribute to consolidated net income in 2018 (22 M.€ on an annual basis).

Sale of subsidiaries and businesses announced in Nov. and Dec. 17

The goals of the transactions are to:

- **Improve the comercial offer to clients**
- **Focus in the core banking business**
- **Strengthen the Bank's capital ratios**

SALE OF SUBSIDIARIES AND BUSINESSES ANNOUNCED IN NOVEMBER AND DECEMBER 2017

M.€	Sale proceeds	Capital gain (pre-tax)	Impact in CET1 ratio fully loaded
Transaction executed in 2017			
BPI Vida e Pensões	135	8	+0.9 p.p.
Transactions to be completed in 2018			
BPI Gestão de Activos	75		
BPI GIF	8		
Equities and corporate finance	4	164	+0.9 p.p.
Cards issuance	53		
Merchant acquiring	60		
Total	**335**	**172**	**+1.8 p.p.**

- The sale of BPI Vida e Pensões took place in Dec.17 and was recognized in the financial accounts for the year. It generated a pre-tax capital gain of 8 M.€ and an impact in the CET1 fully loaded ratio of +0.9 p.p.
- The remaining transactions will take place in 2018. The estimated capital gain is 164 M.€ (before taxes) and the estimated impact in the CET1 fully loaded ratio is +0.9 p.p.
- The impact in BPI future earnings generation (consolidated) is estimated to be -22 M.€ on an annual basis. In 2018 that impact is -16 M.€.

Results in 2017

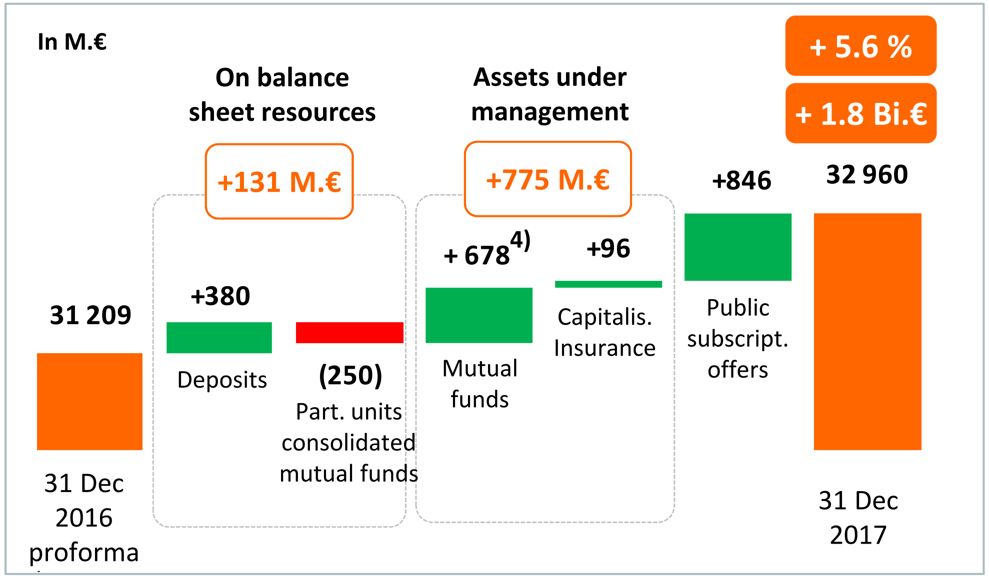
Total Customer resources increase 1.8 Bi.€ yoy

Customer resources

In M.€	dec-17 as reported	dec-16 proforma[1)]	YoY vs. dec-16 proforma	qoq vs. sep.17 proforma	*Pro memoria* Dec-17 BPI + BPI Vida[2)]	*Pro memoria* dec-16 as reported
I. On-balance sheet resources	**20 686**	**20 556**	**0.6%**	**0.1%**	**24 251**	**23 973**
Deposits[3]	20 686	20 306	1.9%	0.1%	20 155	19 724
Participating units in consolidated mutual funds		250	-100%			250
Capitalisation insurance					4 096	4 000
II. Assets under management	**10 123**	**9 349**	**8.3%**	**-1.1%**	**8 553**	**7 662**
Mutual funds[4]	6 027	5 349	12.7%	-2.2%	5 805	5 244
Pension plans[5]					2 747	2 418
Capitalisation insurance	4 096	4 000	2.4%	0.5%		
III. Public offerings	**2 151**	**1 304**	**64.9%**	**13.5%**	2 151	1 304
Total	**32 960**	**31 209**	**5.6%**	**0.5%**	**34 955**	**32 940**

1) Dec.16 proforma considering the sale of BPI Vida e Pensões. After the sale of BPI Vida e Pensões, capitalization insurance placed with BPI customers are recorded off balance sheet and pension plans management ceases to be included in BPI's consolidation perimeter.
2) Dec.17 including the resources of BPI Vida which was sold in the end of 2017.
3) Includes bonds placed with customers of 94 M.€ in Dec.16 and 35 M.€ in Dec.17.
4) BPI Alternative Fund ceased to be consolidated from March 2017 onwards and started being consolidated off balance sheet. In Dec. 16 that fund (250 M.€) was recorded in the caption "participating units in consolidated mutual funds". Adjusted by the deconsolidation of the fund, the caption "Mutual Funds" increased by 7.7% YoY.
5) Includes BPI Group employee pension funds of 1 397 in Dec.16 and 1 619 in Dec.17.

Growth drivers



Market shares	31 Oct. 17
Total deposits [6]	9.6%
Mutual funds [7]	18.6%
PPR's[8]	12.7%
Capitalisation insurance[9]	14.6%

6) Does not include the effect of the securitisation operations (BPI calculation).
7) 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 26.8% in Oct.17 (25.8% in Dec.17).
8) PPR's in the form of mutual funds and capitalisation insurance.
9) Excludes PPR in the form of capitalisation insurance.

Total Customer Resources increased by 1.8 Bi.€ yoy:

- Deposits grew 380 M.€ (+1.9%)
- Strong growth in mutual funds +678 M.€, +12.7% (+ 7.7% adjusted by the deconsolidation of BPI Alternative Fund)
- Public offerings placed with Customers increased 846 M.€ (almost entirely OTRV). In the 4Q, BPI placed with Customers 457 M.€ of OTRV (Floating Rate Treasury Bonds).

Sources: Banco BPI, Bank of Portugal, APS (Portuguese Association of Insurers), APFIPP (Portuguese Association of Mutual Funds, Pensions and Assets), IGCP (Portuguese Treasury and Debt Management Agency).

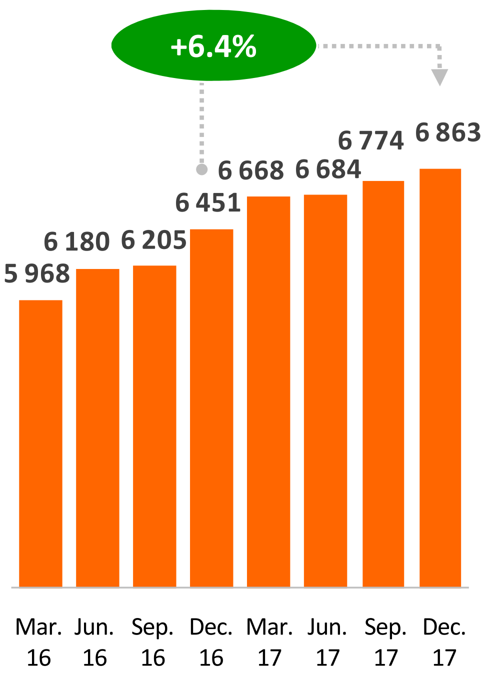
BPI financing to companies in Portugal increases 6.4 % in 2017

Loans to customers by segments

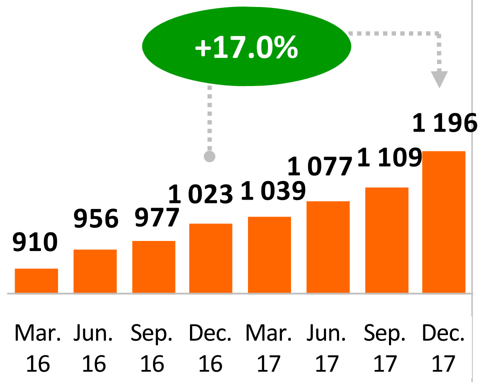
Gross portfolio, in M.€	dec-17 as reported	dec-16 proforma[1)]	YoY vs. dec-16 proforma	qoq vs. sep.17 proforma	*Pro memoria* Dec-17 BPI + BPI Vida[2)]	*Pro memoria* dec-16 as reported
I. Loans to individuals	**12 280**	**12 107**	**1.4%**	**0.8%**	12 280	12 107
Mortgage loans	11 084	11 084	(0.0%)	0.1%	11 084	11 084
Other loans to individuals	1 196	1 023	17.0%	7.9%	1 196	1 023
II. Loans to Companies	**8 331**	**8 232**	**1.2%**	**(0.7%)**	8 331	8 232
Large and medium sized corporates	4 745	4 535	4.6%	(0.2%)	4 745	4 535
Small businesses	2 117	1 916	10.5%	4.8%	2 117	1 916
Total Companies in Portugal	6 863	6 451	6.4%	1.3%	6 863	6 451
Project finance and Madrid Branch	1 468	1 780	(17.5%)	(9.0%)	1 468	1 780
III. Public sector	**1 305**	**1 417**	**(7.9%)**	**(7.0%)**	1 305	1 417
IV. Other	**328**	**372**	**(12.0%)**	**(1.2%)**	326	372
Subtotal	22 244	22 128	0.5%	(0.3%)	22 242	22 128
V. BPI Vida e Pensões portfolio					788	1 303
Total	**22 244**	**22 128**	**0.5%**	**(0.3%)**	**23 031**	**23 431**
Note: Net loan portfolio	21 659	21 445	1.0%	(0.1%)	22 434	22 736

1) Dec.16 proforma considering the sale of BPI Vida e Pensões. The sale of BPI Vida e Pensões has an impact in the total amount of the loan portfolio but not in the segmental reporting.
2) Dec.17 including the debt securities portfolio of BPI Vida e Pensões which was sold in the end of 2017.

LOANS TO COMPANIES IN PORTUGAL[3)]



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 4rd quarter

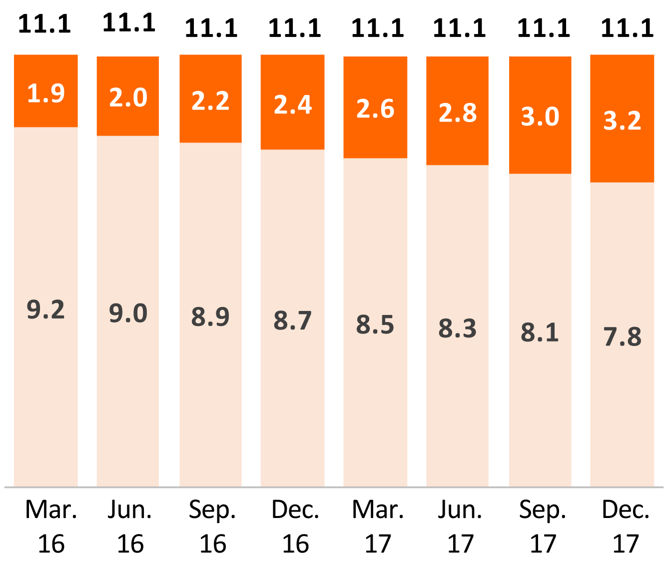
- Growth in the segments of corporates and small businesses.
- Stabilisation of the mortgage loan portfolio and growth in consumer loans.
- After deleveraging 6 Bi.€ between 2010 and 2015, total loan portfolio stabilised and shows signs of selective growth in 2017.

Mortgage loan origination increases by 19% yoy in 2017

Mortgage loans

MORTGAGE LOAN PORTFOLIO

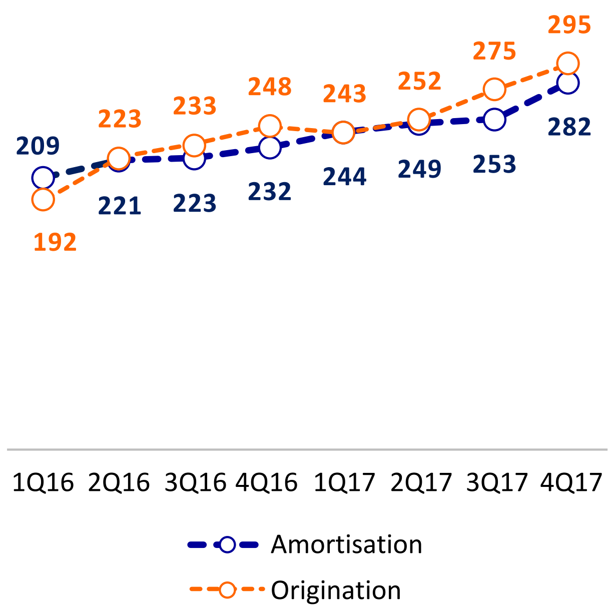
Bi.€



In Dec.17	% of total[1]	Average spread (p.p.)
Loans advanced after Dec. 10	31%	2.30
Loans advanced before Dec. 10	69%	0.78

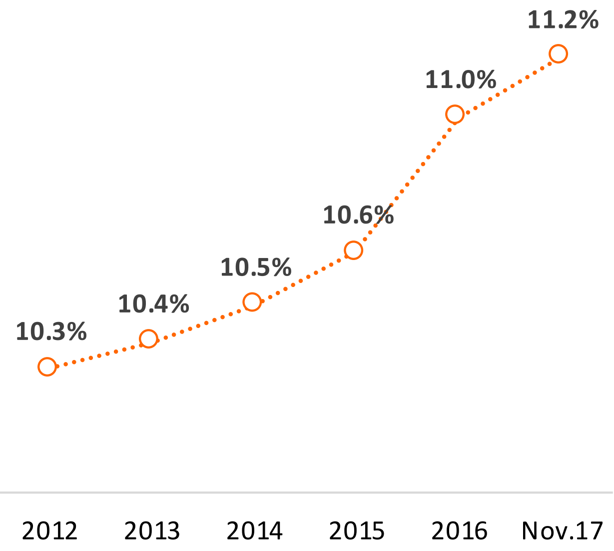
MORTGAGE LOAN ORIGINATION AND AMORTISATION

M.€



MORTGAGE PORTFOLIO MARKET SHARE

%

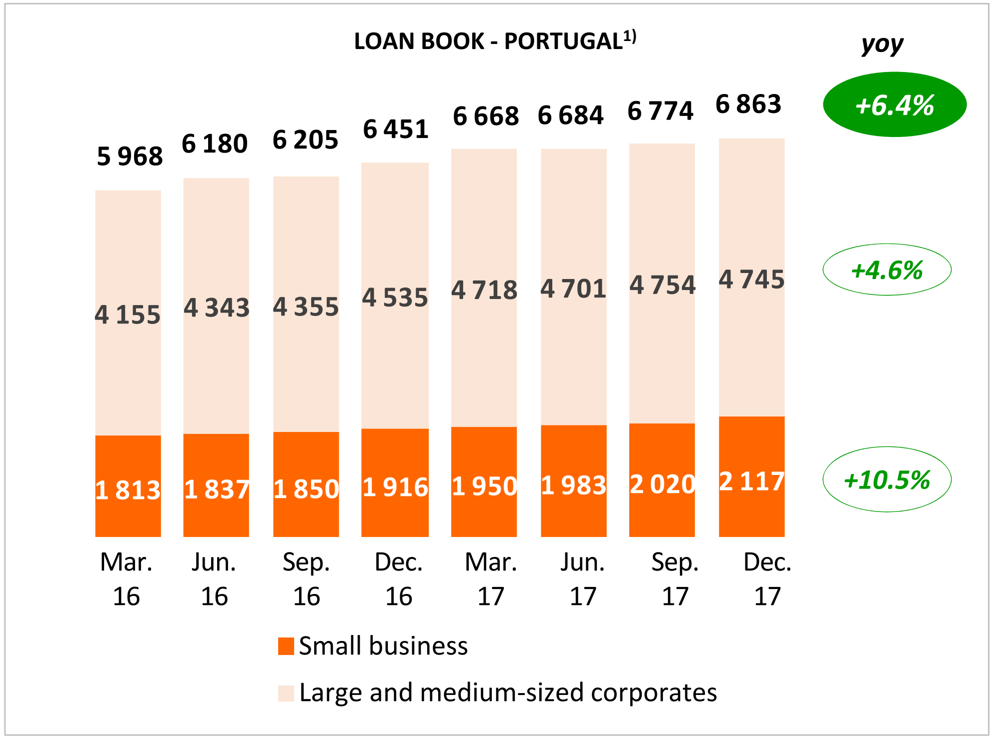


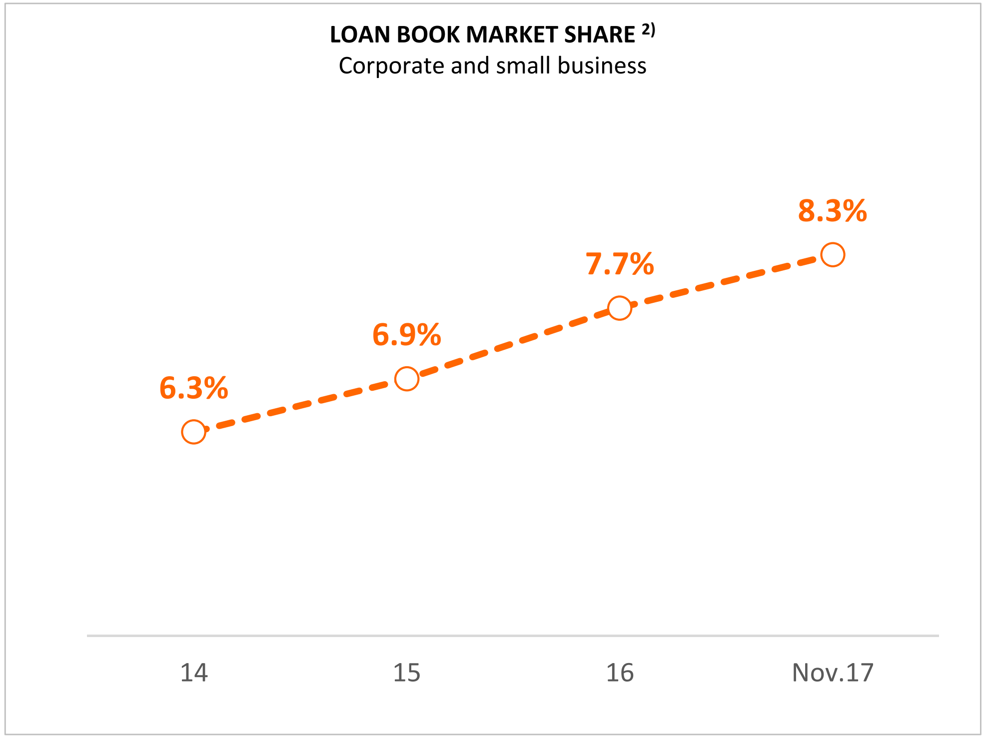
- Origination of mortgage loans increases by 19% yoy to 1066 M.€ in 2017.
- Origination exceeds amortisations in the 3rd and 4th quarter and signals the inversion of the portfolio's downward trend.
- Consistent increase in the loan portfolio market share (11.2% as of November 2017) in a market segment that is still shrinking.

1) As percentage of the performing loan portfolio.

Corporate and small business loans in Portugal increase by 411 M€. Increase in BPI market share

Corporate and small business loans





1) Does not include project finance nor Madrid branch loan portfolio.

Source: BPI and BoP.
2) Loans to non financial domestic companies

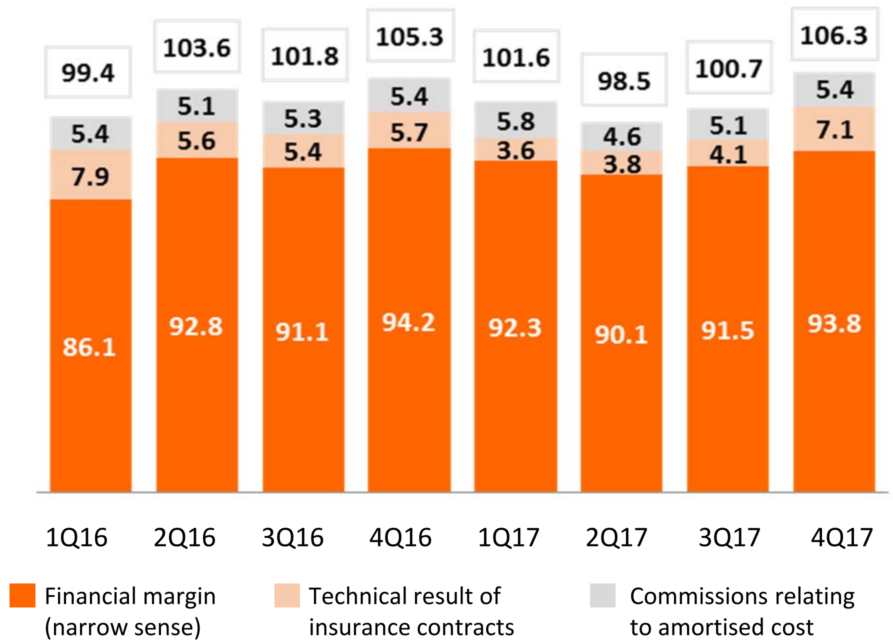
- Growth of 4.6% (yoy) in loans to Large and Medium-sized companies in Portugal (excludes project finance and Madrid branch loan portfolio).
- Growth of 10.5% (yoy) in loans to small business.
- Gradual increase in market share (8.3% in November 2017).

Results in 2017

Financial margin (narrow sense) increased 1.0% in 2017 (yoy)

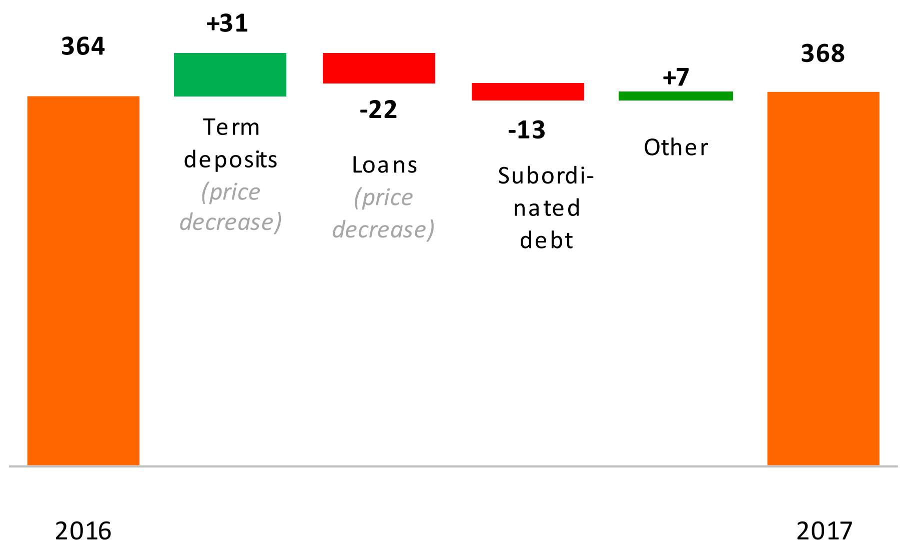
- Financial margin (narrow sense) increased 2.5% in the 4Q17 (qoq)
- Financial margin (narrow sense, accumulated) increases 1.0% (yoy), despite the cost of 13 M.€ of subordinated debt issued in Mar. 17

FINANCIAL MARGIN, EM M.€



FINANCIAL MARGIN (NARROW SENSE) YOY

FACTORS EXPLAINING THE YOY EVOLUTION, IN M.€



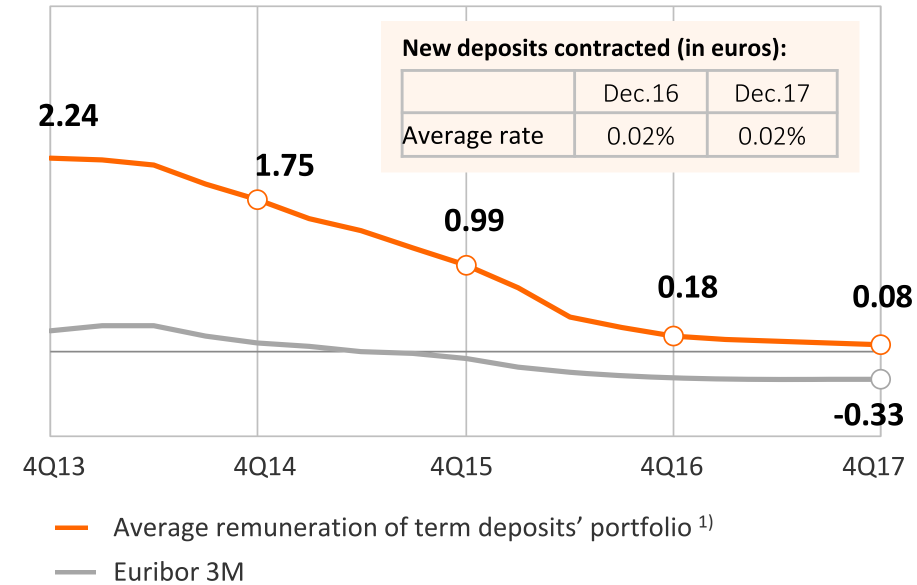
Trends in margin evolution:

- Reduction in the average cost of term deposits (in euro) to 0.08% in 4Q17
- Loan portfolio in Portugal shows signs of growth trend to resume
- Reduction in the spreads of corporate loans
- Cost of 13 M.€ in 2017 from the subordinated Tier II debt issued on 24 Mar.17 (remuneration Euribor 6M + 5.74%)

Intermediation margin remains stable at 173 basis points

- New time deposits with an average remuneration of 0.02% in December 2017

TERM DEPOSITS' REMUNERATION
QUARTERLY AVERAGE (b.p.)



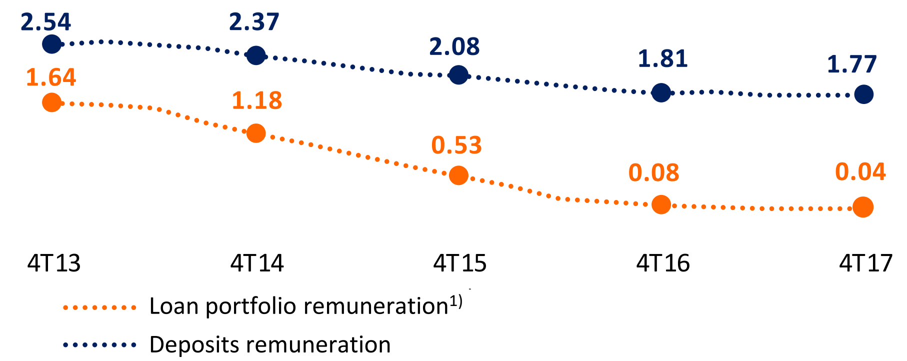
New deposits contracted (in euros):

	Dec.16	Dec.17
Average rate	0.02%	0.02%

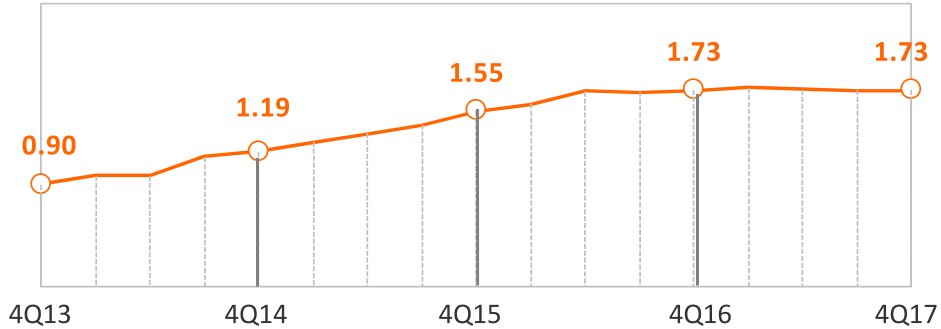
1) From 4Q16 onwards (inclusive) it refers to the deposits' remuneration contracted in euros.

- Slight decrease in the loan spread offset by a slight decrease in the cost of funding in the 4th quarter

CUSTOMER LOANS AND DEPOSITS' PORTFOLIO REMUNERATION



QUARTERLY INTERMEDIATION MARGIN1) (p.p.)

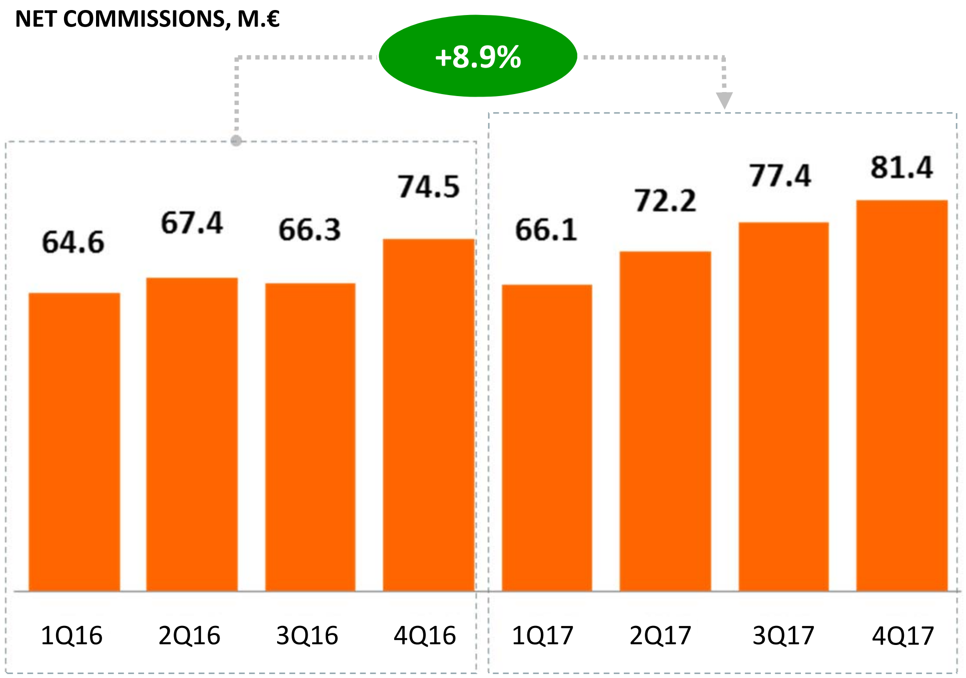


1) Intermediation margin = loan portfolio average interest rate – deposits average interest rate.

- 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 decreases slightly.

Commissions increased by 8.9% yoy

Commissions



Of which, securities-related services, consulting and evaluation (M.€):

5.1	8.8	7.3	10.4	4.2	7.0	9.1	8.2

Commissions by business area

NET COMMISSIONS, M,€

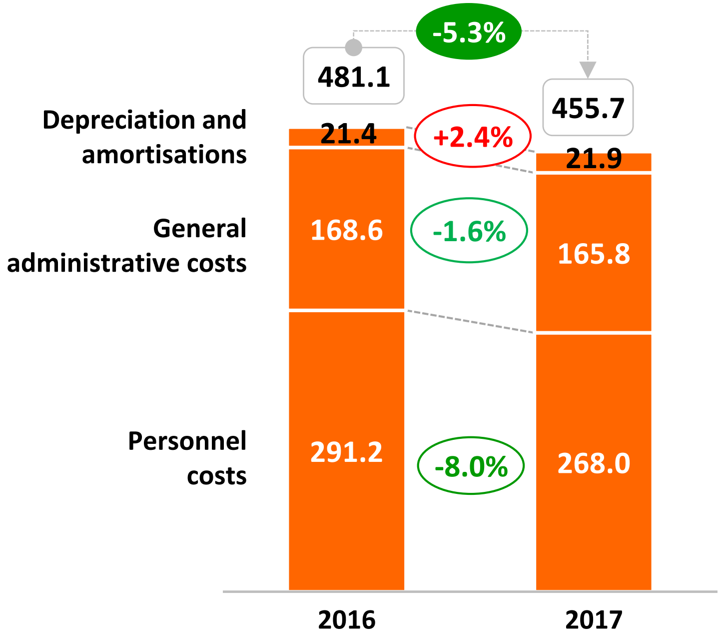
In M.€	2017	2016	YoY
Banking commissions	180	172	4.4%
Insurance intermediation [1)]	60	59	2.2%
Asset management [2)]	57	41	37.1%
Total	**297**	**273**	**8.9%**
Note:			
Unit links gross margin	14	13	2.0%

1) Includes unit links gross margin.
2) BPI Alternative Fund ceased to be consolidated from March 2017 onwards. In the consolidation of that fund, net commissions paid by the BPI Alternative Fund of 7.0 M.€ in 2016 and 2.2 M.€ in the first quarter 17 were recorded. Taking into account the deconsolidation, the year-on-year change (yoy) in asset management commissions, on a comparable basis, was 21.8%.

- Net commissions increased 8.9% yoy in Dec.17
- Banking commissions increased 4.4% yoy in Dec.17
- Asset management commissions show strong growth: + 21.8% yoy (adjusted by the deconsolidation of BPI Alternative Fund)

Overhead costs decreased 5.3% (yoy, excluding non-recurring items)

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



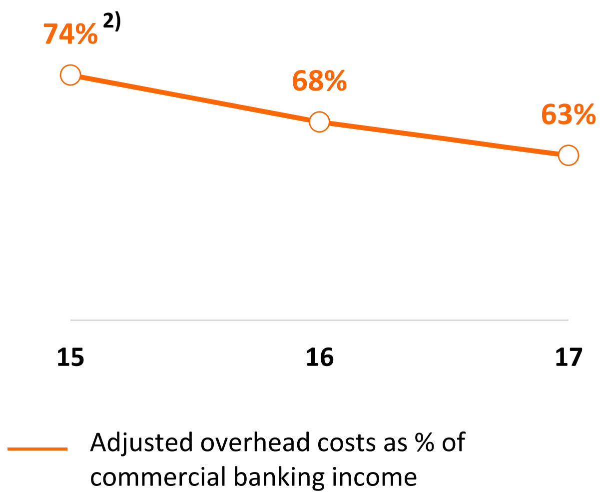
Non-recurring impacts

	2016	2017
Early retirements and terminations	59.7	106.9
Gains with ACT revision	-42.9	-
Costs "as reported"	**497.9**	**562.6**

STAFF AND DISTRIBUTION NETWORK

Nº	Dec.16		Dec.17
Staff	5 525	-594	4 931
Branch network[1]	445	-14	431

COST TO INCOME



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

- Overhead costs excluding costs from voluntary terminations and early retirements decreased by 25.5 M.€ (-5.3%) yoy
- Personnel costs (excluding non-recurring items) decreased by 23.2 M.€ (-8.0%) yoy
- BPI expects to reach a cost-to-income close to 50% in 2020

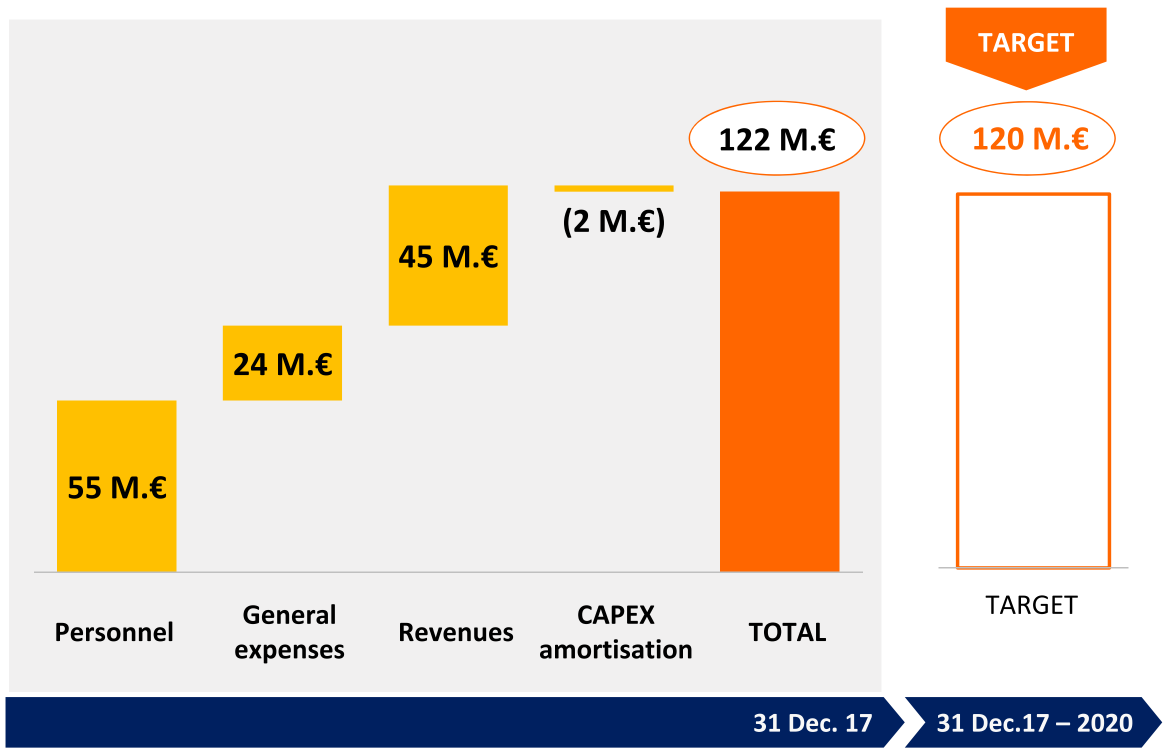
1) Additionally, at Dec.17, BPI had 39 investment centers and 35 corporate centers in Portugal, thus totalling 505 business units.
2) Calculated using 2015 costs and revenue proforma for the restatement of BFA's contribution to the consolidated result in accordance with IFRS 5.

Target of 120 M.€ of synergies already achieved

- **c.122 M.€ of synergies** of costs and revenues from initiatives **completed or under way**.
- **Target of 120 M.€ of synergies already achieved.**
- **Restructuring costs** should be **significantly lower than the 250 M.€** initially announced:
  - OPEX already accounted: 172 M.€*
  - CAPEX committed: 28 M.€ (of which, 7 M.€ already made)

∗ Includes 4.2 M.€ OPEX of CaixaBank

Synergies 2017-2020



- The bulk of the staff restructuring has been met with the reduction of c. 900 people coming from the departures occurred at 2016 year-end and as a result of the voluntary terminations and early retirements programme launched in 2017.
- Initiatives already executed provide c.87 M.€ (not deducted from amortization of CAPEX).
- Initiatives under way to provide c. 37 M.€ (not deducted from amortization of CAPEX).
- The synergy calculations are deducted from recurrent OPEX costs and the amortization of investments made to obtain synergies.

Employee pension liabilities covered at 98%

Pension fund return (2017, yoy) **13.1%**

EMPLOYEE PENSION LIABILITIES, M.€

M.€	31 Dec. 16	31 Dec. 17
Total past service liability	1 463	1 604
Net assets of the pension funds[1)]	1 431	1 568
Degree of coverage of pension liabilities	97.8%	97.7%
Discount rate	2.00%	2.00%
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)]

ACTUARIAL DEVIATIONS IN THE PERIOD[3)], M.€

	M.€
Total actuarial deviations at 31 Dec.16	**(244.1)**
Pension funds income deviation	147.3
Change in the mortality table	(63.4)
Disability pensions	(7.5)
Impact in the ACT table from the national minimun wage increase	(4.4)
Adjustments to the population	(19.7)
Other	(19.7)
Total actuarial deviations at 31 Dec.17	**(211.5)**

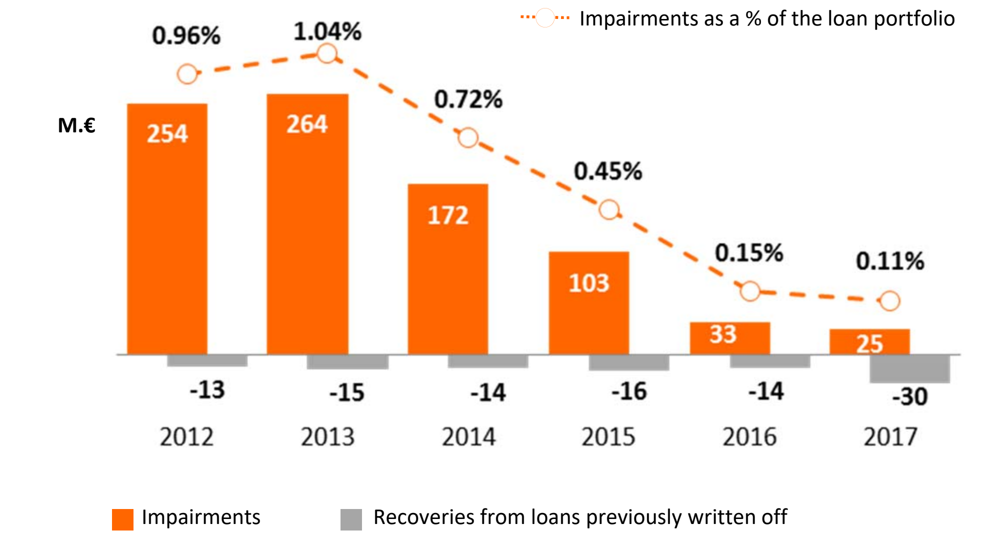
- Pension fund return of 13.1% yoy with a positive impact of 147 M.€ in actuarial deviations.
- BPI adopted in June 2017 a more conservative mortality table for men (TV 88/90).
- Amount of liabilities already includes the increase from the programme of early retirements and voluntary terminations of 2017.

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

Loan impairments of 25 M.€ and recoveries of 30 M.€ (2017)

Cost of credit risk1)

YOY EVOLUTION OF COST OF CREDIT RISK

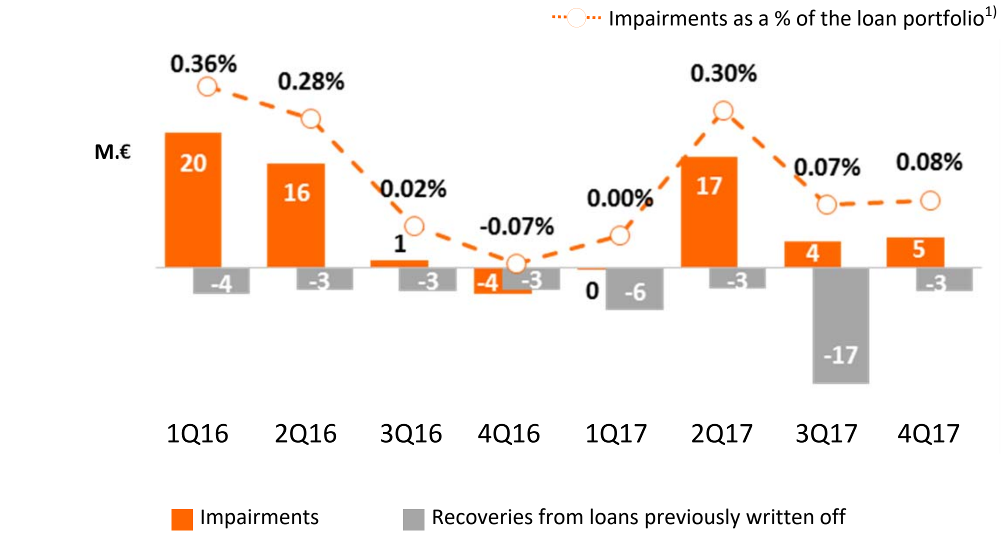


COST OF CREDIT RISK
(Impairments after deducting recoveries from loans previously written off)

	2012	2013	2014	2015	2016	2017
M.€	242	249	158	87	19	-5
% loan porfolio	0.91%	0.98%	0.66%	0.38%	0.09%	-0.02%

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

QOQ EVOLUTION OF COST OF CREDIT RISK



COST OF CREDIT RISK
(Impairments after deducting recoveries from loans previously written off)

	1Q16	2Q16	3Q16	4Q16	1Q17	2Q17	3Q17	4Q17
M.€	16	12	-2	-7	-6	14	-13	1
% loan porfolio1	0.29%	0.22%	-0.04%	-0.12%	-0.11%	0.24%	-0.04%	0.02%
% loan portfolio (last 12 months)	0.32%	0.24%	0.16%	0.09%	-0.01%	-0.01%	-0.06%	-0.02%

- Impairments amounted to 25 M.€ in 2017, which corresponds to 0.11% of the loan portfolio.
- The impairments of 25 M.€ benefited from 20 M.€ of reversals and recoveries of loans that had not been written off, therefore impairments before those reversals and recoveries amounted to 45 M.€.
- Loan recoveries previously written off amounted to 30 M.€ in the same period, of which 14.2 M.€ (recorded in the third quarter) relate to a single recovery situation.

1) In annualised terms. In the annualisation of the indicator, a recovery of 14.2 M.€ in the third quarter related to a single situation was not annualised.

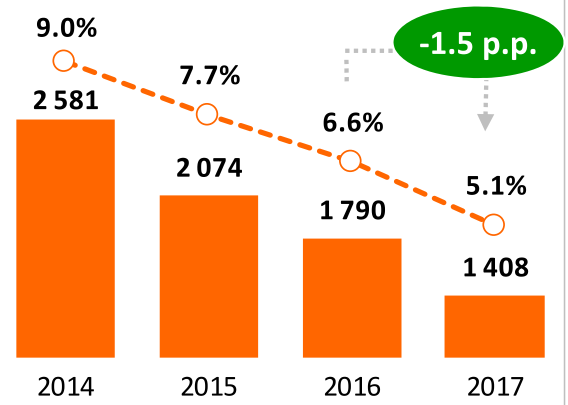
Results in 2017

1. Highlights
2. Commercial activity
3. Results
4. **Balance Sheet**
5. Closing remarks

Annexes

NPE ratio decreases from 6.6% to 5.1% and credit at risk stands at 2.9%

Non-performing exposures - NPE (EBA criteria[2])



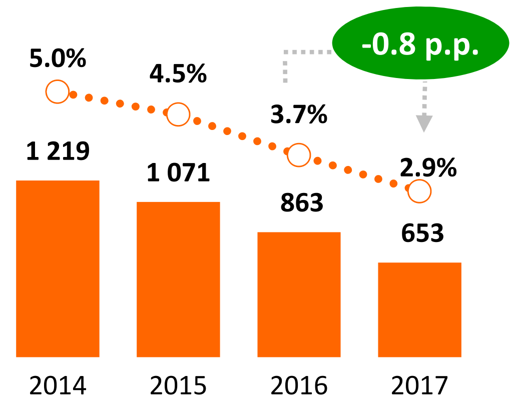
Coverage ratio[1]	2014	2015	2016	2017
	38%	43%	39%	43%

Note: amounts from Dec.14 to Dec.15 relate to the domestic activity.

NPE ratio (EBA criteria)

- NPE ratio decreases 1.5 p.p. in 2017, to 5.1%;
- Coverage of 43%[1] by impairments and 117% by impairments and collateral

Credit at risk (Bank of Portugal criteria)



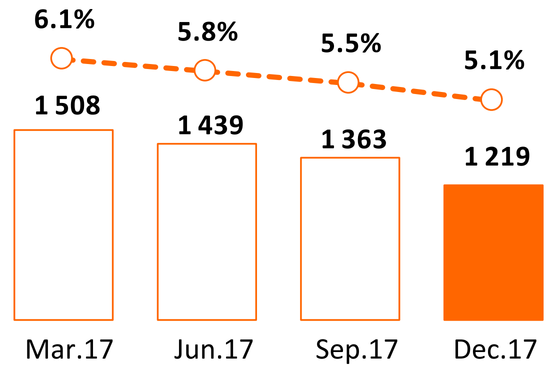
2014	2015	2016	2017
81%	85%	83%	92%

Note: amounts from Dec.14 to Dec.15 relate to the domestic activity.

Credit at risk (Bank of Portugal criteria)

- Credit at risk ratio of 2.9% at Dec.17
- Coverage of 92%[1] by impairments and 163% by impairments and collateral

Non performing loans ratio (CaixaBank criteria)



Mar.17	Jun.17	Sep.17	Dec.17
47%	48%	48%	50%

Non performing loans ratio (CaixaBank criteria)

- Non performing loans ratio of 5.1%
- Coverage of 50% by impairments and 118% by impairments and collaterals

Forborne exposures (EBA criteria[2])

31 Dec. 2017	Performing loans	Included in NPE	Total
Forborne (M.€)	571	682	1 253
Forborne ratio (as % of gross credit exposure)	1.9%	2.2%	4.1%

Forborne exposures (EBA criteria)

- 46% of forborne exposures are performing loans

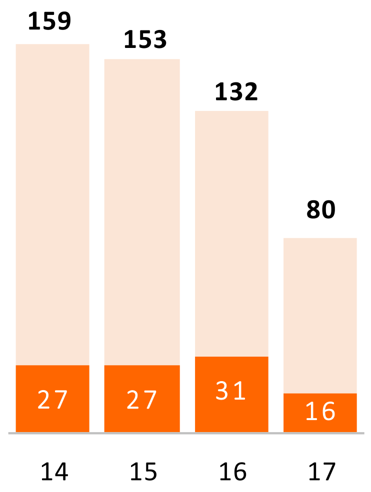
1) Cover by impairments accumulated in the balance sheet for loans and guarantees; does not consider collaterals.
2) NPE ratio and forborne ratio considering the prudential supervision perimeter.

Foreclosed properties at very low levels in BPI

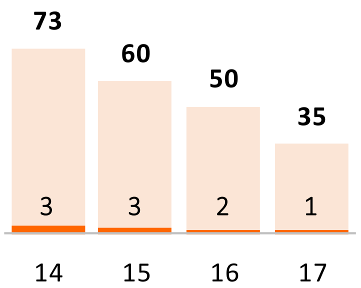
Foreclosed properties of 65 M.€ (net of impairments)

Gross book value
Net book value
Impairments

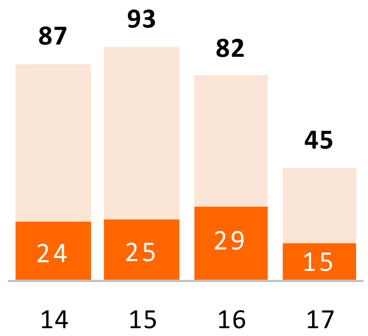
TOTAL (M.€)



MORTGAGE (M.€)



OTHER (M.€)



	TOTAL	MORTGAGE	OTHER
Impairment coverage (% gross value)	20%	3%	32%
Valuation (% net book value)	125%	128%	122%
Average age of the portfolio (years)	4.7	2.6	6.4
Stock of properties	865	537	328
- properties inflows (yoy)[1)]	251	233	18
- properties outflows (yoy)[1)]	538	446	92

MAIN RECOVERY / RESTRUCTURING FUNDS

	Capital subscribed
Market	**4.7 Bi.€**
By BPI	**100.1 M.€**
% BPI	**2 %**

M.€	**Subs-cribed**	**Reali-sed**
RF	95.6	86.5
CRF	4.5	3.8
Total	**100.1**	**90.3**
Impairments		(34.7)
Potential capital gains / (losses)		(0.3)
Net exposure		**55.3**

RF – Recovery Fund, FCR
CRF – Corporate Restructuring Fund, FCR

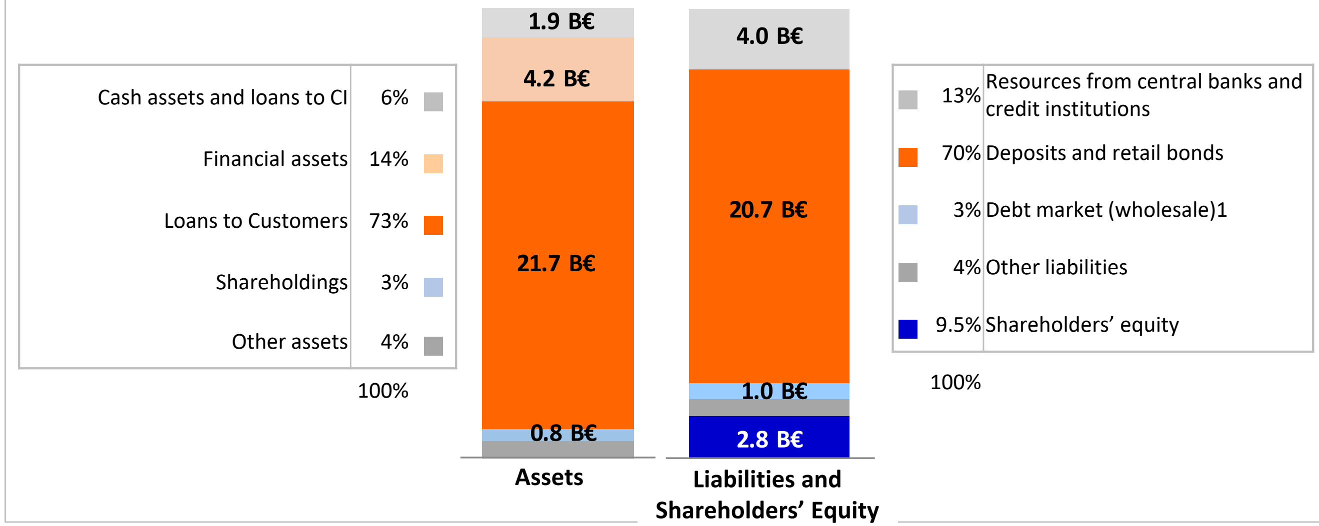
- Sale of 538 properties in 2017 for 67.5 M.€. Positive impact in profits before taxes of 12.7 M.€.

1) Jan. – Dec. 2017

Balanced funding structure and comfortable liquidity position

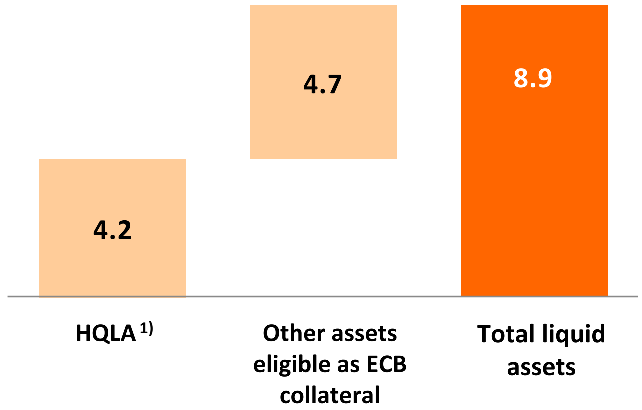
CONSOLIDATED BALANCE SHEET

€29.6 Bn



TOTAL LIQUID ASSETS

(In Bi.€, 2017)



Financing with the ECB **2.0 Bi.€**

1) High Quality Liquid Asset.

COMFORTABLE LIQUIDITY METRICS

Loans/deposits (BoP supervision perimeter): **105%**

Liquidity coverage ratio (average 12 months, according to EBA guidance): **171%** [2)]

M.€	Book value (M.€)	Gains/ (losses)	Residual maturity, years
Short-term public debt [3)]	2 983	0	0.5
MLT public debt [4)]	516	1	1.3
Equity, corporate bonds and other	377	85	
Total	**3 875**	**86**	

3) Portugal
4) Portugal (64%), Italy (36%).

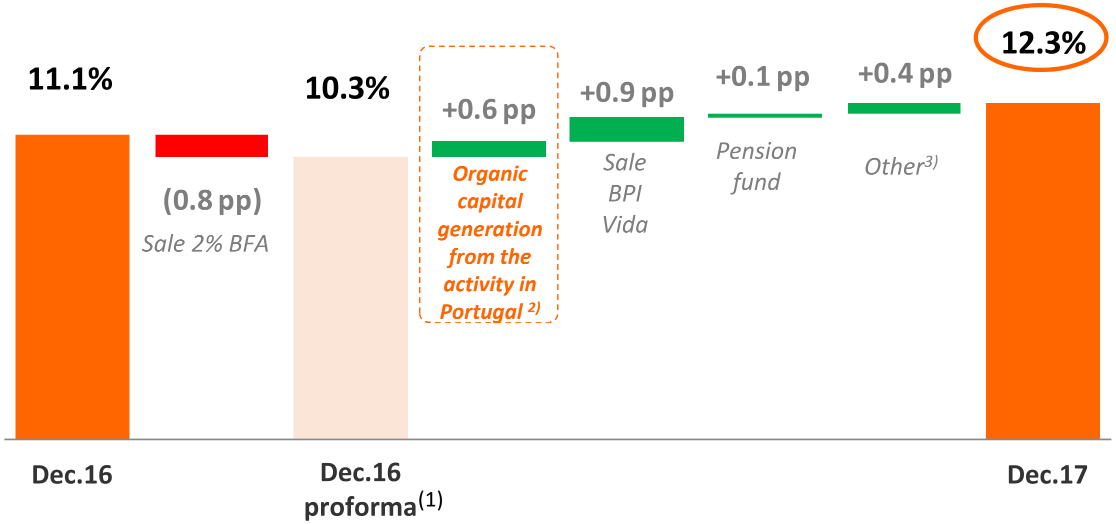
- Client Resources are the main source of funding of the Balance sheet (70% of assets).
- Loan to Deposit ratio of 105%.
- 2.0 Bi.€ of funds obtained with the ECB (TLTRO). BPI still has € 8.9 billion of high quality liquid assets and assets eligible as collateral for additional funding from the ECB.
- Portfolio of financial assets available for sale of 3.9 Bi.€, of which 3.0 Bi.€ of short term public debt and 0.5 Bi.€ of medium and long term public debt with a residual maturity of 1.3 years.
- Recourse to wholesale debt market is small (3% of assets).

1) Includes 300 M.€ of subordinated debt issued in the 1Q17.
2) Average amount (last 12 months) of LCR components calculation: Liquidity Reserves (3 857 M.€); Total net outflows (2 263 M.€).

Common Equity Tier 1 ratio (fully loaded)

Common Equity Tier 1 ratio

CONSOLIDATED (FULLY LOADED)



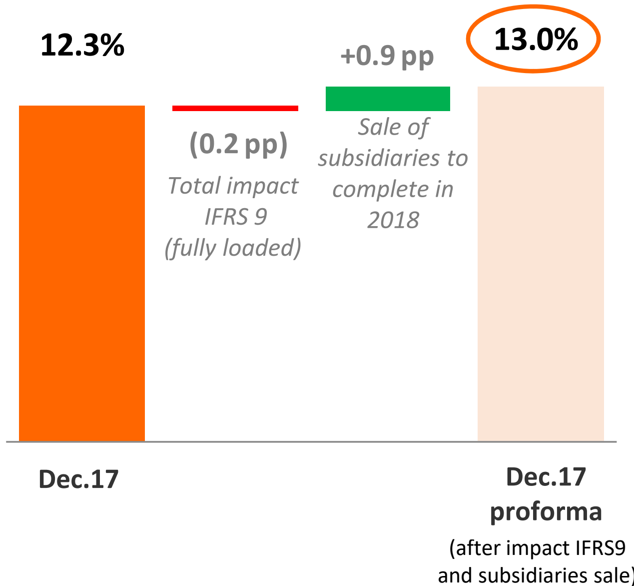
In M.€

	Dec.16	Dec.16 proforma	Dec.17
CET1	2 679	1 665	2 040
RWAs	24 076	16 144	16 645

Common Equity Tier 1 proforma ratio

CONSOLIDATED (FULLY LOADED)

Proforma after application of IFRS 9 and the sale of subsidiaries and businesses announced in Nov. and Dec. 2017



- CET1 fully loaded ratio of 12.3%
- Full impact from the application of IFRS9 accounting standard of -0.2 p.p. in the CET1 fully loaded ratio
- CET1 fully loaded proforma ratio considering full recognition of the impact from IFRS 9 and the sale of subsidiaries and businesses3) announced in Nov. and Dec. amounts to 13.0%

1) Including the impact of the sale of 2% of BFA and deconsolidation.
2) Net income in Portugal excluding capital gains from BPI Vida, net of RWA (loans) increase (excluding DTA and without equity risk class).
3) Includes contribution from BFA and others.
4) Sale of BPI Gestão de Activos, BPI GIF, Equities and Corporate finance businesses, issuance of cards and merchant acquiring.

Capital ratios

Capital ratios fully loaded

CONSOLIDATED

M.€	31 Dec. 2016 As reported	31 Dec. 2016 Proforma (including the sale of 2% of BFA and deconsolidation)	31 Dec. 2017 As reported	31 Dec. 2017 Proforma (IFRS9 and sale of subsidiaries & businesses)	Capital requirements 2018 (SREP)	Capital requirements fully loaded (SREP)[1]
CET1 ratio	11.1%	10.3%	12.3%	13.0%	8.75%	9.75%
Tier I ratio	11.1%	10.3%	12.3%	13.0%	10.25%	11.25%
Total capital ratio	11.2%	10.3%	14.0%	14.7%	12.25%	13.25%
Leverage ratio			6.8%		3.0%[2]	

Capital ratios phasing in

CONSOLIDATED

M.€	31 Dec. 17 As reported
CET1 ratio	13.2%
Tier I ratio	13.2%
Total capital ratio	14.6%
Leverage ratio	7.4%

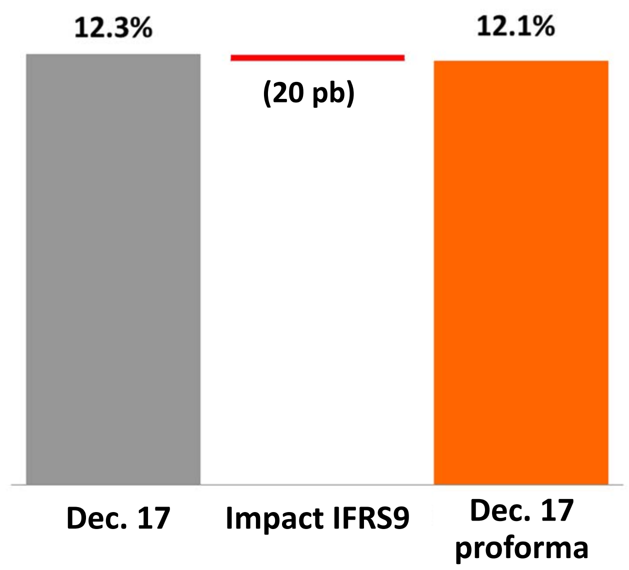
- Total capital ratio fully loaded of 14.0%
- Total capital ratio fully loaded proforma considering the full recognition of the impact from IFRS 9 application and the sale of subsidiaries and businesses announced in Nov. and Dec. reaches 14.7%
- BPI meets SREP minimums for CET1, T1 and total ratio
- Leverage ratio of 6.8% fully loaded

1) Minimum requirements applicable in 2021.
2) Minimum value in calibration.

Impacts of IFRS 9 adoption

31 December 2017

Impact in CET1 fully loaded ratio



Other impacts

BANCO BPI CONSOLIDATED – IFRS9 PROFORMA

Impairments	+ 37 M€	+ 5.2%
Net impact on shareholders' equity	- 27 M.€	

- One-off impact in prudential ratios: BPI will not make use of the transition regime (phasing-in);
- Reduced impact from the new rules for classification and measurement of financial assets as a result of the prudent policies followed by BPI;
- Impairment: 37 M.€ increase in loan impairments.

BPI has *investment grade* long-term credit rating from two agencies

Investment Grade / Non-Investment grade

S&P Global

… AA-, AA, AA+ and AAA

Rating			
A+			
A			
A-			
BBB+			
BBB			
BBB-	Portugal	BPI	Bank 1
BB+			
BB			
BB-	Bank 2		
B+			
B			
B-			
CCC+			

… CCC, CCC-, CC, C and D

Investment grade BBB -

Moody's

… Aa3, Aa2, Aa1 and Aaa

Rating			
A1	BPI Mortgage Bonds		
A2			
A3			
Baa1			
Baa2			
Baa3			
Ba1	Portugal	BPI	Bank 1
Ba2			
Ba3			
B1	Bank 2	Bank 3	
B2			
B3	Bank 4		
Caa1			
Caa2	Bank 5		

… Caa3, Ca and C

Fitch Ratings

… AA-, AA, AA+ and AAA

Rating		
A+		
A		
A-		
BBB+	Bank 1	
BBB	Portugal	
BBB-	BPI	
BB+		
BB		
BB-	Bank 2	Bank 3
B+	Bank 4	
B		
B-		
CCC+		

… CCC, CCC-, CC, C and D

Investment grade BBB -

DBRS

… AAA, AA (high), AA, AA (low)

Rating		
A (high)	BPI Mortgage Bonds	
A		
A (low)	Bank 1	
BBB (high)		
BBB		
BBB (low)	Portugal	Bank 3
BB (high)	Bank 2	
BB	Bank 4	
BB (low)		
B (high)		
B		
B (low)		
CCC (high)	Bank 5	

… CCC, CCC (low), CC (high), CC, CC (low), C (high), C, C (low), D

- BPI has "investment grade" ratings from Standard & Poor's and Fitch Ratings
- BPI is one of two banks in Portugal to have investment grade ratings from 2 or more rating agencies, which is a necessary condition to be able to grant international guarantees.

Results in 2017

Results in 2017 – highlights

Good results from commercial activity in Portugal	**Loans to companies** + 411 M.€ 2017	**Customer resources** + 1 800 M.€ 2017	**Financial margin** (narrow sense) + 1.0% 2017	**Commissions** + 8.9% 2017
Improved efficiency, risk and capitalisation	**Costs** - 5.3% 2017	**Cost-to-income** 63%	**NPE ratio** 5.1%	**CET1 FL** 13.0% **Total FL** 14.7% (proforma ratios*)
Profit increases in Portugal and in consolidated	**Net profit in Portugal** (recurrent) 191 M.€ 2017	**Targets Portugal - 2020** (Excl. shareholdings in African banks)	**ROTE** > 10%	**Cost-to-income** ≈ 50%

* Proforma considering the full impact of IFRS 9 and the sale of subsidiaries and businesses announced in Nov. and Dec. 2017.

Results in 2017

Annexes

- Income Statements and Balance sheet in accordance with IAS / IFRS
- Profitability, efficiency, credit quality and solvency (IAS / IFRS)
  as in the Bank of Portugal's Instruction no. 23/2011
- Income Statements and indicators proforma considering BPI Vida e Pensões, BPI Gestão de Activos e BPI GIC contribution fully consolidated
- Tables of historical reconciliation of information
- Alternative Performance Measures

Consolidated income statement in accordance with IAS / IFRS

Consolidated income statement of 2017

With reclassification of the contribution of BPI Vida e Pensões, BPI Gestão de Activos and BPI GIF to Net income from discontinued operations (IFRS 5).

At 23 November 2017, BPI signed contracts for the sale of its stakes in BPI Vida e Pensões, BPI Gestão de Activos e BPI GIF, as disclosed to the market on that date.

According to IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations, the operations of these subsidiaries are classified as discontinued operations.

The application of IFRS 5 implies that:

- The contribution of these subsidiaries for BPI's 2017 consolidated result is recorded under the caption "Net income from discontinued operations" in the consolidated Profit and Loss account.
- The assets and liabilities of these subsidiaries are reclassified under the captions "Non current assets held for sale and discontinued operations" and "Non current liabilities held for sale and discontinued operations", respectively, in the consolidated Balance Sheet.

The consolidated profit and loss account is shown, with the contribution from those subsidiaries reclassified to the caption "Net income from discontinued operations".

It should be noted that the sale of BPI Vida e Pensões took place in Dec.2017 and generated a capital gain of 9 M.€ (after taxes) in the year.

In M.€	**Proforma** considering BPI Vida, BPI Gestão de Activos and BPI GIF fully consolidated	**In accordance with IAS / IFRS** contribution of BPI Vida, BPI Gestão de Activos and BPI GIF reclassified to income from discontinued operations
	2017	2017
Financial margin narrow sense	367.7	367.2
Technical result of insurance contracts	18.6	
Net commisions relating to amortised cost	20.8	20.8
Financial margin - RCL	**407.1**	**388.1**
Income from equity instruments - RCL	6.5	6.5
Net commission income - RCL	297.1	276.4
Equity accounted results (earnings associated companies) - RCL	124.8	124.8
Net income on financial operations	14.5	13.8
Net operating income	(186.3)	(184.7)
Operating income from banking activity - RCL	**663.7**	**624.9**
Personnel costs	(374.9)	(369.1)
Of which: Non-recurring personnal costs	(106.9)	(105.8)
General administrative costs	(165.8)	(163.4)
Depreciation and amortisation	(21.9)	(21.9)
Overhead costs	**(562.6)**	**(554.3)**
Operating profit before impairments and provisions	**101.1**	**70.6**
Recovery of loans, interest and expenses	29.8	29.8
Impairment losses and provisions for loans and guarantees, net	(25.2)	(25.2)
Impairment losses and other provisions, net	0.0	0.0
Net income before income tax	**105.8**	**75.2**
Income tax	(95.5)	(87.7)
Net income from continuing operations	**10.2**	**(12.5)**
Net income from discontinued operations		22.7
Income attributable to non-controlling interests from continuing operations	(0.0)	(0.0)
Income attributable to non-controlling interests from discontinued operations		
Net income	**10.2**	**10.2**

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.

Quarterly consolidated income statement in accordance with IAS / IFRS

With reclassification of the contribution of BPI Vida e Pensões, BPI Gestão de Activos and BPI GIF to "Net income from discontinued operations" (IFRS 5)

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.

	2017	4Q 17 proforma[1)]	3Q 17 proforma[1)]	2Q 17 proforma[1)]	1Q 17 proforma[1)]	2016 proforma[1)]
Financial margin narrow sense	367.2	93.8	91.3	89.9	92.2	363.6
Technical result of insurance contracts						
Net commisions relating to amortised cost	20.8	5.4	5.1	4.6	5.8	21.2
Financial margin - RCL	**388.1**	**99.2**	**96.4**	**94.5**	**97.9**	**384.9**
Income from equity instruments - RCL	6.5	0.1	0.1	6.3	0.1	8.5
Net commission income - RCL	276.4	75.6	71.1	67.7	62.0	262.3
Equity accounted results (earnings associated companies) - RCL	124.8	(68.0)	72.1	64.6	56.1	26.2
Net income on financial operations	13.8	(8.2)	7.8	6.8	7.4	47.4
Net operating income	(184.7)	6.4	(0.9)	(14.7)	(175.5)	(22.3)
Operating income from banking activity - RCL	**624.9**	**105.2**	**246.6**	**225.1**	**48.0**	**707.0**
Personnel costs	(369.1)	(64.7)	(65.9)	(161.6)	(76.9)	(304.0)
Of which: Non-recurring personnal costs[2)]	(105.8)	(0.6)	(0.1)	(94.4)	(10.7)	(16.9)
General administrative costs	(163.4)	(37.5)	(41.3)	(43.8)	(40.8)	(166.2)
Depreciation and amortisation	(21.9)	(5.3)	(5.6)	(5.5)	(5.5)	(21.4)
Overhead costs	**(554.3)**	**(107.5)**	**(112.8)**	**(210.9)**	**(123.1)**	**(491.6)**
Operating profit before impairments and provisions	**70.6**	**(2.4)**	**133.8**	**14.2**	**(75.1)**	**215.4**
Recovery of loans, interest and expenses	29.8	3.5	17.2	2.9	6.2	13.7
Impairment losses and provisions for loans and guarantees, net	(25.2)	(4.6)	(4.0)	(16.7)	0.1	(33.0)
Impairment losses and other provisions, net	0.0	(2.1)	(0.8)	(0.6)	3.5	(36.5)
Net income before income tax	**75.2**	**(5.6)**	**146.2**	**(0.1)**	**(65.3)**	**159.7**
Income tax	(87.7)	(14.4)	(28.3)	16.7	(61.6)	(37.2)
Net income from continuing operations	**(12.5)**	**(20.0)**	**117.9**	**16.5**	**(126.9)**	**122.5**
Net income from discontinued operations	22.7	7.7	6.3	4.1	4.6	359.6
Income attributable to non-controlling interests from continuing operations	(0.0)		0.0	(0.0)	(0.0)	(0.0)
Income attributable to non-controlling interests from discontinued operations						(168.8)
Net income	**10.2**	**(12.3)**	**124.3**	**20.6**	**(122.3)**	**313.2**

1)The designation "proforma" reflects the reclassification of the contribution of BPI Vida e Pensões, BPI Gestão de Activos e BPI GIF to the consolidated net income in accordance with IFRS 5 rules, that is recorded in the net income from discontinued operations. In 2016, the captions "Net income from discontinued operations" and "Income attributable to non-controlling interests from discontinued operations" also included the contribution of BFA (337.7 M.€ and 168.8 M.€, respectively).

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).

Consolidated balance sheet in accordance with IAS / IFRS

Consolidated Balance Sheet at 31 Dec. 2017

With the assets and liabilities of BPI Gestão de Activos and BPI GIF reclassified to Non current Assets / Liabilities held for sale and discontinued operations (IFRS 5).

The consolidated balance sheet is shown, with the assets and liabilities of BPI Gestão de Activos e BPI GIF reclassified to the captions “Non current assets held for sale and discontinued operations” and “Non current liabilities held for sale and discontinued operations“, respectively.

It should be noted that the sale of BPI Vida e Pensões took place in Dec.2017, so at the end of the year this entity no longer belonged to the consolidation perimeter of Banco BPI.

In M.€	**Proforma** considering BPI Gestão de Activos and BPI GIF fully consolidated	**In accordance with IAS / IFRS** BPI Gestão de Activos and BPI GIF reclassified to assets and liabilities from discontinued operations
	dez-17	**dez-17**
Assets		
Cash and deposits at central banks	909.9	909.9
Deposits at other credit institutions	276.7	276.4
Loans and advances to credit institutions	724.7	724.7
Loans and advances to Customers	21 658.8	21 658.8
Financial assets held for trading and at fair value through profit or loss	300.5	300.5
Financial assets available for sale	3 875.4	3 875.4
Held to maturity investments		
Hedging derivatives	12.7	12.7
Investments in associated companies and jointly controlled entities	794.5	794.5
Investment properties		
Non-current assets held for sale and discontinued operations		7.3
Other tangible assets	45.3	45.3
Intangible assets	42.3	42.3
Tax assets	435.7	435.4
Other assets	563.6	557.1
Total assets	**29 640.2**	**29 640.2**
Liabilities and shareholders' equity		
Resources of central banks	1 995.4	1 995.4
Financial liabilities held for trading	170.0	170.0
Resources of other credit institutions	1 982.6	1 982.6
Resources of Customers and other debts	20 783.8	20 783.8
Debts securities	237.0	237.0
Technical provisions		
Financial liabilities relating to transferred assets	478.0	478.0
Hedging derivatives	69.9	69.9
Non-current liabilities held for sale and discontinued operations		4.5
Provisions	64.2	64.2
Tax liabilities	72.3	70.6
Other subordinated debt and participating bonds	305.1	305.1
Other liabilities	658.3	655.5
Shareholders' equity attributable to the shareholders of BPI	2 823.6	2 823.6
Non-controlling interests		
Shareholders' equity	**2 823.6**	**2 823.6**
Total liabilities and shareholders' equity	**29 640.2**	**29 640.2**

Consolidated balance sheet in accordance with IAS / IFRS

In M.€	31 Dec. 17	30 Sep. 17	30 Jun. 17	31 Mar. 17	31 Dec. 16
Assets					
Cash and deposits at central banks	909.9	1 209.0	983.4	1 300.2	876.6
Deposits at other credit institutions	276.4	252.9	300.0	272.1	300.2
Loans and advances to credit institutions	724.7	820.8	744.6	781.8	637.6
Loans and advances to Customers	21 658.8	22 708.0	22 819.8	22 718.4	22 735.8
Financial assets held for trading and at fair value through profit or loss	300.5	2 858.1	2 409.7	2 421.4	2 197.9
Financial assets available for sale	3 875.4	3 732.1	3 779.3	3 816.9	3 876.4
Held to maturity investments		14.4	14.4	16.3	16.3
Hedging derivatives	12.7	15.2	20.4	21.1	25.8
Investments in associated companies and jointly controlled entities	794.5	749.3	675.0	681.6	175.7
Investment properties					
Non-current assets held for sale and discontinued operations	7.3				6 295.9
Other tangible assets	45.3	41.7	43.7	48.0	51.0
Intangible assets	42.3	24.3	24.7	24.6	25.6
Tax assets	435.4	442.7	472.8	447.5	471.8
Other assets	557.1	410.5	463.5	426.8	598.0
Total assets	**29 640.2**	**33 279.0**	**32 751.4**	**32 976.7**	**38 284.7**
Liabilities and shareholders' equity					
Resources of central banks	1 995.4	2 144.2	2 145.4	1 999.5	2 000.0
Financial liabilities held for trading	170.0	179.0	185.8	208.7	212.7
Resources of other credit institutions	1 982.6	1 816.0	1 624.1	1 834.9	1 096.4
Resources of Customers and other debts	20 783.8	22 440.1	22 335.5	22 413.5	21 967.7
Debts securities	237.0	264.1	268.9	288.6	506.8
Technical provisions		1 868.3	1 923.6	1 985.2	2 048.8
Financial liabilities relating to transferred assets	478.0	492.0	511.4	525.6	555.4
Hedging derivatives	69.9	71.9	78.0	93.0	97.8
Non-current liabilities held for sale and discontinued operations	4.5				5 951.4
Provisions	64.2	66.5	68.8	69.3	70.2
Tax liabilities	70.6	71.2	67.1	66.5	22.0
Other subordinated debt and participating bonds	305.1	369.6	373.8	369.9	69.5
Other liabilities	655.5	775.3	606.7	587.3	777.4
Shareholders' equity attributable to the shareholders of BPI	2 823.6	2 720.9	2 560.6	2 533.0	2 440.5
Non-controlling interests			1.8	1.8	468.0
Shareholders' equity	**2 823.6**	**2 720.9**	**2 562.3**	**2 534.7**	**2 908.5**
Total liabilities and shareholders' equity	**29 640.2**	**33 279.0**	**32 751.4**	**32 976.7**	**38 284.7**

Profitability, efficiency, credit quality and solvency (IAS / IFRS)

Efficiency, efficiency, credit quality and solvency

According to Bank of Portugal's Instruction no. 23/2011

	31 Dec. 16	31 Dec. 17 as reported	31 Dec. 17 excl. the impact of the sale of 2% BFA and deconsolidation, capital gain on the sale BPI Vida and extraordinary impacts at BFA
Operating income from banking activity and results of equity accounted subsidiaries / ATA	1.8% 1)	**1.9%**	**2.8%**
Profit before taxation and income attributable to non-controlling interests / ATA	1.3% 1)	**0.3%**	**1.2%**
Profit before taxation and income attributable to non-controlling interests / average shareholders' equity (including non-controlling interests)	18.8% 1)	**3.7%**	**14.7%**
Personnel costs / Operating income from banking activity and results of equity accounted subsidiaries [2]	40.6% 1)	**42.1%**	**28.9%**
Overhead costs / Operating income from banking activity and results of equity accounted subsidiaries [2]	67.1% 1)	**71.8%**	**49.2%**
Loans in arrears for more than 90 days + doubtful loans / loan portfolio (gross)	3.2%	**2.5%**	
Loans in arrears for more than 90 days + doubtful loans, net of accumulated loan impairments / loan portfolio (net)	0.1%	**-0.1%**	
Credit at risk as % of total loans (gross) [3]	3.9%	**2.9%**	
Credit at risk[3], net of accumulated loan impairments as % of total loans (net)	0.8%	**0.3%**	
Restructured loans as % of total loans (gross) [4]	6.5%	**5.0%**	
Restructured loans not included in credit at risk as % of total loans (gross) [4]	4.8%	**3.8%**	
Total capital ratio	11.4% 5)	**14.6%** 6)	
Tier I ratio	11.4% 5)	**13.2%** 6)	
Core Tier I ratio	11.4% 5)	**13.2%** 6)	
Loans (net) to deposits ratio	106%	**105%**	

1) The designation "proforma" reflects the reclassification of BPI Vida e Pensões, BPI Gestão de Activos and BPI GIF contribution to consolidated net income in conformity with IFRS 5 rules, that is recorded in the net income from discontinued operations.

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

3) 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.

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

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

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

Consolidated Income Statement proforma

Proforma considering BPI Vida e Pensões, BPI Gestão de Activos and BPI GIF fully consolidated.

Consolidated Income Statement

In M.€	2017			2016	
	As reported	Non recurr.[1)]	Excluding non recurring[1)]	As reported	Excluding non recurring[1)]
Financial margin - RCL	**407**		**407**	**410**	**410**
Income from equity instruments - RCL	7		7	9	9
Net commission income - RCL	297		297	273	273
Equity accounted results - RCL	125	(119)	244	26	26
Net income on financial operations	15		15	49	49
Net operating income	(186)	(168)	(18)	(24)	(24)
Operating income from banking activity - RCL	**664**	**(287)**	**951**	**743**	**743**
Overhead costs	**(563)**	**(107)**	**(456)**	**(498)**	**(481)**
Operating profit before impairments and provisions	**101**	**(394)**	**495**	**245**	**262**
Recovery of loans, interest and expenses	30		30	14	14
Impairment losses and provisions for loans and guarantees	(25)		(25)	(33)	(33)
Impairment losses and other provisions	0		0	(36)	(36)
Net income before income tax	**106**	**(394)**	**500**	**189**	**206**
Income tax	(96)	5	(101)	(45)	(49)
Net income from continuing operations	**10**	**(389)**	**399**	**144**	**157**
Net income from discontinued operations				338	338
Income attributable to non-controlling interests	(0)		(0)	(169)	(169)
Net income	**10**	**(389)**	**399**	**313**	**325**

Increase of recurring net income by +74 M.€:

Activity in Portugal (+33 M.€ YoY)

- Recurring costs decrease 5.3% YoY (-25 M.€);
- Total impairments decrease from 69 M.€ in 2016 to 25 M.€ in 2017
- Recoveries from loans previously written off increased from 14 M.€ in 2016 to 30 M.€ in 2017 (+16 M.€)
- Commissions increase 8.9% yoy (+24 M.€)
- Decrease in profits from financial operations by 34 M.€

Stakes in African banks (+40 M.€ YoY)

- Contribution of BFA to the net income of 200 M.€ (+38 M.€ yoy).

1) Non recurring items in 2017:
- Costs with voluntary terminations and early retirements of 107 M.€ before taxes and 78 M.€ after taxes.
- Capital gains of 9 M.€ after taxes (8 M.€ before taxes) with the sale of BPI Vida e Pensões
- Negative impact of 212 M.€ with the sale of 2% of BFA and deconsolidation (176 M.€ recorded in net operating income and 36 M.€ in taxes).
- Extraordinary impacts at BFA of -107 M.€, which includes the estimated impact from the recognition of the stake in BFA in accordance with IAS 29 (-69 M.€)

Non recurring items in 2016: costs with early retirements, deducted by the gain from the revision of the ACT, of 16.8 M.€ before taxes and 12 M.€ after taxes.

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.

Quarterly Consolidated Income Statement proforma

Proforma considering BPI Vida e Pensões, BPI Gestão de Activos and BPI GIF fully consolidated.

	2017	4Q17	3Q17	2Q17	1Q17	2016
Financial margin narrow sense	367.7	93.8	91.5	90.1	92.3	364.2
Technical result of insurance contracts	18.6	7.1	4.1	3.8	3.6	24.6
Net commisions relating to amortised cost	20.8	5.4	5.1	4.6	5.8	21.2
Financial margin - RCL	**407.1**	**106.3**	**100.7**	**98.5**	**101.6**	**410.0**
Income from equity instruments - RCL	6.5	0.1	0.1	6.3	0.1	8.5
Net commission income - RCL	297.1	81.4	77.4	72.2	66.1	272.8
Equity accounted results (earnings associated companies) - RCL	124.8	(68.0)	72.1	64.6	56.1	26.2
Net income on financial operations	14.5	(8.2)	7.9	7.1	7.7	48.9
Net operating income	(186.3)	6.0	(1.2)	(15.0)	(176.0)	(23.8)
Operating income from banking activity - RCL	**663.7**	**117.5**	**256.9**	**233.6**	**55.6**	**742.7**
Personnel costs	(374.9)	(65.9)	(67.0)	(164.1)	(77.9)	(308.0)
Of which: Non-recurring personnal costs[1)]	(106.9)	(0.6)	0.0	(95.6)	(10.7)	(16.8)
General administrative costs	(165.8)	(38.1)	(42.0)	(44.3)	(41.4)	(168.6)
Depreciation and amortisation	(21.9)	(5.3)	(5.6)	(5.5)	(5.5)	(21.4)
Overhead costs	**(562.6)**	**(109.3)**	**(114.5)**	**(213.9)**	**(124.7)**	**(497.9)**
Operating profit before impairments and provisions	**101.1**	**8.2**	**142.4**	**19.7**	**(69.1)**	**244.8**
Recovery of loans, interest and expenses	29.8	3.5	17.2	2.9	6.2	13.7
Impairment losses and provisions for loans and guarantees, net	(25.2)	(4.6)	(4.0)	(16.7)	0.1	(33.0)
Impairment losses and other provisions, net	0.0	(2.1)	(0.8)	(0.6)	3.5	(36.5)
Net income before income tax	**105.8**	**4.9**	**154.8**	**5.3**	**(59.3)**	**189.0**
Income tax	(95.5)	(17.2)	(30.5)	15.3	(63.1)	(44.7)
Net income from continuing operations	**10.2**	**(12.3)**	**124.3**	**20.6**	**(122.3)**	**144.4**
Net income from discontinued operations						337.7
Income attributable to non-controlling interests from continuing operations	(0.0)		0.0	(0.0)	(0.0)	(0.0)
Income attributable to non-controlling interests from discontinued operations						(168.8)
Net income	**10.2**	**(12.3)**	**124.3**	**20.6**	**(122.3)**	**313.2**

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.

1) The designation "proforma" reflects the restatement of BFA's contribution to consolidated net income in conformity with 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).

Profitability, efficiency, credit quality and solvency (proforma)

Proforma considering BPI Vida e Pensões, BPI Gestão de Activos and BPI GIF fully consolidated.

According to Bank of Portugal's Instruction no. 23/2011

	31 Dec. 16 as reported	**31 Dec. 17 as reported**	**31 Dec. 17 excl. the impact of the sale of 2% BFA and deconsolidation, capital gain on the sale BPI Vida and extraordinary impacts at BFA**
Operating income from banking activity and results of equity accounted subsidiaries / ATA	1.9%	**2.0%**	**2.9%**
Profit before taxation and income attributable to non-controlling interests / ATA	1.3%	**0.3%**	**1.2%**
Profit before taxation and income attributable to non-controlling interests / average shareholders' equity (including non-controlling interests)	19.0%	**4.0%**	**15.0%**
Personnel costs / Operating income from banking activity and results of equity accounted subsidiaries [1]	39.2%	**40.4%**	**28.2%**
Overhead costs / Operating income from banking activity and results of equity accounted subsidiaries [1]	64.8%	**68.7%**	**47.9%**
Loans in arrears for more than 90 days + doubtful loans / loan portfolio (gross)	3.2%	**2.5%**	
Loans in arrears for more than 90 days + doubtful loans, net of accumulated loan impairments / loan portfolio (net)	0.1%	**-0.1%**	
Credit at risk as % of total loans (gross) [2]	3.9%	**2.9%**	
Credit at risk[2], net of accumulated loan impairments as % of total loans (net)	0.8%	**0.3%**	
Restructured loans as % of total loans (gross) [3]	6.5%	**5.0%**	
Restructured loans not included in credit at risk as % of total loans (gross) [3]	4.8%	**3.8%**	
Total capital ratio	11.4% [4)]	**14.6%** [5)]	
Tier I ratio	11.4% [4)]	**13.2%** [5)]	
Core Tier I ratio	11.4% [4)]	**13.2%** [5)]	
Loans (net) to deposits ratio	106%	**105%**	

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 – 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)
Financial margin (narrow sense)
Gross margin on unit links
Income from equity instruments
Net commissions relating to amortised cost
Financial margin
Technical result of insurance contracts
Net commission income
Net income on financial operations
Net operating income
Operating income from banking activity
Personnel costs
Of which: non-recurring personnel costs [1)]
General administrative costs
Depreciation and amortisation
Overhead costs
Operating profit before impairments and provisions
Recovery of loans, interest and expenses
Impairment losses and provisions for loans and guarantees, net
Impairment losses and other provisions, net
Net income before income tax
Income tax
Earnings of associated companies (equity method)
Net income from continuing operations
Net income from discontinued operations
Income attribut. to non-controlling interests from continuing operations
Income attribut. to non-controlling interests from discontinued operations
Net Income

Income Statement – structure adopted in 1st half 2017 (according to the format used by CaixaBank, BPI's consolidating entity)
Financial margin (narrow sense)
Technical result of insurance contracts
Net commissions relating to amortised cost
Financial margin - RCL
Income from equity instruments - **RCL**
Net commission income - **RCL**
Equity accounted results - **RCL**
Net income on financial operations
Net operating income
Operating income from banking activity - RCL
Personnel costs
Of which: non-recurring personnel costs [1)]
General administrative costs
Depreciation and amortisation
Overhead costs
Operating profit before impairments and provisions
Recovery of loans, interest and expenses
Impairment losses and provisions for loans and guarantees, net
Impairment losses and other provisions, net
Net income before income tax
Income tax
Net income from continuing operations
Net income from discontinued operations
Income attribut. to non-controlling interests from continuing operations
Income attribut. to non-controlling interests from discontinued operations
Net Income

1) Costs from voluntary terminations and early retirements.

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 amortisation

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 amortisation

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 and the revaluation reserve (after deferred taxes).

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 + Capitalisation 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)
- Capitalisation insurance and others = Unit links insurance capitalisation + "Aforro" capitalisation 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 portfolio [1)]= 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 portfolio [1)]= (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)

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)

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Registered in Oporto C.R.C. and corporate body no. 501 214 534