



BANCO BPI, S.A.

Public Company

Registered office: Rua Tenente Valadim, 284, Porto

Share capital: € 1 293 063 324.98

Registered at Commercial Registry of Porto under

Unique taxpayer reference number 501 214 534

ANNOUNCEMENT

Banco BPI disclosed to the market on 7 October 2016 that, on that date, the following agreements were signed between Banco BPI, SA and Unitel, SA (Unitel):

- a sale and purchase agreement for a number of shares of Banco de Fomento Angola (BFA), corresponding to 2% of its share capital, a transaction that will result in Banco BPI and Unitel holdings to be, respectively 48.1% and 51.9% of BFA;
- a new shareholders agreement in respect of BFA.

The aforementioned sale and purchase agreement foresees that the sale of 2% of BFA to Unitel is subject to a set of conditions precedent, which, in addition to the authorizations from Banco Nacional de Angola (BNA), include the approval of the transaction by Banco BPI General Shareholders' Meeting. In respect of this last condition precedent, a General Shareholders' Meeting of Banco BPI was convened to the 23 November. The meeting was suspended and will continue on 13 December.

The proposal Banco BPI Board of Directors presented to Banco BPI General Shareholders' Meeting on the above mentioned transaction, includes in its recitals, a reference that such transaction “ (...) *constitutes the only solution to the problem of breaching the large exposures limit that the Bank has been confronted with since the end of 2014, and which, after numerous initiatives to this end undertaken by the Board of Directors, was possible to realise* ”.

With a view to confirm what was already the opinion of the Board of Directors that the above mentioned transaction is an adequate solution for the problem of the breach of the large exposure limit, Banco BPI has formally requested from the ECB, through a letter dated from 7 November 2016, its position on the subject and namely on the question of whether the transaction would allow for Banco BPI to deconsolidate BFA. In making this request BPI was aware that ECB could only reject a deconsolidation of BFA or ask for a consolidation for prudential reasons and that, as such, BPI did not expect to receive an approval for the intended deconsolidation.

Specifically, on such letter, Banco BPI conveyed to ECB:

- i) that, pursuant to the applicable legal provisions, it was its view that, with the completion of the above mentioned transaction, Banco BPI should cease to consolidate BFA, both for accounting and prudential purposes, and that, as such, the breach of the large exposure limit would be remedied; and
- ii) that it was Banco BPI's assessment that ECB would not have a reason to reject what is said in (i), because Banco BPI confirmed it would, as from the date of completion of the above mentioned transaction, comply with the following conditions:
 - a) BPI as a shareholder does not control alone, pursuant to an agreement with other shareholders in or members of BFA, a majority of shareholders' or members' voting rights in that undertaking;
 - b) BPI does not effectively exercise a dominant influence over BFA;
 - c) BPI does not manage BFA together with one or more undertakings not included in the consolidation.

With this letter, Banco BPI submitted the opinion of its auditors to the ECB, which points to the conclusion that, with the completion of the above mentioned transaction, Banco BPI should cease, for accounting purposes, to fully consolidate BFA.

Banco BPI hereby announces that, pursuant to the interaction with ECB following the letter of 7 November 2016, ECB informed Banco BPI that it "would not have a reason to object to the deconsolidation of BFA" provided the above listed conditions are met.

As Banco BPI is in a position to confirm that those conditions will be met as from the date the above mentioned transaction is completed, it is Banco BPI's view that, as from such date, Banco BPI should cease to consolidate BFA, for prudential purposes, and that such fact will remedy Banco BPI's breach of the large exposure limit.

Porto, 13 December 2016

Banco BPI, S.A.