FIRST SUPPLEMENT DATED 24 MAY 2016 TO THE PROSPECTUS DATED 1 OCTOBER 2015

BANCO BPI, S.A.

(incorporated with limited liability in the Republic of Portugal)

EUR 7,000,000,000
COVERED BONDS PROGRAMME

This supplement dated 24 May 2016 (the "Supplement") to the Base Prospectus dated 1 October 2015 (the "Base Prospectus"), constitutes a supplement to the Base Prospectus, in the meaning of article 16 of Directive 2003/71/EC, as amended, prepared in connection with the Covered Bonds Programme (the "Programme") established by Banco BPI, S.A. (the "Issuer", fully identified in the Base Prospectus). Terms defined in the Base Prospectus have the same meaning when used in this Supplement.

Each of the Issuer, the members of the Board of Directors of the Issuer and the members of the Supervisory Board and the Statutory Auditor of the Issuer (see the relevant subsections of the "DESCRIPTION OF THE ISSUER" section in the Base Prospectus as supplemented pursuant to this Supplement) hereby declares that, to the best of its knowledge (having taken all reasonable care to ensure that such is the case), the information contained in this Supplement is in accordance with the facts and contains no omissions likely to affect its import.

This Supplement is supplemental to, and should be read in conjunction with, the Base Prospectus. To the extent that there is any inconsistency between any statement in this Supplement and any other statement in or incorporated by reference in the Base Prospectus, the statements in this Supplement will prevail.

Save as disclosed in this Supplement, no other significant new factor, material mistake or inaccuracy relating to information included in the Base Prospectus, as supplemented, has arisen or been noted, as the case may be, since the approval of the Base Prospectus.

This Supplement to the Base Prospectus will be available for inspection at and may be obtained free of charge from the registered office of the Issuer and is available for viewing in the following websites:

- Website of the Issuer; and
- Website of the *Comissão do Mercado de Valores Mobiliários*: www.cmvm.pt.

A. GENERAL AMENDMENTS

References to, and the definition of, the Base Prospectus dated 1 October 2015 shall be amended to include this Supplement dated 24 May 2016**.**

B. RISK FACTORS

1. The risk factor under the heading "*Global Financial Volatility*", which could be found on page 4 of the Base Prospectus, has been entirely deleted and replaced as follows:

"Banco BPI's performance is reliant on economic activity and the conditions of global financial markets. After the economic and financial credit crisis of 2007-2008, global growth has recovered and financial markets stabilized on the back of proactive economic policies around the globe, with particular emphasis on central banks' policies in developed economies. Short term interest rates have been slashed to the minimum threshold, in some cases turned negative, and the major central banks supplied ample funding and liquidity to the world financial system, embarking on so-called non-conventional monetary policies. Last year the monetary policy of the main central banks remained strongly accommodative, but different stages of the economic cycle of the developed economies implied a divergent position of the monetary policy stance. In particular, the US Federal Reserve has entered in a cycle of normalization of its key interest rate in December, while the European Central Bank has strengthened the ultra-accommodative nature of its policy. However, global growth remains uncertain, unemployment rates and the output slack in developed economies are still higher than the historical average, especially in the euro-zone countries. Almost ten years after the onset of the global financial crisis, the global economic situation continues to be characterized by slow growth, inflation close to zero or negative and almost exhaustion of the usual economic policy tools, especially as far as monetary policy is concerned. Additionally, still high debt levels coincident in several economies, both at public and private sector level, are also restraining aggregate demand growth and hindering the capacity to implement expansionary fiscal policies. Hence, the capacity of authorities to act in case there is a negative and unexpected exogenous shock has progressively become more reduced in the developed economies. In this framework, interest rates remained at historical minimum in the reference markets across the whole spectrum of the yield curve and the appetite for riskier financial instruments has been increasing, as investors search for yield. Given this scenario, the divergence of monetary policies should be strengthened in 2016, as the ECB reinforced the degree of accommodation of its monetary policy in March, while the Federal Reserve is expected to raise key-rates on a very gradual way. Additionally, the Bank of England may delay the start of the cycle of normalization of its key rates at least until the outcome of the Brexit referendum on June 23rd. By their side, the Bank of Japan and the National Bank of Switzerland may implement further expansionary measures. Furthermore, the beginning of 2016 has been marked by the deterioration of the risk perception linked to a poor global economic outlook, leading to an increase in volatility of financial markets despite some positive developments, including signs of stabilization in commodity prices, sound economic data in the United States and supportive actions by central banks. Still, confidence continues weak as the economic recovery remains feeble, which should continue to have repercussions on volatility with possible negative impact on equity markets and a reappraisal of bond market valuations. A worst-case scenario might include a disorderly

increase in long term interest rates and would have negative impacts on households' and firms' confidence indices. In an adverse scenario, this could have a negative impact on balance-sheet valuations and risk perceptions might change, with impact on the capacity of the Issuer to access international wholesale financial markets."

2. The risk factor under the heading "*Euro-zone debt crisis*", which could be found on page 5 of the Base Prospectus, has been entirely deleted and replaced as follows:

"The instability that affected the euro-zone sovereign debt markets since 2010 has abated and peripheral markets risk premium (namely Portugal, Spain, Italy and Ireland) have returned to levels more in line with the ones experienced prior to the debt crisis. Comparing to the 2010-2012 debt crises in Europe, the European institution framework looks now more robust and capable to withstand adverse shocks that may come from this process. Both Ireland and Portugal ended with success their external financing programs with the European Commission (the "EC"), the European Central Bank (the "ECB") and the International Monetary Fund (the "IMF") (the EC together with the ECB and the IMF, the "Troika") and are now issuing regularly on the sovereign debt market; fiscal consolidation continued in peripheral markets and several structural reforms have been enacted in the more vulnerable economies, including Spain and Italy; finally, the completion of the Asset Quality Review in the European banking system and the progress in the Banking Union, including the launch of the Single Supervisory Mechanism, also gave more resilience to the monetary union architecture. But the main factor behind the fall on a sustained way of risk premium in the peripheral countries was the implementation of the Public Sector Purchase Programme by the ECB since March 2015 and recently extended until March 2017, at least. However, the emergence of Governments more likely to adopt more expansionary fiscal policies, reducing the correction of imbalances in both public and private sector balance-sheets may lead to an increase of instability in the international financial markets, with potential negative impact on risk premium of the more vulnerable countries. In a hypothetical scenario of huge financial instability, a more disruptive framework might return, and create difficulties in the access of peripheral markets institutions to the international capital markets. In the case of Portugal, the eligibility of public debt to participate in the Public Sector Purchase Programme depends on maintaining an investment grade rating, which is currently only guaranteed by one of the credit rating agencies recognized by the ECB, DBRS Ratings Limited (the "DBRS").

Uncertainty is likely to continue in 2016: internally, economic growth might disappoint if external risks regarding global demand are to materialize. In that case, the EC may force the country to adopt additional fiscal consolidation measures in order to achieve the desired consolidation pace (keeping the deficit below the 3 per cent of GDP threshold and reducing the structural primary deficit by at least 0.5 p.p. of GDP), eventually leading to a political crisis with effects on the financing cost of the whole economy. Externally, the new interest rate cycle by the US Federal Reserve might eventually bring volatility and instability to the international financial markets, with an impact on the issuer.

In the event of negative developments in the financial markets, the Issuer's ability to access the capital markets and obtain funding to support its business activities on acceptable terms may be adversely affected. A lack of ability to refinance assets on the balance sheet or maintain appropriate levels of capital to protect against deteriorations in their value could force the Issuer to liquidate assets held at depressed prices or on unfavourable terms.

The current financial and economic environment is a source of challenges for Banco BPI, and may adversely affect its business, financial condition and results of operations in the following ways:

- *Since the economic and financial crisis of 2007-2008, whose consequences have been aggravated by the European sovereign debt crisis in 2010-2012, the business was affected namely through higher funding costs, both wholesale and retail, and by the depreciation of its share prices and asset values. In the case of further deteriorations on market conditions, Banco BPI will be affected. Any worsening of the current economic climate could jeopardise Banco BPI strategy and adversely affect its profitability;*
- *The decline in interest rates in the developed reference markets, including the euro, with negative interest rates registered in the shorter maturities of the yield curve (negative Euribor rates) constitutes also a challenge for Banco BPI. Indeed, the eventual impact of this situation in the retail market is still to be known, as eventually creditors might be remunerated for their financing operations while depositors might be charged for holding funds in banks. That would revert all the logic in the banking system, with potential instability and adverse consequences for the Issuer;*
- *Banco BPI is exposed to potential losses if certain financial institutions, or other counterparties to Banco BPI, become insolvent or are not able to meet their financial obligations to Banco BPI;*
- *Numerous banks worldwide have been and are being supported in part by various "rescue plans" and other types of support by their home country governments. Banco BPI is uncertain as to how much longer governmental support will be needed to keep these banks solvent and whether governments will have the means or the political will to continue this support. Any failure of government support to continue could result in more bank failures and heightened lack of confidence in the global banking system, thus increasing the challenges faced by Banco BPI and other financial institutions."*

3. The risk factor under the heading "*Economic and financial situation in Portugal*", which could be found on page 6 of the Base Prospectus, has been entirely deleted and replaced as follows:

"The economic and financial crisis in Portugal, specifically the developments that have been on the basis of the Economic and Financial Assistance Programme by the Troika in the period 2011-2014, have affected negatively the Issuer's financial condition, business and results of operations and any further deterioration of the economic conditions may further affect the Issuer.

Since a substantial part of its activities is performed in Portugal, the Issuer depends on the developments in the Portuguese economy, which in turn is affected by the developments of the economic and financial situation in the Eurozone.

After steady economic growth during the years of 1995 – 2000, the Portuguese economy registered a small and unbalanced expansion in the first decade of the 21st century, mainly driven by domestic demand while several imbalances emerged, namely as far as the external situation and debt levels were concerned. As a consequence of the international financial crisis, the Portuguese economic framework deteriorated and by 2009 Portugal's gross domestic product ("GDP") contracted by 3 per cent.. The economy recovered in 2010 but the intensification of the euro sovereign debt crisis exposed the domestic vulnerability towards external financing and highlighted important imbalances that urged to be corrected in order to achieve a more sustainable growth path.

In April 2011, the surge of Portuguese risk premium and the ballooning public financing needs within a framework of surging external debt and several other imbalances, led authorities to request external financial assistance.

On 5 May 2011, the Portuguese Government announced that it had entered into a Memorandum of Understanding with the Troika in relation to the Economic and Financial Assistance Programme (Programa de Assistência Económica e Financeira; the "PAEF" or the "Programme"). The PAEF was approved by the EC on 10 May 2011 and by the Ministers of Finance of the EU countries on 16 May 2011. In order to re-establish the confidence of international financial markets and to promote competitiveness and sustainable economic growth, the Programme was based on three pillars: fiscal consolidation, stability of the financial system and structural adjustment of the Portuguese economy. The total amount of financing for the 2011-2014 period was € 78 billion, of which € 52 billion corresponded to assistance through the European mechanisms (European Financial Stabilisation Mechanism and European Financial Stability Facility) and € 26 billion corresponded to assistance from the IMF, under an Extended Fund Facility. Of this total amount, € 12 billion was allocated to the Bank Solvency Support Facility. The Programme envisaged a set of measures and actions, namely of a structural nature, to be undertaken by the Portuguese authorities. The disbursements of the financial assistance tranches were conditional on the conclusion of the review missions carried out by experts of the European Commission, the International Monetary Fund and the European Central Bank. These missions reviewed the implementation of the measures included in the Programme. Up to the end of June 2014, twelve review missions of the Programme took place. Portugal received eleven disbursements, the first on the occasion of the approval of the Programme, with a total amount corresponding to approximately 97 per cent. of the agreed package. The Programme expired on 30 June 2014, without the disbursement of the last agreed tranche. Portugal is currently under post-programme surveillance, in line with the relevant European and IMF rules.

The Portuguese economy registered a contraction of 6.8 per cent.[1]*, from the end of 2010 to 2013, during the period of external financial assistance. Domestic demand has been particularly affected, having dropped 14.3 per cent. in this period with particular emphasis to investment whose contraction was particularly abrupt, above 30 per cent.. Private consumption has also receded, about 10 per cent., reflecting the fall in disposable income and the deterioration seen in the labour market. Indeed, in the same period, unemployment reached historical highs, at 17.5 per cent.*[2] *in the first quarter 2013. The economy returned to growth in the second half of 2013 whereas unemployment fell despite keeping historically high levels: 12.4 per cent. for the whole of 2015.*

Since 2014, Portugal returned to a slowly growth, advancing 0.9 per cent. in that year and 1.5 per cent. in 2015. Most of the expectations point to a similar pace of growth in 2016 and small acceleration in the years ahead. Annual GDP is expected to advance between 1.4-1.5 per cent., according to the IMF and the Bank of Portugal forecasts, respectively. Near term growth prospects continue to be weak as investment and exports continue to be hindered by structural factors, related to lack of competitiveness and high debt level at the private sector. As such, external risks, essentially due to the degree of growth slowdown of China and its effect of global demand, might eventually impact negatively the economic activity and put at stake some of the improvements already achieved, with unfavourable consequences for the Issuer.

Domestic demand should continue to contribute positively to growth driven by several measures, considering in particular the restitution of salaries approved by the new Portuguese Government. Nevertheless, there are several obstacles that may prevent this positive scenario to materialize. The still high unemployment rate and higher uncertainty, both internally and externally, may lead to more cautious decisions by households and to the delay of investment decisions by companies. Unemployment rates should keep close to historical highs and wage policies will remain contained in the private sector, suggesting that the evolution of disposable income and private consumption will also remain feeble. Gross capital formation should advance less than in 2015, as recent related economic indicators suggest lower investment in machinery and equipment by the end of 2015 and beginning of 2016. Even so, it seems plausible to consider that investment will register a gradual improvement in the near future, reflecting on the one hand a slower pace of adjustment of the construction and public works sector, and on the other hand, by a gradual improvement in funding conditions related with new ECB's measures (TLTRO at zero rate with possibility of discount rates in certain conditions and acquisition of corporate debt, rated as investment grade by at least one of the four leading rating agencies). Foreign demand is also expected to contribute positively to growth, driven by exports. However the pace of growth of exports may decelerate in 2016, due to an expected decline in exports of energy related with the

[1] Source: Instituto Nacional de Estatística (INE) data and Banco BPI's calculations.
[2] Source: INE.

temporary closure of a refinery in the beginning of the year, but also due to a decline in exports to Angola and Brazil, those with a more permanent nature given internal constrains in those countries.

Portugal has successfully restored market access, issuing close to €17 billion in debt in 2014 and €25 billion in 2015 through syndications and auctions[3]*, excluding debt exchanges. These issues have met strong demand by foreign investors and an increasing part has been taken by institutional investors, reflecting the renewed optimism amongst international investors as far as the sovereign risk is concerned. Following the decrease in funding costs, Portugal obtained authorization to make an early repayment of half of the IMF assistance loan (circa €14 billion). In 2015, Portugal repaid €8.4 billion and in 2016 €2.0 billion were already reimbursed – equivalent to around 36 per cent. of the loan. Repayments were originally due in November 2015 and April 2018.*

Despite the improvement in financing conditions, there is the risk of a reversal, especially in the absence of further reforms in a scenario of high debt burden. Public debt levels reached 129 per cent. of GDP by the end of 2015[4]*, one of the highest public debt levels within EU peers. Going forward, the public debt level is foreseen to improve, benefitting from higher economic growth and the ECB support, but a more expansionary fiscal policy may curb the correction of indebtedness in the public sector. The State Budget for 2016 includes expansionary measures that may pose some risks to the achievement of the target for the public balance in 2016, and consequently may led to an increase in financing needs, curbing the correction path for public ratios. Furthermore, an optimistic macroeconomic scenario is seen as an additional risk to the Government's target for public ratios. These risks have been highlighted by the fact that major international rating agencies consider that sovereign rating is still sub-investment grade, emphasizing fiscal and financial risks.*

Even though public financing needs for 2016 will probably be easily met, benefitting from the program of quantitative easing in the Euro-zone, with positive consequences for the Portuguese debt market, there are still risks related to the state high gross borrowing requirements in the next couple of years. In 2016-2017, the Treasury Bonds that will reach maturity amount to circa €16 billion[5] *and reimbursements to the IMF to about €4 billion in the same period. Failure to achieve higher growth standards or to proceed with fiscal consolidation and reach a sustained downward path of the public debt may affect the conditions of the Portuguese economy, thereby threatening its recovery. Any further deterioration of global economic conditions, including adverse changes in the credit risk of other countries in the EU, problems related to the solvency of Portuguese or international banks or changes in the Eurozone's scenario, may lead to additional concerns relating to Portugal's economy. Furthermore, in case global risk perceptions worsen substantially, the structural imbalances that persist – visible on high debt levels both at public and private sector level and negative net foreign assets position, the worst among developed countries (circa -109.4 per cent. of GDP*[6] *end 2015) – may highlight the still high*

[3] Source: Agência de Gestão da Tesouraria e da Dívida Pública - IGCP, E.P.E. (IGCP).
[4] Source: Banco de Portugal.
[5] Source: IGCP and Bloomberg data and Banco BPI's calcuclations.
[6] Source: Banco de Portugal.

vulnerability of the Portuguese economy and be reflected on the international capital and financial markets. Thus, the mentioned uncertainties had and may continue to have a significant impact in the Issuer's financial condition, business and results of operations.

Regarding the banking system, the regulatory regime in force established that credit institutions and investment firms should preserve a common equity tier 1 (CET1) capital ratio not below 7 per cent.. According to the Bank of Portugal, the CET 1 ratio reached 11.6 per cent. for the Portuguese banking system in June 2015, up from 11.3 per cent. registered in December 2014. The banking system is adjusting but continues to operate in a difficult environment. Balance-sheet challenges persist largely on account of the heavily indebted corporate sector. Even though weak credit fundamentals in combination with extremely low interest rates on mortgage portfolios and declining lending volumes continue to constrain the performance of the sector, there are signs of improving profitability based on the reduction of provisions and operational costs.

Since the beginning of 2011, Portugal suffered several rating changes. Fitch Ratings Limited ("Fitch") downgraded Portugal to BB+ in November 2011 and changed the outlook to positive in April 2014. In March 2016, Fitch reaffirmed the rating assigned to long term public debt at BB+ but changed the outlook to "Stable", referring doubts regarding fiscal consolidation, weak debt dynamics and low economic growth. Standard & Poor's Credit Market Services Europe Limited ("S&P") downgraded Portugal to BB in January 2012, revised the outlook to positive in March 2015 and upgraded Portugal to BB+ in September 2015, with stable outlook, having reaffirmed the classification in March 2016. Moody's Investors Service Ltd ("Moody's") upgraded Portugal to Ba2 in May 2014 and to Ba1 in July 2014 with stable outlook, reaffirming the classification in March 2016. DBRS rating agency, a Toronto based rating provider also recognized by the European Central Bank as far as collateral eligibility is concerned, assigned an initial rating of A (low) in November 2010 with a negative outlook and downgraded it to BBB in October 2011, with a negative outlook. In January 2012 the rating was downgraded again to BBB (low) keeping the negative outlook. In May 2014, DBRS changed the outlook to stable, which was later confirmed in April 2016. The BBB (low) is the lowest level in the investment grade DBRS classification.

Current economic conditions in Portugal imply the containment in the demand for credit and for financial products and services in the markets in general. Alongside with financial assets quality deterioration, these may have an adverse effect on the financial condition and results of Banco BPI."

4. The risk factor under the heading "*Risks relating to the Restructuring Plan*", which could be found on page 9 of the Base Prospectus, has been entirely deleted.

5. The second paragraph of the risk factor under the heading "*Banking Markets and Competition*", which could be found on page 10 of the Base Prospectus, has been entirely deleted and replaced as follows:

"Banco BPI faces intense competition in all of its areas of operation (including, among others, banking, investment banking, specialised credit and asset management). The competitors of Banco BPI in the Portuguese market are Portuguese commercial banks, savings and investment banks and foreign banks that entered the Portuguese market. Mergers and acquisitions involving the largest Portuguese banks have resulted in a significant concentration of market share. According to data collected from APB – Portuguese Banking Association, currently, the Portuguese financial system is quite concentrated. In the first half of 2015, the five largest banks controlled 80 per cent. of total assets, and the two largest, 45 per cent.. The principal competitors of Banco BPI in the banking sector (ranking in terms of assets as of 30 June 2015) are Caixa Geral de Depósitos, the Millennium BCP group, Novo Banco and the Santander/Totta group. Although Banco BPI believes that it is in a strong position to continue to compete in the Portuguese market, there is no assurance that it will be able to compete effectively in some or all segments in which it operates, or that it will be able to maintain or increase the level of its results of operations."

6. The risk factor under the heading "*Banco BPI's exposure to adverse political, governmental or economic developments related to its international expansion*", which could be found on page 10 of the Base Prospectus, has been entirely deleted and replaced as follows:

"Banco BPI continues to pursue its international strategy, with particular emphasis on its market position in Angola and Mozambique.

The maintenance of international oil prices at low levels affected the economic activity in Angola in 2015 and is continuing to do so in 2016, emphasizing the need to accelerate the diversification process. On average, the price of a barrel of Brent fell to below USD 30 in the first months of 2016, less than half the value observed in 2014. In view of the significant drop in export revenues, it was necessary to revise the 2015 State General Budget, synchronising the level of public spending to the expected decline in tax revenue. A prudent approach has also been assumed when the State Official Budget for 2016 was approved, in line with the trends seen at the time in international commodity markets. Simultaneously and in light of the deterioration in the external balance and the fall in foreign reserves, the currency depreciated by some 60 per cent from the beginning of 2015 until April 2016, triggering higher inflation which was reflected in a more restrictive monetary policy. The General Budget for 2016 was thought to be conservative, with an estimate of USD 45 for international oil prices, but recent trends in commodity markets suggest that oil revenues are going to come short of the government's predictions. The recent request for an Extended Fund Facility from the International Monetary Fund (IMF) will probably not immediately solve the country's problems, but the conditionality that the IMF usually attaches to these financing plans is a good omen for the future diversification of the Angolan economy.

As a result of the adjustment of the fiscal policy for 2016 (the Government expects a deficit of 5.5 per cent. of GDP in the State Budget for 2016), the decline in public expenditure and in particular, in public investment, will continue with a negative effect in the remaining sectors of economic activity. In this *particularly adverse context, the prospects for growth have been revised downwards. The latest official estimate (January 2016, Ministry of Finance) point to Gross Domestic Product (GDP) growth of 2.8 per cent. in 2015 (4 per cent. expected previously, in the State Budget 2016), reflecting the oil and gas sector's real growth of 6.3 per cent. and of 1.3 per cent. in non-oil activities. Should this be confirmed, this scenario implies a deceleration compared with the estimated 4.8 per cent. in 2014[7]. Despite the still positive overall growth scenarios by the several institutions (the IMF expects GDP to growth 2.5 per cent. and 2.7 per cent. in 2016-17, respectively), the continuing framework of low oil prices would constitute a serious constraint for the Angolan economy going forward, as nominal GDP per capita is expected to decline substantially when measured in dollars, meaning a real decline in the purchasing power of the population. In this context, we consider that there are negative risks for the growth scenario in the near future while it cannot be also excluded the increase in social tensions due to harsh measures in the context of the IMF presence, situation that might imperil BPI's capacity to generate value from the Angolan market.*

In sectorial terms, according to the official scenario, crude-oil activity should be underpinned by favourable behaviour of the energy (12 per cent.), manufacturing (2.6 per cent.) and construction (3.5 per cent.) sectors. The information currently available confirms the oil and gas sector's favourable behaviour: average oil production in 2015 reached 1.76 mbd, roughly 7.6 per cent. higher than the figures noted in the same period of the previous year and thus enabling a partial accommodation of the steep drop in prices.

The current account balance closed 2014 with a deficit of 2.9 per cent. of GDP according to official estimates. In the first nine months of 2015, the goods balance contracted 30 per cent. relative to the same period of 2014, reflecting the downswing in export revenues (-34 per cent.).

Economic Indicators and Forecasts							
	2010	**2011**	**2012**	**2013**	**2014**	**2015P**	**2016F**
Real Gross Domestic Product growth (yoy, %)	3.4	3.9	5.2	6.8	4.8	2.8	3.3
Oil Sector	-3.0	-5.6	4.3	-0.9	-2.6	6.3	4.8
Non-oil sector	7.8	9.7	5.6	10.9	8.2	1.3	2.7
Oil production (million barrels/day)	1.76	1.63	1.72	1.72	1.67	1.78	1.89
Price of Angolan oil (average, USD/barrel)	76.5	108.7	111.0	107.5	100.7	51.7	45.0
Consumer Price Index (yoy change, end-of-period)	15.3	11.4	9.0	7.7	7.5	14.3	19.2
Fiscal Balance (% GDP)	8.1	10.3	6.7	0.3	-6.6	-4.5	-5.5
Non- oil Primary Fiscal Balance (% GDP)	-47.4	-51.1	-53.7	-47.7	-42.8	-21.2	-19.7
Gross Foreign International Reserves (million of USD, end of period)	19,679	26,321	30,828	31,154	27,276	24,550	18,600
Average exchange rate (AKZ/USD)	91.9	94.0	95.6	96.9	98.5	121.0	-
Source: BNA, Min. Finanças, FMI (World Economic Outlook April 2016 and Article IV, Nov 2015), Bloomberg							
Note: P - preliminar; F - Forecast							

Net foreign reserves maintained their downward trajectory, standing at 24.3 billion dollars in February of 2016, down 7.4 per cent. yoy. The drop in export revenues against a backdrop of a steep fall in oil prices on the international markets is behind this trend, even though the implementation of proactive measures by the monetary authority – restrictions on withdrawals and transactions in foreign currency, currency devaluation, search for alternative external financing – helped to counter this tendency.

[7] Source: "Linhas Mestras para a Definição de uma Estratégia para a Saída da Crise Derivada da Queda do Preço do Petróleo No Mercado Internacional", República de Angola (Janeiro de 2016).

According to the IMF, the amount of international reserves was enough to cover around 7.1 months of imports in 2015.

According to the latest Ministry of Finance estimates, the 2015 budget balance should be situated at – 4.5 per cent. of GDP which compares with a budget deficit of – 6.6 per cent. in 2014. According to preliminary information for the 2015 budget execution, oil revenues retreated 46 per cent. but their impact on total receipts was partially offset by a 7 per cent. increase in tax receipts from the other sectors. As a whole, revenues were down 26 per cent.. Additionally, total public spending was down almost 28 per cent. for the year as a whole, with current expenditure decreasing 28 per cent. and public investment declining 27 per cent.. It is worth mentioning the increase in the weight of public debt interest, 75 per cent. higher than the previous year.

Monetary policy assumed a more restrictive stance in 2015 and first months of 2016, with BNA raising its benchmark rate at the meetings of the Monetary Policy Committee of March (+25 basis points), June (+50 basis points), July (+50 basis points), August (+50 basis points) and December (+50 basis points) to 11 per cent. at the end of 2015. Already in 2016, the BNA has proceeded to two rate hikes, in January (+100 basis points), and in March (+200 basis points), with the reference rate now at 14 per cent. Simultaneously, the remaining instruments were also adjusted, with the Permanent Liquidity Supply Facility now being situated at 16 per cent. and the mandatory reserves coefficient at 25 per cent..

The more restrictive monetary policy arises against a backdrop of the currency's depreciation and the mounting inflationary pressure. Indeed, the inflation rate reached a double digit level in 2015, well above the BNA's target of maintaining the consumer price inflation within the 7 per cent. to 9 per cent band. Inflation rate reached 14.3 per cent. at the end of 2015, which compares with an annual inflation rate of 7.5 per cent. in 2014. In 2016, inflation has rose significantly, standing in April at 26.4 per cent., according to the official statistics office. Besides the impact of the currency's depreciation on imported prices, the higher inflation rate also reflects the phased cutback of subsidised fuel prices initiated in September 2014, and the rise of a set of consumption tax rates in the end of last year.

At the end of 2015, total lending to the economy[8] registered an 18 per cent. yoy increase, reflecting a 16 per cent. yoy surge in credit to the private sector. Loans in local currency posted in the same period a 5 per cent. decrease, while loans in foreign currency recorded an 18 per cent. increase. At the same time, total deposits recorded a 12 per cent. change yoy, with an increase in deposits denominated in local and foreign currency (14 per cent. yoy and 6 per cent. yoy, respectively).

The kwanza is not freely convertible and may not, except in the limited circumstances, be exported from or imported into Angola. This means that cross-border payments and transfers need to be effected in foreign currency, which may result in an additional risk to Banco BPI.

Banco BPI can give no assurance that it will be successful in Angola, Mozambique or any of the other international markets where it operates. Banco BPI's international operations are exposed to the risk

[8] Source: Banco Nacional de Angola.

of adverse political, governmental or economic developments in the countries in which it operates. These factors could have a material adverse effect on Banco BPI's financial condition, business and its results of operations.

As of 31 December 2015, the contribution from international operations to consolidated net profit was € 143.3 million, which corresponds to 13.6 per cent. growth when compared to the € 126.1 million contribution recorded in 2014. The main contributions to the profit from international activity corresponded: (i) to Banco de Fomento Angola's (BFA) contribution of € 135.7 million, relating to the 50.1 per cent. appropriation of its individual profit (which was up 16 per cent. if compared to 2014 figure); (ii) to Banco Comercial e de Investimentos's (BCI) contribution of € 9.4 million, relating to the appropriation of its 30 per cent. of its individual net profit (equity accounted), which corresponds to an 11 per cent. yoy decrease.

Regarding BFA, loan impairments in 2015 amounted to € 33.6 million, up by € 12.9 million relative to 2014. Loan impairments, after deducting recoveries (€ 1.9 million), totaled € 31.7 million and represented 1.88 per cent. of the average loan portfolio (1.30 per cent in 2014). At the end of 2015, credit risk at BFA stood at € 87.1 million which corresponded to 5.5 per cent. of the gross loan portfolio. Credit risk was up € 9.5 million in 2015 (adjusted for write-downs), which corresponded to 0.56 per cent. of the loan portfolio. Credit at risk cover by accumulated loan provisions in the balance sheet climbed from 102 per cent. in 2014 to 122 per cent. in 2015.

Loan impairments

		In million €, consolidation currency (M.€)				In million AKZ, local currency in Angola (M.AKZ)			
		2014	% of loan portfolio[1]	2015	% of loan portfolio[1]	2014	% of loan portfolio[1]	2015	% of loan portfolio[1]
Loan impairments	1	20.7	1.48%	33.6	1.99%	2 664	1.46%	4 587	2.07%
(-) Recoveries of loans in arrears written off	2	2.5	0.18%	1.9	0.11%	323	0.18%	253	0.11%
Loan impairments net of recoveries [=1 - 2]	3	**18.2**	**1.30%**	**31.7**	**1.88%**	**2 341**	**1.29%**	**4 335**	**1.96%**

1) Average balance of performing loans.

Source: Banco BPI's 2015 Annual Report

7. The risk factor under the heading "*Financial sector regulation*", which could be found on page 13 of the Base Prospectus, has been entirely deleted and replaced as follows:

"Banco BPI operates in a highly regulated industry and its banking activities are subject to extensive regulation by, among others, the European Central Bank, the Bank of Portugal, the European Banking Authority ("EBA"), the European Securities and Markets Authority ("ESMA"), the European Insurance and Occupational Pensions Authority ("EIOPA"), the Portuguese Securities Commission (Comissão do Mercado de Valores Mobiliários) and the Insurance and Pensions Funds Supervisory Authority ("Autoridade de Supervisão de Seguros e Fundos de Pensões"), as well as the National Bank of Angola (Banco Nacional de Angola) and other supervisory authorities, from the EU and the countries in which Banco BPI conducts its activities. Such regulations relate to liquidity, capital adequacy and permitted investments, ethical issues, money laundering, privacy, securities (including debt instruments) issuance

and offering/placement, financial intermediation issues, record-keeping, marketing and selling practices.

Those regulations are complex and its fulfilment implies high costs as regards time spending and other resources. Additionally, non-fulfilment of the applicable regulations may cause damages to the Issuer's reputation, application of penalties and even loss of authorization to carry out its activities.

The financial market tensions and increasing difficulties in the transmission mechanism of the Eurosytem monetary policy have created the need for the establishment of integrated supervision in the euro area (the "Single Supervisory Mechanism") as a first step towards a banking union and the materialisation of a true economic and monetary union. The Banking Union should rely – in the long term – on three complementary pillars: the single Supervisory Mechanism, a European single resolution mechanism and a common system of deposit protection. The Council Regulation (EU) No. 1024/2013, of 15 October 2013, established the Single Supervisory Mechanism composed of the European Central Bank and competent national authorities (NCAs) of participating Member States. The Single Supervisory Mechanism is further regulated by Regulation (EU) No. 468/2014, of the European Central Bank, dated of 16 April 2014. The European Central Bank will be responsible for the prudential supervision of credit institutions in the euro area, with a view to contributing to the safety and soundness of credit institutions and the stability of the financial system within the EU and each Member State, with full regard and duty of care for the unity and integrity of the internal market. The single resolution mechanism of banks will contribute to the resolution of institutions without affecting systemic stability and the financial situation of the countries where they operate. A common system of deposit protection will help reduce the likelihood of potential deposit runs, which, in a contagion situation, would rapidly constrain banking liquidity. These three pillars of the banking union are based on the assumption that a single prudential rulebook will be maintained, which may be more flexible for macro-prudential policy purposes, under the European Union coordination.

Additionally, as a consequence of the persistence of the financial crisis and the subsequent government intervention, regulation in the financial services sector has increased substantially and is expected to continue to do so, which may include the imposition of higher capital requirements, demanding duties of information and restrictions on certain types of activity or transaction. Also, new regulations may restrict or limit the type or volume of transactions in which Banco BPI participates, or that the fees or commissions that Banco BPI charges on certain loans or other products must be changed, and consequently any of these events may have a material adverse effect on Banco BPI's business, financial condition and the results of its operations."

8. The risk factor under the heading "*The fulfilment of both the current and future capital requirements as set out by the European authorities and by the Bank of Portugal could lead BPI Group to attract additional capital and/or to face adverse consequences*", which could be found on page 14 of the Base Prospectus, has been entirely deleted and replaced as follows:

"As of 31 December 2015, as per Banco BPI's 2015 Report, Banco BPI had a Common Equity Tier I ratio of 10.9 per cent., calculated according with the CRD IV/CRR rules applicable in 2015. The Common Equity Tier I ratio calculated according to the fully-implemented CRD IV/CRR rules (without benefiting from the phasing in provided for in those rules) stood at 9.8 per cent. as of 31 December 2015, as per Banco BPI's 2015 Report.

The above figures consider: (i) the adhesion to the special scheme applicable to deferred tax assets approved in the Shareholders' General Meeting of 17 October 2014. At 31 December 2015, the positive impact on fully-implemented CET1 was € 220 million corresponding to an impact on the CET1 ratio of +0.9 p.p.; and (ii) the application of the new risk weightings applied to BFA's exposure, expressed in Kwanzas, to the Angolan State and to Banco Nacional de Angola (BNA).

The implementation of both rules began on 1 January 2015.

The non-recognition of supervision equivalence in Angola had, as another consequence, the end of the non-application of the large exposures limit which BFA's exposure to the Angolan State and to BNA benefited from, with that limit having been exceeded by circa € 3 billion.

As a result of the breach of the large exposures limit arising from the participation of Banco BPI in BFA, the European Central Bank took a decision, communicated to Banco BPI on 3 August 2015 (hereinafter ECB Decision), pursuant to which: (i) with respect to the breach of the large exposures limit related to the exposures to the Republic of Angola and to BNA that before 1 January 2015 were not weighted at 0 per cent. and therefore were not exempt from the large exposures limit, the situation should be corrected "without undue delay" and (ii) with respect the breach of the large exposures limit related to the exposures to the Republic of Angola and to BNA denominated in kwanzas that before 1 January 2015 were weighted at 0 per cent., the situation should be corrected until the 10 April 2016.

With respect to the situation identified in (i) of the previous paragraph and in order to compel Banco BPI to comply with part of the ECB Decision referred in that point, on 1 March 2016, the ECB informed Banco BPI about a draft decision to impose a periodic penalty payment. According to the applicable rules, the maximum daily amount of the periodic penalty payment is 5 per cent. of the average daily business turnover. Taking into account that the daily business turnover of Banco BPI in 2015 was € 3.2m, the maximum daily amount of the periodic penalty payment in question is € 162m. According to the same regulation, periodic penalty payments may be applied for a maximum period of six months from the date defined in the decision that applies them.

On 22 March 2016, Banco BPI sent to ECB its position on the above mentioned draft decision, having sustained that the conditions set out in the applicable regulations for the application of a periodic penalty payment were not met and that, even though this was not the understanding, such a periodic penalty payment, in the case it would be applied, should be in an amount significantly lower than the maximum foreseen in the applicable regulation. Banco BPI is now awaiting for the final decision of the ECB on the matter referred to in this paragraph. If the said decision imposes a periodic penalty payment, *it may be subject to a request for review by the ECB Administrative Board of Review and to appeal to the Court of Justice of the European Union.*

On 17 April 2016, Banco BPI informed the market that, given the impossibility of completion of the announced agreement between Santoro and CaixaBank, Banco BPI is in contact with the European Central Bank in order to find an alternative solution to the breach of the large exposures limit. That alternative should allow to solve simultaneously the two situations referred to in (i) and (ii) above.

As of the date of this Supplement Banco BPI is not subject to any periodic penalty payment from the ECB and still is in contact with the European Central Bank in order to find an alternative solution to the breach of the large exposures limit.

CaixaBank, S.A. ("CaixaBank" or "Offeror") released on the 18 April 2016 the preliminary public announcement for the launch of a general tender offer ("Offer") for the acquisition of the shares representing the share capital of Banco BPI.

The offered price is 1.113€ per share in cash and is subject to the elimination of the voting cap in Banco BPI, obtaining more than 50 per cent. of Banco BPI's share capital and regulatory approvals. The Offer price is in line with the volume-weighted average of Banco BPI's share price during the last six months. Prior to this announcement, CaixaBank has held conversations with the European Central Bank to keep it informed of the foregoing and has requested a suspension of any administrative proceedings against Banco BPI related to its large exposures limit situation with the purpose of allowing CaixaBank to find a solution for said situation should CaixaBank eventually take control of Banco BPI.

Pursuant to the terms of article 181 of the Portuguese Securities Code, the Issuer's Board of Directors presented on 17 May 2016 its report on the Offer (the "Report"). Additional information about the Offer and the Report can be obtained from the website of BPI (http://bpi.bancobpi.pt/) and from the website of Comissão do Mercado de Valores Mobiliários (www.cmvm.pt).

Common Equity Tier 1 Ratio

According to CRD IV / CRR rules

		31 Dec.14	31 Dec.14 pro forma(1)	31 Dec.15		
				Domestic activity	International activity	Consolidated
CRD IV / CRR phasing in						
CET 1 capital	1	2 425.5	2 529.9	1 715.7	858.6	2 574.3
Risk-weighted assets	2	20 602.3	24 811.2	15 636.8	8 065.5	23 702.3
CET 1 ratio	3	**11.8%**	**10.2%**	**11.0%**	**10.6%**	**10.9%**
CRD IV / CRR Fully implemented						
CET 1 capital	4	1 700.7	2 118.7	1 552.5	760.9	2 313.4
Risk-weighted assets	5	20 221.5	24 674.7	15 610.7	8 042.1	23 652.8
CET 1 ratio	6	**8.4%**	**8.6%**	**9.9%**	**9.5%**	**9.8%**

1) Pro forma figures considering adherence to the special deferred tax asset (DTA) regime and the application of the new risk weightings applied to Banco BPI's indirect exposure to the Angolan State and to BNA.

Source: Banco BPI's 2015 Annual Report

The own funds requirements' represent a measure of the activity risk, namely of the credit risk, market (currency and trading portfolio risks included) and operational risks, which is calculated according to the prudential regulations in force.

Regarding credit risk, BPI Group applies the standard approach to obtain the prudential capital requirements. As to the operational risk, BPI Group uses the basic indicator approach. The capital should not only cover the applicable requirements on current activity (such as the solvability ratio requirements and any other requirements imposed by the supervisory authorities) but also take into account the strategic needs of growth, subject to market conditions (such as the cost of capital and cost of debt) as well as preserve a solid reputation among its customers, shareholders and other stakeholders.

The own funds required to meet those objectives are calculated taking into account the financial statements of Banco BPI, pursuant to the applicable law or regulations in force. Basel III Recommendations were enacted as European Union law through Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013, on access to the activity of credit institutions and the prudential supervision of credit institutions and investments firms ("CRD IV") and Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013, on prudential requirements for credit institutions and investment firms ("CRR"). CRR is directly applicable to the European States since 1 January 2014 and includes provisions regarding, for instance, own funds requirements, minimum capital ratios, liquidity ratios.

Regarding capital ratios, the banks were obliged to a minimum compliance with a gradually increase until 1 January 2019 (Core Tier 1 of 4.5 per cent., Tier 1 of 6 per cent. and a total ratio of 8 per cent. in 2019).

CRD IV includes general rules and supervision powers, wages, governance and disclosure requirements as well as an introduction of 5 addition capital buffers:

- *A capital conservation buffer of 2.5 per cent. of risk-weight assets;*
- *Countercyclical capital buffer rate between 0 and 2.5 per cent. of Core Tier 1 assets, pursuant to the conditions to be established by the competent authorities;*
- *Systemic risk buffer: i) applicable to the institutions with a global systemic importance: between 1 and 3.5 per cent.; ii) applicable to other institutions with a systemic importance: between 0 and 2 per cent.; and iii) macroprudential systemic risk: between 1 and 3 per cent. or between 3 and 5 per cent., depending on the economical conjecture.*

These buffers, apart from the macroprudential systemic risk, are predicted to apply gradually from 2016, although the Member States may anticipate this.

The Bank of Portugal, in the exercise of its powers as national macro-prudential authority, has decided to set the countercyclical buffer rate at 0 per cent. of the total risk exposure amount, with effect from 1 January 2016 and to prevail in the first quarter of the year. This buffer applies to all credit exposures to the domestic private non-financial sector of credit institutions and investments firms in Portugal subject *to the supervision of Bank of Portugal or the European Central Bank (Single Supervisory Mechanism), as applicable. Bank of Portugal will review this decision on a quarterly basis.*

Considering the minimum capital levels already defined on both the CRR and CRD IV, banks shall comply with:

- *Minimum Common Equity Tier 1 ratio: 7 per cent. (4.5 per cent. base value and an additional 2.5 per cent. of capital conservation buffer);*
- *Minimum Tier 1 ratio: 8.5 per cent. (6 per cent. base value and an additional 2.5 per cent. capital conservation buffer);*
- *Total ratio: 10.5 per cent. (8.0 per cent. base value and an additional 2.5 per cent. capital conservation buffer).*

The CRD IV has been transposed in Portugal by Decree-Law no. 157/2014 which has amended several laws and decree-laws, including the RGICSF.

A 5 year transitory period was projected in order to adapt the previous applicable rules to the new regulations.

On 23 October 2013, the ECB announced the details vis-à-vis a complete assessment that begun in November 2013 and lasted 12 months. The reference ratio value for such assessment was 8 per cent. Common Equity Tier 1, according to the CRD IV definitions taking into account transitional arrangements. Banco BPI was subject to the EU-wide comprehensive assessment conducted by the European Central Bank in cooperation with the national competent authorities. 130 banks were subject to this exercise. The comprehensive assessment was performed in conjunction with Bank of Portugal by the ECB prior to assuming full responsibility for supervision under the Single Supervisory Mechanism in November 2014. The comprehensive assessment comprised two main pillars: an asset quality review (AQR) and a stress test. Banco BPI presented the following main results in the comprehensive assessment:

- *CET1 Ratio at year end 2013 of 15.28 per cent., calculated according to EBA's rules for the purpose of the exercise;*
- *Aggregated adjustments due to the outcome of the AQR of -0.12 per cent.;*
- *AQR adjusted CET1 Ratio of 15.16 per cent.;*
- *Aggregate adjustments due to the outcome of the baseline scenario of the joint EBA ECB Stress Test to lowest capital level over the 3-year period of -0.24 per cent.;*
- *Adjusted CET1 Ratio after Baseline Scenario of 14.91 per cent.;*
- *Aggregate adjustments due to the outcome of the adverse scenario of the joint EBA ECB Stress Test to lowest capital level over the 3-year period of -3.56 per cent.;*
- *Adjusted CET1 Ratio after Adverse Scenario of 11.6 per cent..*

The thresholds for CET1 ratio were of 8 per cent. in the AQR review, 8 per cent. in the baseline scenario and 5.5 per cent. in the adverse scenario. Further details on the results of the AQR and stress test under the baseline and adverse scenarios as well as information on credit exposures and exposures to central *and local governments are available for consultation at:* http://web3.cmvm.pt/sdi2004/emitentes/docs/FR52579.pdf.

The Board of Supervisors of the EBA decided in its meeting of 24 of February 2015 to carry out a Transparency Exercise in 2015. In its April meeting, the Board of Supervisors agreed on the form and scope of the transparency exercise to be conducted in September-November 2015 to assure a sufficient and appropriate level of information to market participants. A testing phase was carried out with participating banks between May and July 2015 in order to design the process and templates. Further details on the information relating to Banco BPI are available for consultation at: http://web3.cmvm.pt/english/sdi/emitentes/docs/FR57785.pdf."

9. The second paragraph of the risk factor under the heading "*Requirements related to the liquidity ratios*", which could be found on page 17 of the Base Prospectus, has been entirely deleted and replaced as follow:

"In 2016, for the purpose of the Liquidity Coverage Ratio financial institutions should maintain portfolio of high quality liquid assets corresponding to 70 per cent. of its total net cash outflows in the following 30 days."

10. The second paragraph of the risk factor under the heading "*The creation of a deposit protection system applicable throughout the EU may result in additional costs to Banco BPI*", which could be found on page 18 of the Base Prospectus, has been entirely deleted and replaced as follow:

"As a result of these developments, the BPI Group may incur additional costs and liabilities which may adversely affect the Issuer's operating results, financial condition and prospects. The additional indirect costs of the deposit guarantee systems may also be significant, even if they are much lower than the direct contributions to the fund, as in the case of the costs associated with the provision of detailed information to clients about products, as well as compliance with specific regulations on advertising for deposits or other products similar to deposits, thus affecting the activity of the relevant banks and consequently their business activities, financial condition and results of operations."

11. The risk factor under the heading "*Potential impact of the recovery and resolution measures applied by the Bank of Portugal*", which could be found on page 18 of the Base Prospectus, has been entirely deleted and replaced as follows:

"Decree-Law no. 31-A/2012, of 10 February, introduced the legal framework for the adoption of resolution measures into the General Regime for Credit Institutions and Financial Companies (RGICSF, enacted by Decree-Law 298/92, dated 31 December, as amended). Such resolution framework has been further amended by Decree Law no. 114-A/2014, of 1 August, Decree Law no. 114-B/2014, of 4 August and by Law no. 23-A/2015, of 26 March 2015, which have transposed Directive 2014/59/UE, of 15 May

2014 establishing a framework for the recovery and resolution of credit institutions (the "EU Crisis Management Directive" or "BRRD"). The reorganisation regime previously in force governing credit institutions was extensively reviewed and was indeed replaced by a new approach by the Bank of Portugal as regards the intervention on credit institutions and investment firms in financial distress. The measures set out in the new regime aim at recovering or preparing the orderly winding-up of credit institutions and certain financial companies in situations of financial distress. The new toolbox includes three stages of intervention by the Bank of Portugal: preparatory and preventive measures, prior supervision intervention, and instruments and powers of resolution. The implementation of these measures and the exercise of these powers will directly affect the rights of shareholders and creditors.

Credit institutions will be required to produce suitable recovery plans to resolve problems with liquidity, solvency, or overall exposure to risk, and to keep such plans up-to-date. To complement the resolution plans, the Bank of Portugal has been given preventive powers, including the powers to limit or modify exposure to risk, require additional information, and to set restrictions or prohibitions on certain activities and changes to group structures.

Within the scope of preventive interventions, the Bank of Portugal has been given powers to prohibit the distribution of dividends to shareholders, to replace managers or directors, and to require credit institutions to transfer assets that constitute an excessive or undesirable risk to the soundness of the institution. These actions may have a direct effect on shareholders and the BPI Group's expected returns and additional indirect impacts through changes to such institutions' business activities.

Further, resolution measures may be applied when a credit institution or an investment firm covered by the resolution regime does not meet, or is at serious risk of not meeting, the requirements for the maintenance of its licence, and when the implementation of such measures is considered imperative for the pursuance of at least one of the following objectives:

- *Ensure the continuity of essential financial services;*
- *Prevent systemic risk;*
- *Safeguard public funds and taxpayers' interests;*
- *Safeguard depositors' confidence.*

For the purposes of applying resolution measures, an institution is considered to be at serious risk of not meeting the requirements for the maintenance of its license when one of the following situations occurs, or when sufficient reasons exist to suggest that they may occur in the short run:

- *The institution has losses that may exhaust its capital stock;*
- *The institution's assets have become lower than its liabilities;*
- *The institution is unable to meet its obligations.*

The resolution measures include, specifically:

- *The total or partial sale of the assets and liabilities of the distressed financial institution to one or more financial institutions authorised to operate in the market;*

- *The bail-in tool which may be generally applied to all liabilities of an institution subject to resolution, subject to certain exceptions, which include secured credits, such as the covered bonds. Accordingly, if the cover pool is insufficient to meet all the claims of the holders of covered bonds under the relevant covered bonds, in that part (where holders will have an unsecured claim over the issuer), holders may become subject to bail-in;*
- *The creation of a bridge bank and the transfer of all or part of the assets and liabilities of the institution in financial distress to that bank. In such case, the newly incorporated bridge bank, shall be funded through the Resolution Fund, in accordance with articles 145-H(6) and 153-C of the RGICSF.*

The Resolution Fund created by Decree-Law 31-A/2012, of 10 February, is a public-law legal person designed to provide financial support to the application of the resolution measures ordered by Bank of Portugal. It is fully funded by the financial sector through initial and periodical contributions from member institutions, including the Issuer, whose amount shall be fixed on an annual basis and the revenue arising from the contribution over the banking sector. The financial assistance provided by the Resolution Fund may also include, among others, the transfer of cash to the acquirer bank or to the bridge bank, the provision of guarantees, the granting of loans, and the paying-up of the capital stock of bridge banks.

The Deposit Guarantee Fund (Fundo de Garantia de Depósitos) may also provide financial assistance for the implementation of resolution measures, but only in the case of the transfer of deposits placed with the institution in distress to another credit institution authorised to take deposits or to a bridge bank, and only to the amount needed to cover the difference between the amount of covered deposits and the value of the assets sold or transferred; moreover, funding by the Deposit Guarantee Fund shall in no circumstances exceed the cost of a direct reimbursement to the depositors.

The implementation of resolution measures is not subject to the prior consent of the credit institution's shareholders nor of the contractual parties related to assets, liabilities, off-balance-sheet items and assets under management to be sold or transferred.

Also in accordance with article 145-Y of the RGICSF, financial institutions will be required to meet a minimum requirement for own funds and eligible liabilities (MREL) capable of being bailed in. The requirement will be equal to a percentage of total of liabilities and own fund of the financial institution.

Bank of Portugal, in the exercise of its powers as national macro-prudential authority and having duly notified the European Central Bank, under Article 5 of Council Regulation (EU) No 1024/2013, of 15 October 2013, which did not object to the present decision, and after having also consulted the National Council of Financial Supervisors, under Article 2 (3) (c) of Decree-Law No 143/2013, of 18 October, has decided to impose capital buffers to credit institutions identified as systemically important institutions ("O-SIIs"). For that purpose, as set out in the legal and regulatory provisions, the Bank published on 29 December 2015 a table with the names of the banking groups identified as O-SIIs in 2015 and the respective capital buffers, as a percentage of the total risk exposure amount. These buffers *shall consist of Common Equity Tier 1 capital on a consolidated basis and shall be applicable from 1 January 2017 onwards. In the case of the Issuer the buffer is 0.50 per cent.. Simultaneously, the Bank of Portugal also published a more detailed document on the methodology for identification and calibration of the O-SII´s buffer.*

In order to comply with this ratio, Banco BPI may be requested in the future to issue additional liabilities capable of being bailed in.

Following the decision to apply a resolution measure to Banco Espírito Santo, S.A. ("BES"), most of its business was transferred to a transition bank, called "Novo Banco", created especially for that purpose. Capitalization of "Novo Banco" was ensured by the Resolution Fund.

As provided for in article 153-F of the RGICSF, the Resolution Fund is funded with the revenues from the contributions over the banking sector, initial and periodic contributions from institutions participating in the Resolution Fund. In addition, if such resources are insufficient for fulfilment of its obligations other financing means can be used, such as: (i) special contributions from credit institutions; and (ii) loans.

In the specific case of the resolution measure relating to Banco Espírito Santo, S.A., the Resolution Fund provided € 4.9 billion to pay up the share capital of "Novo Banco". Of this amount, € 300 million corresponded to the Resolution Fund's own financial resources, resulting from the contributions already paid by the participating institutions, € 3.9 billion corresponded to a loan granted by the Portuguese State to the Resolution Fund which will subsequently be repaid and remunerated by the Resolution Fund and € 700 million corresponded to a banking syndicated loan made to the Resolution Fund, with the contribution of each credit institution depending on various factors, including their size. As of 31 December 2015, the Issuer's share of this loan was € 116 million.

Pursuant to articles 153-H(2)(3) of the RGICSF, the periodic contributions of the participating institutions in the Resolution Fund should be (i) distributed proportionally among participating institutions, according to the respective level of financial liabilities, excluding own funds and deducting deposits guaranteed by Deposit Guarantee Fund (the "Reserve Base"), adjusted by the institution's risk profile and regarding the economic outlook as well as the contribution's impact in the institution and (ii) determined by the application of a contributive rate (proposed by the Resolution Fund and established by the Bank of Portugal) to the Reserve Base. For 2015 and pursuant to the Instruction 33/2014 issued by the Bank of Portugal the rate was set at 0.015 per cent. For 2016 and pursuant to the Instruction 19/2015 issued by the Bank of Portugal the rate has been set up at 0.02 per cent..

In addition and in accordance with articles 153-H(2)(3) ex vi 153-I(2) of the RGICSF, special contributions of the participating institutions in the Resolution Fund should (i) as in the case of periodic contributions, be distributed proportionally among participating institutions, according to the respective level of financial liabilities, excluding own funds and deducting deposits guaranteed by Deposit Guarantee Fund (the "Reserve Base"), adjusted by the institution's risk profile and regarding the *economic outlook as well as the contribution's impact in the institution and (ii) not exceed three times the amount of last periodic contributions made.*

According to the legal framework in force, after the sale of Novo Banco, the proceeds from that sale will be primarily allocated to repaying the Resolution Fund, including a remuneration corresponding to the financing costs borne by the Resolution Fund, plus a share to cover the administrative and operational costs of such support.

The amount received by the Resolution Fund from the sale of Novo Banco will be used to repay the loans obtained. It has been stipulated by contract that the Resolution Fund may only repay other liabilities after the State loan has been fully repaid and remunerated.

In the event that the proceeds from the sale of Novo Banco exceed the sum of the amounts provided by the Resolution Fund, the respective surplus will revert to BES, or to its insolvent estate, if in the meantime BES's authorisation has been revoked.

In the event that the proceeds from the sale of Novo Banco are insufficient to repay the loans, the Resolution Fund will use its own funds to finance the possible shortage. As previously mentioned, these funds are obtained from annual regular contributions to the Resolution Fund (including the contribution over the banking sector) and any special contributions. The definition of the financing structure of a possible shortage (in terms of type of contribution, its distribution in time, and any recourse to temporary loans) will depend on the amount of such shortage. In any case, it is expected that the financing will be structured in such a manner as not to jeopardise the solvency of any bank and to preserve financial stability.

On 20 December 2015 the sale of the business of Banif – Banco Internacional do Funchal, S.A. ("Banif") and of most of its assets and liabilities to Banco Santander Totta, S.A. ("Banco Santander Totta") by the amount of € 150 million was disclosed. This operation involved an estimated public support of € 2,255 million to cover future contingencies, of which € 489 million are supported by the Resolution Fund and € 1,766 million directly by the Portuguese State, as a result of the definitions of the assets and liabilities to be sold as agreed between the Portuguese authorities, European bodies and Banco Santander Totta.

In January 2013 Banif was recapitalised by the Portuguese State in the amount of € 1,100 million (€ 700 million under the form of special shares and € 400 million in hybrid instruments). This recapitalisation plan also included a capital increase by private investors in the amount of € 450 million, which was concluded in June 2014. Since then, Banif reimbursed the Portuguese State of € 275 million of hybrid instruments, but was not able to reimburse a € 125 million tranche in December 2014.

Banif's sale process was previous initiated, but on 19 December the Ministry of Finance informed the Bank of Portugal that such voluntary sale was not feasible and thus the sale would have to be made in the context of a resolution procedure.

As referred, Banif was sold to Banco Santander Totta for the amount of € 150 million, and accordingly the overall activity of Banif was transferred to Banco Santander Totta, apart from some assets *transferred to an asset management vehicle (previously Naviget and later renamed to Oitante) set up in the context of the resolution. Banif will maintain a very limited set of assets that will be wound up in the future, retaining as well the shareholders' equity, and subordinated and related parties debt.*

As mentioned at the beginning of this risk factor, the Resolution Fund is ultimately financed by the banking system, and thus the outcome of any disposals to be made by or on behalf of the Resolution Fund will ultimately be borne by the institutions which are required to fund the Resolution Fund, including the Issuer.

No details can yet be anticipated on the potential impact which the resolution of Banif and/or the resolution of BES, as described above, may have on the Issuer."

12. The risk factor under the heading "*Changes to tax legislation and to other laws or regulation*", which could be found on page 21 of the Base Prospectus, has been entirely deleted and replaced as :

"Banco BPI might be adversely affected by changes in the tax legislation and other laws or regulations applicable in Portugal, EU, Angola and other countries in which it operates or may operate in the future, as well as by changes of interpretation by the competent tax authorities of legislation and regulation. The measures taken by the Portuguese Government to balance public accounts and to stimulate the economy may result in higher taxes or lower tax benefits. Further changes or difficulties in the interpretation of or compliance with new tax laws and regulations might negatively affect Banco BPI's business, financial condition and results of operations."

13. The risk factor under the heading "*Credit Risk*", which could be found on page 23 of the Base Prospectus, has been entirely deleted and replaced as follows:

"Risks arising from changes in credit quality and the repayment of loans and amounts due from borrowers and counterparties are inherent in a wide range of the Issuer' business. Adverse changes in the credit quality of Issuer' borrowers and counterparties, a general deterioration in Portuguese or global economic conditions, or increased systemic risks in financial systems, could affect the recovery and value of the Issuer' assets and require an increase in provision for bad and doubtful debts and other provisions. This would have a material adverse effect on the Issuer's financial condition and results of operations. The Issuer faces the risk of its borrowers and counterparties being unable to fulfil their payment obligations.

Maximum exposure to credit risk at December 31, 2015, by type of financial instrument, is as follows:

Type of financial instrument	Gross book value	Impairment	Net book value
Balance sheet items			
Deposits at other credit institutions	612 055		612 055
Financial assets held for trading and at fair value through profit and loss	3 420 698		3 420 698
Financial assets available for sale	6 628 939	(119 551)	6 509 388
Loans and advances to credit institutions	1 230 043		1 230 043
Loans and advances to credit institutions	25 260 276	(978 654)	24 281 622
Held to maturity investments	22 417		22 417
Derivatives			
Hedging derivatives	91 286		91 286
Trading derivatives [1]	253 906		253 906
	37 519 620	(1 098 205)	36 421 415
Off balance sheet items			
Guarantees given	1 497 070	(33 035)	1 464 035
Irrevocable credit lines	1 646	(1 097)	549
	1 498 716	(34 132)	1 464 584
	39 018 336	(1 132 337)	37 885 999

[1] This caption is presented in the balance sheet as financial assets held for trading and at fair value through profit or loss.

Source: Banco BPI's 2015 Annual Report

While the Issuer analyses its exposure to such borrowers and counterparties on a regular basis, as well as its exposure to certain economic sectors and regions which the Issuer believes to be particularly critical, payment defaults may result from circumstances which are unforeseeable or difficult to predict. In addition, the security and collateral provided to the Issuer may be insufficient to cover its exposure, for instance, as a result of sudden depreciations in the market which dramatically reduce the value of collateral. As such, in case borrowers or other material counterparties fail to comply with their payment obligations to the Issuer, this would have a material adverse effect on each of the Issuer' financial condition and results of operations.

The Issuer is strongly dedicated to the management of credit risks and to the analysis of credit transactions. Credit portfolio management is an ongoing process that requires interaction between the various teams responsible for the management of risk during the consecutive stages of the credit process, with the purpose of improving risk control methodologies, risk assessment and control tools, as well as in procedures and decision circuits.

Banco BPI continues to record credit-quality indicators at relatively good levels, having reinforced the provision of credit risk.

Loans to Customers in arrear and loan impairments

Amounts in M.€

		2011	2012	2013	2014	2015		
		Conso-lidated	Conso-lidated	Conso-lidated	Conso-lidated	Domestic activity	International activity	Conso-lidated
Customer loan portfolio (gross)	1	28 995	28 129	26 897	26 306	23 668	1 592	25 260
Loans in arrears, falling due loans and impairments								
Credit at risk [1]	2	923.9	1 157.4	1 277.0	1 304.0	1 070.9	87.1	1 158.1
Loan impairments and guarantees (accumulated in the balance sheet)	3	642.9	824.4	978.7	1 075.2	906.7	106.1	1 012.8
Loans in arrears for more than 90 days	4	686.6	891.9	976.3	1 008.3	841.4	66.8	908.2
Loans in arrears for more than 30 days	5	728.4	917.4	997.2	1 043.7	850.0	72.4	922.5
Ratios (as % of total loans)								
Credit at risk as % of loan portfolio [1,2]	6	3.2%	4.1%	4.7%	5.0%	4.5%	5.5%	4.6%
Loan impairments (accumulated in the balance sheet) as % of loan portfolio [=3/1]	7	2.2%	2.9%	3.6%	4.1%	3.8%	6.7%	4.0%
Loans in arrears for more than 90 days as % of loan portfolio [=4/1]	8	2.4%	3.2%	3.6%	3.8%	3.6%	4.2%	3.6%
Loans in arrears for more than 30 days as % of loan portfolio [=5/1]	9	2.5%	3.3%	3.7%	4.0%	3.6%	4.6%	3.7%
Loan impairments as % of credit at risk [= 3/2]	10	70%	71%	77%	82%	85%	122%	87%
Loan impairments as % of loans in arrears for more than 90 days [= 3/4]	11	94%	92%	100%	107%	108%	159%	112%
Write-offs and sales of loans in arrears	12	86.3	81.3	93.4	106.5	162.0	7.3	169.2
Recovery of loans and interests in arrears written-off	13	20.3	15.5	17.6	16.5	16.2	1.9	18.2

1) According to Bank of Portugal Instruction 16/2004, includes loans in arrears for more than 90 days, associated loans not yet due, restructured loans (previously with instalments in arrears for more than 90 days and in respect of which the debtor had not adequately reinforced the guarantees furnished or paid in full the interest and other charges overdue) and insolvency situations still not contemplated in loans in arrears for more than 90 days.

2) Considering the consolidation scope in IAS/ IFRS, with the result that BPI Vida e Pensões is fully consolidated and its portfolio is included in the consolidated loan portfolio (in Bank of Portugal's supervision scope, BPI Vida e Pensões is equity accounted). According to Instruction 23 / 2011 and considering the supervision scope, at 31 Dec. 2015 the credit at risk amounted to 1 158 M.€ while the credit-at-risk ratio stood at 4.9%.

Source: Banco BPI's 2015 Annual Report

Notwithstanding the above, factors such as unexpected deterioration of global economic conditions, unexpected political events or a general lack of liquidity in economy may result in credit losses which exceed the amount of provisions of the Issuer or the maximum expected losses planned through the risk management procedures.

To the extent that the BPI Group transactions are mainly located in Portugal, Banco BPI is particularly exposed to the risk of a general economic contraction or to another event affecting default rates in Portugal.

If the economic environment continues to weaken, unemployment continues to increase and interest rates start to rise sharply, the financial condition of Banco BPI customers and their ability to repay their loans may have a significant adverse effect on Banco BPI's financial condition and results of operations.

An increase in the BPI Group's provisions for losses resulting from defaulted loans or possible losses which exceed the amount of such provisions may have a significantly adverse effect on the Issuer."

14. The risk factor under the heading "*Market Risk*", which could be found on page 24 of the Base Prospectus, has been entirely deleted and replaced as follows:

"The most significant market risks the Issuer faces are interest rate, foreign exchange and bond and equity price risks. Changes in interest rate levels, yield curves and spreads may affect the interest rate margin realised between lending and borrowing costs. Changes in exchange rates affect the value of assets and liabilities denominated in foreign currencies and may affect income from foreign exchange

dealing. The performance of financial markets may cause changes in the value of the Issuer's investment and trading portfolios. The Issuer has implemented risk management methods intended to mitigate and control these and other market risks, and exposure to such risks is constantly measured and monitored. However, it is difficult to predict with accuracy changes in economic or market conditions and to anticipate the effects that such changes could have on the Issuer's financial condition and results of operations."

15. The risk factor under the heading "*Infrastructure Risk*", which could be found on page 25 of the Base Prospectus, has been entirely deleted and replaced as follows:

"The Issuer faces the risk that computer or telecommunications systems could fail, despite efforts to maintain these systems in good working order. Given the high volume of transactions the Issuer process on a daily basis, certain errors may be repeated or compounded before they are discovered and successfully rectified. Shortcomings or failures of the Issuer's internal processes, employees or systems, including any of its financial, accounting or other data processing systems, could lead to financial loss and damage to the Issuer's reputation. In addition, despite the contingency plans it has in place, the Issuer's ability to conduct business may be adversely affected by disruption to the infrastructure that supports its operations and the communities in which it does business."

16. The risk factor under the heading "*Risks relating with market transactions on Banco BPI own portfolio*", which could be found on page 25 of the Base Prospectus, has been entirely deleted and replaced as follows:

"Banco BPI performs transactions in the market using its own portfolio, which includes entering into interest rate, credit, equity markets and currency rates derivative instruments, as well as the sale and purchase of bonds and shares issued in the domestic and in the international markets and the participation in transactions in the primary and secondary public capital debt markets.

Transactions on Banco BPI's own portfolio involve a certain degree of risk. The future results of such transactions will mainly depend on market conditions, and Banco BPI may incur losses which may negatively affect its financial condition and results.

As of 31 December 2015, Banco BPI, S.A. had a consolidated portfolio of available-for-sale financial assets amounting to €6,509 million. On that date, the portfolio of available-for-sale financial assets in the domestic operations balance sheet totalled € 3,723 million.

Financial assets available-for-sale portfolio

Amounts in M.€

		31 Dec. 14					31 Dec. 15				
		Acquisition cost	Book value	Gains (losses) [1] Securities	Derivatives	Total	Valor de aquisição	Valor de balanço	Mais/ (menos) valias [1] nos títulos	nos derivados	Total
Bonds – public debt											
Short term	1	2 478.0	2 487.2	1.4		1.4	2 256.1	2 257.0	0.4		0.4
Of which:											
Portugal		2 478.0	2 487.2	1.4		1.4	1 426.3	1 426.6	(0.1)		(0.1)
Spain							439.9	440.2	0.3		0.3
Italy							389.9	390.2	0.2		0.2
Medium and long term	2	1 292.4	1 430.7	144.4	(185.5)	(41.1)	825.2	912.5	95.2	(99.3)	(4.1)
Of which:											
Portugal		787.4	865.2	81.3	(108.4)	(27.1)	320.2	350.9	34.2	(35.8)	(1.6)
Italy		505.0	565.6	63.2	(77.2)	(14.0)	505.0	561.5	60.9	(63.5)	(2.5)
[=1 +2]	3	3 770.5	3 917.9	145.9	(185.5)	(39.7)	3 081.3	3 169.4	95.6	(99.3)	(3.7)
Corporate bonds	4	595.4	630.7	12.9	(34.9)	(22.0)	234.0	227.0	(14.9)	(6.3)	(21.2)
Equities	5	136.3	120.3	30.4		30.4	134.1	132.8	45.7		45.7
Other	6	239.2	193.1	(3.8)		(3.8)	243.9	193.8	(0.5)		(0.5)
Total [=∑ 3 to 6]	7	**4 741.3**	**4 862.1**	**185.3**	**(220.4)**	**(35.2)**	**3 693.3**	**3 723.0**	**126.0**	**(105.6)**	**20.3**
Note: Fair value reserve after deferred tax assets						(18.8)					21.8

1) Fair value reserve before deferred taxes. Includes impact of hedging interest-rate risk.

Source: Banco BPI's 2015 Annual Report

Banco BPI has a policy of reviewing the status of its portfolio of available for sale financial assets every quarter, notably as regards the possible recognition of impairments. As a result of this periodical review the Bank may be forced to recognise losses in the income statement in the future."

17. The last two paragraphs under the heading "*Liquidity Risk*", which could be found on page 26 of the Base Prospectus, have been deleted and replaced as follows:

"The rules on asset eligibility for Eurosystem operations were made more flexible, allowing for the creation of portfolios made up of mortgage, corporate loans and consumer credit. As of 31 December 2015, Banco BPI had a portfolio of assets eligible for obtaining funding from the ECB, totalling € 5.6 billion net of ECB valuation margins.

The Bank continuously tracks the evolution of its liquidity, monitoring incoming and outgoing funds in real time. Projections of short and medium term liquidity are carried out in order to help plan the funding strategy in the monetary and capital markets. Total funding obtained by BPI from the European Central Bank amounted to € 1.5 billion at the end of December 2015, corresponding entirely to funds raised under the TLTRO (Targeted Longer-term Refinancing Operations). The net refinancing needs for medium and long-term debt from December 2015 up till the end of 2019 are reduced: EUR 0.4 billion in 2016, EUR 0.7 billion in 2017 and EUR 0.2 billion in 2018. In 2019, EUR 0.8 billion of medium to long term sovereign bonds mature."

18. The third paragraph under the heading "*Counterparty Risk*", which could be found on page 27 of the Base Prospectus, has been entirely deleted and replaced as follows:

"As of 31 December 2015, credit risk exposures are spread across a wide range of financial institutions (3,5 per cent.), industrial counterparts (5,2 per cent.), small and medium-sized enterprises (13,9 per cent.) and private individuals (33,4 per cent.) over a range of geographic regions Euro Zone - 79,8 per cent.; EU other countries - 0,9 per cent.; Other Countries - 19,3 per cent.). The majority of exposure is to Portuguese counterparties (71,0 per cent.), but there is also significant exposure to international financial institutions (2,6 per cent.) and to Angolan counterparties as a result of the operations of BFA (17,0 per cent.)."

19. The risk factor under the heading "*Rating Risk*", which could be found on page 29 of the Base Prospectus, has been entirely deleted and replaced as follow:

"Credit rating agencies regularly assess Banco BPI and its credit risk of long-term debt is based on a diverse number of factors, including its financial performance, the rating of the Republic of Portugal, and the conditions affecting sector in general and the Portuguese banking system in particular.

At the date of this Prospectus, the credit ratings (long term / short term) and Outlook of Banco BPI are:

- *Standard & Poor's: BB-/ B Creditwatch Developing. The last revision occurred on the 22 April 2016;*
- *Moody's: Ba3/Not Prime Placed on review with direction uncertain. The last revision occurred on the 20 April 2016;*
- *Fitch: BB Rating Watch Evolving/ B Rating Watch Positive. The last revision occurred on the 26 April 2016.*

On 20 April 2016, Moodys has placed on review with direction uncertain the following ratings of Banco BPI: (1) The Ba3 long-term senior debt and deposit ratings; (2) the B2 subordinated debt ratings; (3) the (P)B3 junior subordinated programme ratings; (4) the backed Caa1(hyb) preference shares; (5) the bank's adjusted baseline credit assessment (BCA) of b1; and (6) its long-term Counterparty Risk Assessment (CRA) of Ba2(cr). BPI's BCA of b1 which was placed on review for downgrade on 22 March 2016, its short-term Not Prime deposit and senior debt ratings and short-term Not Prime(cr) CRA were not affected and remain unchanged.

On 22 April 2016, Standard & Poor's Ratings Services revised the CreditWatch status of the 'BB-' long-term ratings on Banco BPI to developing from negative and affirmed 'B' short-term rating.

The rating actions follow the announcement by CaixaBank on 18 April 2016 of its new attempt to launch a tender offer to acquire the 55.9 per cent. stake in Banco BPI that it still does not own. According to S&P, CaixaBank expects to be able to register the offer in September and to close the transaction, if successful, in the third quarter.

On 26 April 2016, Fitch Ratings has placed Banco BPI's Long-Term Issuer Default Rating (IDR) of 'BB' on rating watch evolving and Short-Term IDR on rating watch positive (RWP), following CaixaBank's announcement on 18 April 2016 of a voluntary tender offer for all Banco BPI's outstanding shares.

The current long-term rating assigned to Banco BPI by Moody's is two notches below the level of the Republic of Portugal (Ba1 with stable outlook). Fitch rating is one notch below the rating of the Republic of Portugal (BB+ with stable outlook). In the case of Standard & Poor's, the rating of Banco BPI is two notches less than the level of the Republic of Portugal (BB+ with stable outlook).

To the extent that there are reductions on the rating of the Republic of Portugal by the rating agencies it is likely that they affect bank ratings. Such events may result in the application of higher haircuts to assets eligible for refinancing of banks with the ECB leading to a reduction of the eligible amount of all such assets.

There is no guarantee of maintenance of the current credit ratings assigned to Banco BPI credit. Additional lowering of the credit ratings of Banco BPI may have implications on credit ratings of collateralized debt issued by the Banco BPI which, in turn, can affect the portfolio of assets eligible for funding from the Eurosystem and increase the cost of Banco BPI resources."

20. The risk factor under the heading "*Currency risk in International operations*", which could be found on page 30 of the Base Prospectus, has been entirely deleted and replaced as follow:

"International operations are exposed to foreign exchange risk, which is reflected mainly in the statements of income and in the balance sheets of the respective subsidiaries of the BPI Group, for the purpose of consolidation. It is relevant for this purposes the changes in the exchange rates of local currencies against the euro and in the exchange rate of the U.S. dollar against the euro, due to the high use of the U.S. dollar in these economies, which explains that a significant share of business customer is expressed in U.S. dollars.

Consequently, even if the amount of revenues, costs and profits of BPI Group remain unchanged in local currency, changes in exchange rates may affect the amount of income, costs and profits declared in the statement of income of BPI Group. The currency exposure of Banco BPI results mainly from the banking activity of BFA in Angola, but also, although to a much lesser extent, the activity of BCI. The currency of Angola is the Kwanza, but the high use of the U.S. dollar in the Angolan economy explains that a considerable share of business with clients of BFA is expressed in U.S. dollars.

As of 31 March 2016, about one third of deposits and about half of the loan portfolio was denominated in U.S. dollars:

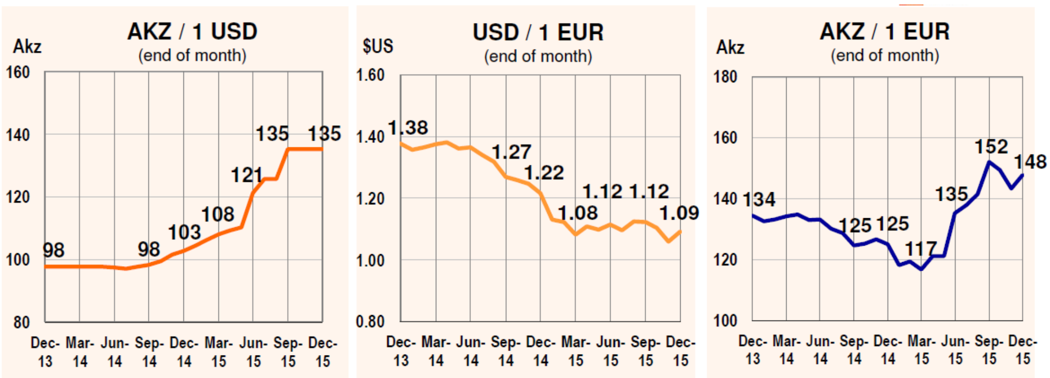
- *Customer resources captured in U.S. dollars (c. 1/3 of the total) decreased by 12 per cent. yoy (a 15 per cent. decrease when expressed in euro) and Customer resources in kwanzas (representing c. 2/3 of total resources) increased by 20 per cent. yoy (a 22 per cent. decrease when expressed in euro).*

- *the loan portfolio in U.S. dollars (1/2 of the total) decreased by 9 per cent. yoy (a 12 per cent. decrease when expressed in euro) and the loan portfolio in kwanzas (1/2 of the total) decreased by 16 per cent. yoy (a 46 per cent. decrease when expressed in euro).*

A substantial portion of revenue and costs are thus expressed in U.S. dollars or indexed to it.

If the value of the euro was to rise significantly against other currencies, especially the U.S. dollar and the Kwanza, the values of balance sheet and statement of income items expressed in these currencies would translate into relatively lower values when converted to euros.

Currency Exchange Rates



Quarterly average exchange rates

	1Q14	2Q14	3Q14	4Q14	2014 (ytd)	1Q15	2Q15	3Q15	4Q15	2015 (ytd)	Δ 2014 / 2015
AKZ / 1 USD	98	98	98	101	98	106	114	129	135	121	22.8%
USD / 1 EUR	1.37	1.37	1.31	1.24	1.32	1.11	1.11	1.12	1.09	1.11	-16.4%
AKZ / 1 EUR	133	134	128	126	130	118	126	144	147	134	2.7%

Source: Banco BPI's 2015 consolidated results presentation

Evaluation of the exposure to structural foreign exchange rate risk

Regarding the exposure to structural foreign exchange rate risk, the position in kwanza reaches a significant value due to the participating interest in BFA's capital. The positions in the remaining currencies are of minor significance. A stress test to the structural position (depreciation of 30 per cent. in Kwanza and 20 per cent. in the remaining currencies) reveals, as of 31 December 2015, a capital at risk of € 192 million.

Foreign exchange rate risk

Structural position, at 31 December of 2015

Amounts in M.€

Type of financial instrument	Assets and liabilities by currency				
	EUR	USD	AKZ	Other	Total
Assets[1]					
Cash and liquid assets	1 346	510	1 440	44	3 340
Financial assets held for dealing and at fair value through profit and loss	2 974	301	389	10	3 675
Financial assets available for sale	3 621	1 157	1 731	0	6 509
Loans and advances to credit institutions	578	511	139	1	1 230
Loans and advances to Customers	22 474	885	835	88	24 282
Investments held to maturity	22	0	0	0	22
Hedging derivatives	89	2	0	0	91
Tangibler and intangible assets	91	0	133	1	224
Investments in associates and jointly-controlled entities	146	0	0	64	210
Tax assets	411	0	8	1	420
Other assets	606	46	12	6	669
	32 358	**3 412**	**4 687**	**216**	**40 673**
Liabilities					
Resources of central banks	1 521	0	0	0	1 521
Financial liabilities held for dealing	267	2	26	0	294
Credit institutions' resources	1 214	97	0	1	1 312
Clients' resources and other loans	19 758	3 912	4 310	197	28 178
Debts evidenced by certificates	1 073	4	0	0	1 077
Financial liabilities associated to transferred assets	690	0	0	0	690
Hedging derivatives	161	0	0	0	162
Provisions	75	21	3	1	100
Technical provisions	3 663	0	0	0	3 663
Tax liabilities	61	0	31	0	92
Other subordinated liabilities and participating units	70	0	0	0	70
Other liabilities1	605	31	37	3	677
Foreign exchange operations pending settlement and forward position operations	1 292	(884)	(344)	(60)	4
	30 449	**3 184**	**4 064**	**141**	**37 838**
Capitais Próprios					
Capitais Próprios atribuíveis aos accionistas do BPI	1 918	(9)	429	69	2 407
Interesses que não controlam	2	0	427	0	429
	1 920	**- 9**	**855**	**69**	**2 835**
Structural position		(62)	(596)	(5)	
Stress test		(12)	(179)	(1)	(192)

1) Does not include current assets held for sale, given that they are not financial assets.

Source: Banco BPI's 2015 Annual Report

BFA Operating Costs

M.€	Dec.14	Dec.15	Δ M.€	Δ %
Personnel costs	**68.0**	**85.0**	**17.0**	**25.0%**
Outside supplies and services	**59.7**	**71.9**	**12.2**	**20.4%**
Depreciation & amortisation	**14.1**	**16.4**	**2.3**	**16.1%**
Operating costs	**141.8**	**173.3**	**31.4**	**22.2%**

Average exchange rate of EUR

	2014	2015	Δ %
USD / 1 EUR	1.32	1.11	-16.4%
AKZ / 1 EUR	130.2	133.7	2.7%

Source: Banco BPI's 2015 consolidated results presentation

BFA individual accounts expressed in Eur, USD and AKZ

	In millions of €, consolidation currency (M.€)				In millions of USD (M.USD)				In millions of AKZ (M.AKZ)			
	Dec.14	Dec.15	Δ M.€	Δ %	Dec.14	Dec.15	Δ M.USD	Δ %	Dec.14	Dec.15	Δ M.AKZ	Δ %
Personnel costs	66.1	82.9	16.8	25.4%	87.2	91.6	4.4	5.1%	8 590	11 113	2 523	29.4%
Outside supplies & services	59.1	71.2	12.1	20.4%	78.1	78.7	0.7	0.8%	7 689	9 523	1 833	23.8%
Depreciation & amortisation	14.0	16.2	2.3	16.1%	18.5	17.9	-0.6	-3.0%	1 818	2 165	346	19.1%
Operating costs	139.2	170.3	31.1	22.4%	183.7	188.2	4.5	2.5%	18 098	22 800	4 703	26.0%

Source: Banco BPI's 2015 consolidated results presentation

International activity income statement

International activity income statement — Amounts in M.€

		2014	2015	Δ M.€	Δ %
Net interest income (narrow sense)	1	236.6	308.2	+71.6	30.2%
Net commission relating to amortised cost	2	0.1	0.0	(0.1)	(95.3%)
Net interest income [= 1 + 2]	3	**236.7**	**308.2**	**+71.5**	**30.2%**
Commissions and other fees (net)	4	65.9	68.7	+2.8	4.3%
Profits (losses) from financial operations	5	117.6	146.7	+29.1	24.8%
Operating income and charges	6	(11.3)	(7.9)	+3.4	29.7%
Net operating revenue [= ∑ 3 to 6]	7	**408.9**	**515.7**	**+106.8**	**26.1%**
Personnel costs	8	68.0	85.0	+17.0	25.0%
Outside supplies and services	9	59.7	71.9	+12.2	20.4%
Depreciation of fixed assets	10	14.1	16.4	+2.3	16.1%
Operating costs [= ∑ 8 to 10]	11	**141.8**	**173.3**	**+31.4**	**22.2%**
Operating profit [= 7 - 11]	12	**267.1**	**342.4**	**+75.3**	**28.2%**
Recovery of loans written-off	13	2.5	1.9	(0.6)	(23.6%)
Loan provisions and impairments	14	20.7	33.6	+12.9	62.2%
Other impairments and provisions	15	7.4	3.6	(3.8)	(51.1%)
Profits before taxes [= 12 + 13 - 14 - 15]	16	**241.5**	**307.1**	**+65.6**	**27.2%**
Corporate income tax	17	4.3	33.3	+29.0	n.s.
Equity-accounted results of subsidiaries	18	11.6	10.3	(1.3)	(11.1%)
Minority interests	19	122.6	140.8	+18.2	14.8%
Net profit [= 16 - 17 + 18 - 19]	20	**126.1**	**143.3**	**+17.2**	**13.6%**
Cash flow after taxation [= 20 + 10 + 14 + 15]	21	**168.3**	**196.9**	**+28.5**	**16.9%**

n.s. – non significant.

Source: Banco BPI's 2015 Annual Report

BPI Group manages the currency risk to the extent and in the manner it deems appropriate at all times. However, it does not ensure full coverage of the currency risk associated with its international operations, namely the coverage of the exchange risk associated with its participation in BFA."

21. A new risk factor is hereby inserted on the Risk Factors chapter. This new risk factor has been inserted on page 34, after the risk factor "*Risk of changes in the organization of partnerships*" and before the risk factor "*Other Risks*", as follows:

"Risks relating to CaixaBank's general tender offer
CaixaBank, S.A. ("CaixaBank" or "Offeror") released on the 18 April 2016 the preliminary public announcement for the launch of a general tender offer ("Offer") for the acquisition of the shares representing the share capital of Banco BPI.
The offered price is 1.113€ per share in cash and is subject to the elimination of the voting cap in Banco BPI, obtaining more than 50 per cent. of Banco BPI's share capital and regulatory approvals. The Offer price is in line with the volume-weighted average of Banco BPI's share price during the last six months. Prior to this announcement, CaixaBank has held conversations with the European Central Bank to keep it informed of the foregoing and has requested a suspension of any administrative proceedings against Banco BPI related to its large exposures limit situation with the purpose of allowing CaixaBank to find a solution for said situation should CaixaBank eventually take control of Banco BPI. Pursuant to the terms of article 181 of the Portuguese Securities Code, the Issuer's Board of Directors presented on 17 May 2016 its report on the Offer (the "Report"). Additional information about the Offer and the Report can be obtained from the website of BPI (http://bpi.bancobpi.pt/) and from the website of Comissão do Mercado de Valores Mobiliários (www.cmvm.pt)."

22. The paragraphs under the heading "*EU Savings Directive*", which could be found on pages 36 and 153 of the Base Prospectus, has been entirely replaced as follow:
"Under *EC Council Directive 2003/48/EC, as amended by EC Council Directive 2014/48/EC, on the taxation of savings income (the "EU Savings Directive"), Member States are required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other Member State. However, for a transitional period, Austria is instead required (unless during that period it elects otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland). Please note that Luxembourg, who also applied the withholding system until 31 December 2014, has implemented the automatic exchange of information system, effective as of 1 January 2015 onwards.*
If a payment were to be made or collected through a Member State which has opted for a withholding system and an amount of, or in respect of, tax were to be withheld from that payment, neither the Issuer nor the Paying Agent nor any other person would be obliged to pay additional amounts with respect to any Notes as a result of the imposition of such withholding tax. The Issuer is required to maintain a Paying Agent in a Member State that is not obliged to withhold or deduct tax pursuant to the EU Savings Directive.
However, on 10 November 2015 the Council of the European Union adopted the Council Directive (EU) 2015/2060, of 10 November 2015, repealing the EU Savings Directive from 1 January 2017 in the case of

Austria and from 1 January 2016 in the case of all other Member States of the European Union (subject to on-going requirements to fulfil administrative obligations such as the reporting and exchange of information relating to, and accounting for withholding taxes on, payments made before those dates). This is to prevent overlap between the EU Savings Directive and a new automatic exchange of information regime to be implemented under Council Directive 2011/16/EU on Administrative Cooperation in the field of Taxation (as amended by Council Directive 2014/107/EU). The new regime under Council Directive 2011/16/EU (as amended) is in accordance with the Global Standard released by the Organisation for Economic Co-operation and Development in July 2014. Council Directive 2011/16/EU (as amended) is generally broader in scope than the Savings Directive, although it does not impose withholding taxes.

Portugal has implemented the above Savings Directive on taxation of savings income into the Portuguese law through Decree-Law no. 62/2005, of 11 March 2005, as amended by Law no. 39-A/2005, of 29 July 2005 and Law no. 37/2010, of 2 September 2010. Accordingly, it is expected that Decree-Law no. 62/2005, of 11 March 2005, as amended by Law no. 39-A/2005, of 29 July 2005 and Law no. 37/2010, of 2 September 2010 will be revoked."

23. The paragraphs under the heading "*The proposed financial transactions tax ("FTT")*", which could be found on pages 37 of the Base Prospectus, has been entirely replaced as follow:

"The European Commission has published a proposal for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the "participating Member States").

The proposed FTT has very broad scope and could, if introduced in its current form, apply to certain dealings in Notes (including secondary market transactions) in certain circumstances. The issuance and subscription of Notes should, however, be exempt.

Under current proposals, the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

The FTT proposal remains subject to negotiation between the participating Member States and is the subject of legal challenge. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate. Prospective holders of Notes are advised to seek their own professional advice in relation to the FTT. "

C. RESPONSIBILITY STATEMENTS

The fifth paragraph under the heading "*Responsibility Statements*", which could be found on page 46 of the Base Prospectus, has been amended and supplemented with the insertion of the following:

"Deloitte & Associados – SROC, S.A., registered with the CMVM with number 231, with registered office at Edifício Atrium Saldanha, Praça Duque de Saldanha, 1 - 6º 1050-094, Lisbon (the Statutory Auditor of the Issuer, hereinafter referred to as the "Auditor"), hereby declares that it has audited and expressed an opinion on the financial statements of the Issuer for the financial year ended 31 December 2015 (see General Information). The Certification of Accounts and Auditor's Reports referring to the above financial period are incorporated by reference in this Covered Bonds Base Prospectus (see Documents Incorporated by Reference)."

D. DOCUMENTS INCORPORATED BY REFERENCE

1. On page 49 of the Base Prospectus, the first paragraph has been amended and supplemented with the insertion of the following:

"(d) The report and audited consolidated financial statements of the Issuer in respect of the financial year ended 31 December 2015, together with the auditors' reports prepared in connection therewith;

(e) Earnings Release with the unaudited consolidated results for the first quarter 2016.

(f) EBA Transparency Exercise - Document containing the information relating to Banco BPI as required by the EBA and Bank of Portugal.

(g) The Issuer's Board of Directors report pursuant to the terms of article 181 of the Portuguese Securities Code, disclosed to the market on 17 May 2016"

The documents referred above are available for consultation at www.cmvm.pt.

2. On page 49 of the Base Prospectus, the last paragraph has been amended and supplemented with the insertion of the following:

"The table below refers to points (a), (b), (d) and (e):

BANCO BPI	
Information Incorporated by Reference	***Reference***
Earnings release on unaudited consolidated results for the first quarter 2016	
Leading indicators	*23*
Consolidated income statement	*24*
Consolidated balance sheet	*25*
Domestic activity income statement	*26*
Domestic activity balance sheet	*27*
International activity income statement	*28*
International activity balance sheet	*29*
Annual Report 2015	
Consolidated Balance Sheets	*144*

Consolidated Statements of Income	*145*
Consolidated Statements of Profit or Loss and other Comprehensive Income	*146 - 147*
Statements of changes in shareholders' equity	*148 - 149*
Consolidated Statements of Cash flows	*150 - 151*
Notes to the Consolidated Financial Statements	*152 - 290*
Auditors report	*292 - 294*

E. DESCRIPTION OF THE ISSUER

1. The third, fifth and sixth paragraphs under the heading "*Description of the Issuer*", which could be found on page 123 of the Base Prospectus, have been amended, respectively, as follow:

"At the end of 31 December 2015 Banco BPI served approximately 1,800 thousand customers through its multi-channel distribution network comprising 495 retail branches, 39 investment centres, 52 corporate centres, a network of 27,276 commercial partners, a home-banking service and a telephone banking service.

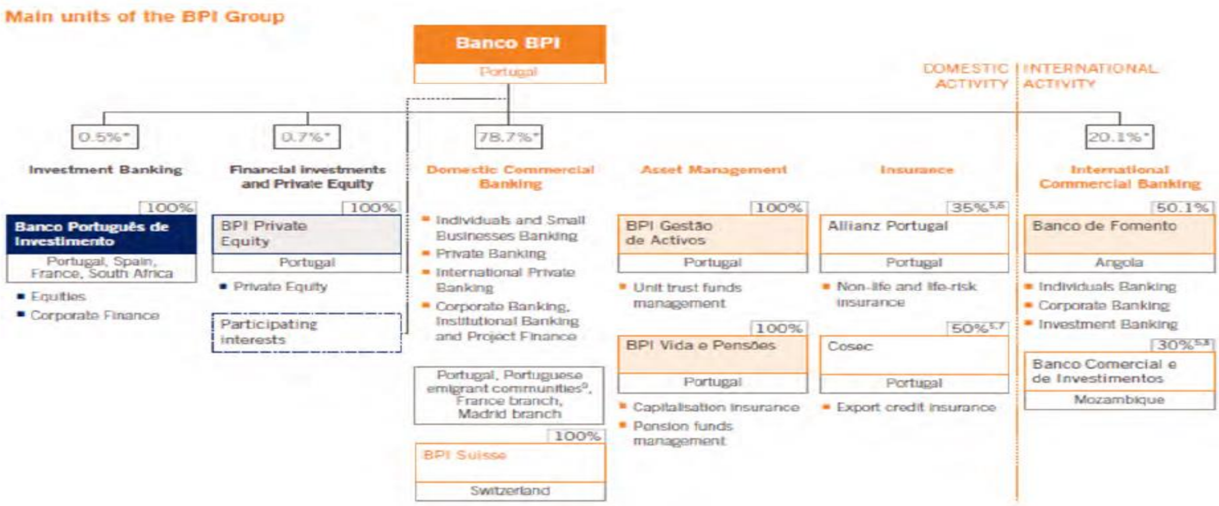
(…)

In Angola, Banco BPI has a 50.1 per cent. shareholding in Banco de Fomento Angola ("BFA"), which, at the end of December 2015 served a total of 1,410 thousand customers with a network of 166 branches, 9 investment centres and 16 corporate centres. The contribution to the result of the 50,1 per cent stake in BFA (Angola) was € 135.7 million.

(…)

In Mozambique, as of 31 December 2015, BCI served a total of 1,285 thousand customers with a network of 164 branches and 26 business centres. The contribution to the result of the 30 per cent stake in BCI (Mozambique) was € 9.4 million."

2. The organisational chart which could be found under the heading "*Description of the Issuer*" on page 124 of the Base Prospectus, has been deleted and replaced as follows:



*The indicated percentages refer to the allocated capital by business segment at 31 December 2015. In determining the capital allocated to the domestic activity and to the international activity business areas, the accounting capital (shareholders' equity), excluding the fair value reserve (net of deferred taxes) related to the financial asset available for sale, was taken into consideration. As regard each business area integrating the domestic operations, it is assumed that the capital employed is identical to the average capital employed for this activity as a whole, except as regards the fair value reserve, which was excluded from the capital allocated.
1) BPI Group adopted the geographical segmentation as the main basis for the segmentation of its activities, having defined two segments: domestic activity and international activity.
2) The total assets figure presented for each geographic segment is corrected for the balances resulting from operations between these segments.
3) Gross loans.
4) Loans, guarantees and total Customer resources.
5) Equity-accounted subsidiaries.
6) In association with Allianz, which holds 65% of the capital.
7) In association with Euler Hermes, a company of Allianz Group.
8) In partnership with Caixa Geral de Depósitos (51%) and a group of Mozambican investors, which together, hold 19% of the share capital.
9) The BPI Group has overseas branches and representative offices in overseas cities with large communities of Portuguese emigrants.

3. The paragraph and table under the heading "*Shareholders*", which could be found on page 125 of the Base Prospectus, has been deleted and replaced as follows:

"At 31 December 2015 Banco BPI's capital was held by 19.901 Shareholders, of whom 19.412 were individuals owning 11 per cent. of the capital, while 489 institutional investors and companies owned the remaining 89 per cent. of the capital.

Shareholders owning more than 2% of Banco BPI's capital[1]		
Shareholders	*No. of Shares held*	*% of capital held[1]*
CaixaBank, S.A. [1, 2]	*652 846 606[7]*	*44.81 per cent.[7]*
Santoro Finance – Prestação de Serviços, S.A. [3]	*270 643 372*	*18.576 per cent.*
Allianz SE [4]	*122 744 370*	*8.425 per cent.*
Violas Ferreira Financial [5]	*39 063 392*	*2.681 per cent.*
Banco BIC, S.A.[6]	*33 283 372*	*2.284 per cent.*

[1] According to a statutory provision, for counting purposes the voting rights are limited to 20 per cent..

[2] The stake held through Caixabank, S.A. ("CaixaBank") is also imputable, at 31 December 2015, to Criteria CaixaHolding, S.A.U., which holds 56.8 per cent. of CaixaBank, which is in turn dominated by Caixa d'Estalvis i Pensions de Barcelona, "La Caixa", holder of 100 per cent. of the respective voting rights, in terms of article 20(1)(d) of the SC.

[3] Directly held by Santoro Finance - Prestação de Serviços, SA ("Santoro Finance"), and imputable, in terms of article 20(1)(b) of the SC, to Santoro Financial Holdings, SGPS ("Santoro"), as owner of the entire capital of Santoro Finance, and to Eng. Isabel José dos Santos, in her capacity as controlling shareholder of Santoro Financial Holdings, SGPS.

[4] Indirect stake held by subsidiaries controlled by Allianz SE, holding of Allianz Group, and imputable, in terms of article 20(1)(b) of the SC; direct shareholding of 8.275 per cent. held by Allianz Europe Ltd. (100 per cent. held by Allianz SE) and a direct shareholding of 0.150 per cent. held by Companhia de Seguros Allianz Portugal (65 per cent. held by Allianz SE).

[5] Participating interest imputable to HVF, SGPS, S.A. which fully owns the capital of Violas Ferreira Financial, S.A.. Includes 227 273 shares held by Edgar Alves Ferreira (0.016 per cent. of Banco BPI's capital), member of the Board of Directors of HVF – SGPS and of Violas Ferreira Financial, S.A..

[6] Participation according to the communication sent by Banco Bic, S.A. ("Banco BIC") to Banco BPI on 26 February 2016 and released to the market on the same date. Includes 27,646,900 shares directly held by Banco BIC (1,90 per cent. of

Banco BPI's capital) and, in terms of article 20(1)(d) of the SC, includes 5,634,822 shares held by Fernando Leonidio Mendes Teles (0.387 per cent. of Banco BPI's capital) and 1,650 shares held by Fernando José Aleixo Duarte, respectively, Chairman of the Board of Directors and Member of the Board of Banco BIC. According to the communication released on 2 March 2016, Banco BIC informed that it has exceeded the 2 per cent. threshold on 11 April 2013 as a consequence of the acquisition of 612,182 shares of Banco BPI by Banco BIC. As a result of the referred acquisition, Banco BIC became holder of 26,569,873 shares of Banco BPI (1.912 per cent. of Banco BPI's capital). Among its Board Members, the Chairman of the Board of Directors, Fernando Leonidio Mendes Teles, held, on that date, 1,752,722 shares of Banco BPI (0.126 per cent. of Banco BPI's capital).

[7] *As of 24 May 2016.*

There are no special rights attributed by the Statutes to shareholders, with the result that there are no shareholders with special rights.

Beyond the holdings exceeding 2 per cent. previously mentioned, there is a group of reference shareholders that hold positions higher than 1 per cent. in the company's capital. As of 31 December 2015, a group of shareholders who jointly are here designated as Arsopi, held stakes that, when aggregated, amounted to 2.0475 per cent. of the share capital of Banco BPI. At the same date, Nors Group** (formerly Auto-Sueco, Lda) had 1.519 per cent. of the Bank's capital.*

** At 31 December 2015, companies controlled by the director Armando Leite de Pinho held 7 856 695 shares representing 0.5 per cent. of BPI's capital. Persons related by family ties and companies linked to them owned holdings which, added to the abovementioned, totalled 29 832 650 shares representing 2.0475 per cent. of BPI's capital. According to the information which the Bank has, this does not mean that the aforesaid aggregate constitutes a qualified shareholding in BPI in terms of article 16 and following of the Securities Code.*

*** Participating interest held via Norsocia SGPS, S.A. and Ascendum España S.L., held, as of 31 December 2015, respectively, at 100 per cent. and 50 per cent. by Nors Group (formerly Auto-Sueco, Lda). These companies had as of 31 December 2015, respectively, 11 050 105 and 11 084 734 shares of Banco BPI, representative of 0.758 per cent. and 0.761 per cent. of Banco BPI's share capital.*

According to Decree-Law 20/2016 of 20 April, which enters into force on 1 July 2016, shareholders of credit institutions should vote on the maintenance or withdrawal of limits on holding or exercise of voting rights at least once every five years. If the proposal is made by the management body it is not subject to any limits on holding or exercise of voting rights and no higher quorums or majorities' requirements are made in relation to the legal established. If until 31 December 2016 no valid shareholder decision is taken on this matter, holding or exercise of voting rights' limits will expire automatically on that date, save if a judicial decision is taken otherwise."

4. The paragraph under the heading "*Share Capital*", which could be found on page 128 of the Base Prospectus, has been deleted and replaced as follows:

"As at 31 December 2015, Banco BPI's share capital amounted to €1,293,063,324.98 and was represented by 1,456,924,237 ordinary shares with no nominal value (all issued shares are fully paid)."

5. The paragraphs under the heading "*Selected Historical Key Information*" which could be found on page 128 of the Base Prospectus, have been amended and supplemented as follows:

"The following tables contain selected key financial information for the year ended 31 December 2015 and for the first quarter 2016.

There have been no recent events particular to the Issuer which are material to the evaluation of the Issuer's solvency since the publication of the Issuer's audited consolidated results for the year of 2015.

Source: Banco BPI's 2015 Annual Report

Consolidated balance sheet

Amounts in M.€

	31 Mar. 15	31 Dec.15	31 Mar. 16	Chg.% Mar.15/ Mar.16
Assets				
Cash and deposits at central banks	2 190.4	2 728.2	2 615.2	19.4%
Amounts owed by credit institutions repayable on demand	427.4	612.1	404.0	(5.5%)
Loans and advances to credit institutions	2 079.6	1 230.0	1 252.6	(39.8%)
Loans and advances to Customers	25 090.6	24 281.6	23 957.0	(4.5%)
Financial assets held for dealing	3 356.9	3 674.6	3 843.4	14.5%
Financial assets available for sale	7 326.5	6 509.4	5 864.4	(20.0%)
Financial assets held to maturity	28.4	22.4	21.4	(24.5%)
Hedging derivatives	126.3	91.3	46.8	(62.9%)
Investments in associated companies and jointly controlled entities	222.8	210.4	212.3	(4.7%)
Investment properties[1)]	154.8			(100.0%)
Non-current assets held for sale	11.6			(100.0%)
Other tangible assets	212.5	195.1	168.8	(20.6%)
Intangible assets	23.4	29.1	26.7	14.4%
Tax assets	393.3	420.2	437.3	11.2%
Other assets	703.4	668.8	562.3	(20.1%)
Total assets	**42 347.9**	**40 673.3**	**39 412.1**	**(6.9%)**
Liabilities and shareholders' equity				
Resources of central banks	1 519.8	1 520.7	1 652.8	8.7%
Financial liabilities held for dealing	422.9	294.3	296.8	(29.8%)
Credit institutions' resources	1 542.0	1 311.8	1 309.1	(15.1%)
Customers' resources and other loans	28 451.7	28 177.8	27 485.3	(3.4%)
Debts evidenced by certificates	1 391.9	1 077.4	1 010.5	(27.4%)
Technical provisions	4 088.7	3 663.1	3 181.0	(22.2%)
Financial liabilities associated to transferred assets	1 004.2	689.5	674.5	(32.8%)
Hedging derivatives	304.5	161.6	162.4	(46.7%)
Provisions	119.2	99.9	95.0	(20.3%)
Tax liabilities	70.9	92.0	104.3	47.1%
Contingently convertible subordinated bonds				
Other subordinated loans	69.5	69.5	69.5	(0.0%)
Other liabilities	571.3	680.2	649.4	13.7%
Share capital	1 293.1	1 293.1	1 293.1	
Share premium account and reserves	993.8	885.0	998.0	0.4%
Other equity instruments	5.3	5.2	6.0	14.9%
Treasury stock	(13.3)	(12.8)	(12.1)	8.8%
Net profit	30.9	236.4	45.8	48.3%
Shareholders' equity attributable to the shareholders of BPI	2 309.7	2 406.9	2 330.7	0.9%
Minority interests	481.6	428.6	390.7	(18.9%)
Shareholders' equity	**2 791.3**	**2 835.5**	**2 721.5**	**(2.5%)**
Total liabilities and shareholders' equity	**42 347.9**	**40 673.3**	**39 412.1**	**(6.9%)**

1) According to IFRS10, in the 1st quarter 2015 Banco BPI began to consolidate using the full consolidation method the stakes in the unit trust funds BPI Obrigações Mundiais, in Imofomento and in the BPI Strategies.

Consolidated income statement

Amounts in M.€

	2015					2016	Chg.% 1Q15 / 1Q16
	1Q	2Q	3Q	4Q	2015	1Q	
Net interest income (narrow sense)	147.4	164.9	153.9	158.3	624.6	**158.7**	7.7%
Unit linked gross margin	2.2	3.2	3.7	3.9	13.0	**3.6**	68.6%
Income from securities (variable yield)	0.0	3.6	0.0	1.1	4.7	**0.0**	(2.4%)
Commissions related to deferred cost (net)	4.6	5.3	4.7	6.6	21.1	**5.4**	17.1%
Net interest income	**154.2**	**177.0**	**162.3**	**169.9**	663.4	**167.8**	**8.8%**
Technical results of insurance contracts	10.6	8.8	8.2	4.2	31.8	**7.9**	(25.8%)
Commissions and other similar income (net)	73.9	81.5	81.7	87.6	324.7	**74.1**	0.2%
Gains and losses in financial operations	47.6	47.8	58.3	41.0	194.6	**51.9**	9.2%
Operating income and charges	(6.1)	(8.0)	(3.1)	(15.3)	(32.6)	**(5.0)**	19.1%
Net operating revenue	**280.2**	**307.1**	**307.3**	**287.4**	1 181.9	**296.7**	**5.9%**
Personnel costs, excluding costs with early-retirements	94.2	94.9	94.8	94.9	378.8	**94.7**	0.6%
Outside supplies and services	62.6	64.4	60.7	61.5	249.2	**60.5**	(3.4%)
Depreciation of fixed assets	8.7	8.8	8.7	9.9	36.1	**8.6**	(0.9%)
Operating costs, excluding costs with early-retirements	165.5	168.1	164.2	166.2	664.1	**163.9**	(1.0%)
Costs with early-retirements			4.6	1.9	6.5	**0.6**	
Operating costs	**165.5**	**168.1**	**168.8**	**168.1**	670.6	**164.5**	**(0.6%)**
Operating profit before provisions	**114.7**	**138.9**	**138.5**	**119.2**	511.3	**132.3**	**15.4%**
Recovery of loans written-off	3.5	4.3	6.5	3.9	18.2	**4.7**	34.2%
Loan provisions and impairments	36.6	50.3	26.5	23.6	137.0	**30.7**	(16.2%)
Other impairments and provisions	7.4	8.6	2.0	1.5	19.5	**4.2**	(43.4%)
Profits before taxes	**74.2**	**84.2**	**116.5**	**98.0**	372.9	**102.1**	**37.7%**
Corporate income tax	15.4	10.1	12.1	(8.5)	29.1	**23.5**	52.4%
Equity-accounted results of subsidiaries	5.4	7.3	10.4	10.3	33.4	**5.6**	2.0%
Minority shareholders' share of profit	33.4	36.1	40.1	31.3	140.8	**38.4**	15.2%
Net Income	**30.9**	**45.3**	**74.8**	**85.4**	236.4	**45.8**	**48.3%**

Consolidated balance sheet

Amounts in M.€

		2014 pro forma[1]	2014	2015		
		Consolidated	Consolidated	Domestic activity[2]	International activity[2]	Consolidated
Assets						
Cash, deposits at central banks and deposits and loans to credit institutions	1	4 863.5	4 863.5	2 164.6	2 989.9	4 570.3
Loans and advances to Customers	2	25 269.0	25 269.0	22 788.1	1 493.6	24 281.6
Financial assets held for dealing	3	3 017.7	3 017.7	3 147.1	527.5	3 674.6
Financial assets available for sale	4	7 525.8	7 525.8	3 723.0	2 786.4	6 509.4
Investments held to maturity	5	88.4	88.4	22.4	0.0	22.4
Investments in associated companies and jointly controlled entities	6	213.0	213.0	146.1	64.3	210.4
Other	7	1 651.5	1 651.5	1 279.7	160.0	1 404.5
Total assets [= Σ 1 to 7]	8	**42 628.9**	**42 628.9**	**33 271.0**	**8 021.7**	**40 673.3**
Liabilities and shareholders' equity						
Resources of central banks	9	1 561.2	1 561.2	1 520.7	0.0	1 520.7
Credit institutions' resources	10	1 372.4	1 372.4	1 895.7	0.3	1 311.8
Customer resources and other loans	11	28 134.6	28 134.6	21 264.8	6 913.0	28 177.8
Debts evidenced by certificates	12	2 238.1	2 238.1	1 077.4	0.0	1 077.4
Technical provisions	13	4 151.8	4 151.8	3 663.1	0.0	3 663.1
Financial liabilities associated to transferred assets	14	1 047.7	1 047.7	689.5	0.0	689.5
Other subordinated loans and participating bonds	15	69.5	69.5	69.5	0.0	69.5
Other	16	1 524.3	1 507.8	1 160.6	202.5	1 327.9
Shareholders' equity attributable to BPI shareholders	17	2 110.9	2 127.4	1 927.8	479.0	2 406.9
Non controlling interests	18	418.3	418.3	1.8	426.8	428.6
Total Shareholders' equity and minority interests [=17+18]	19	**2 529.2**	**2 545.6**	**1 929.6**	**905.9**	**2 835.5**
Total liabilities and Shareholders' equity [= Σ 9 to 18]	20	**42 628.9**	**42 628.9**	**33 271.0**	**8 021.7**	**40 673.3**
Note: bank guarantees	21	2 168.7	2 168.7	1 443.0	385.7	1 828.8
Off-balance sheet Customer resources[3]	22	3 216.2	3 216.2	4 474.2		4 474.2

1) Pro forma in Dec. 2014 due to the retrospective application of the requirements of IFRIC 21, as provided for by IAS 8. See note 2.1 to the financial sattements- Comparability of information (IFRIC 21).
2) The Domestic and International Operations' balance sheets presented above are not corrected for the balances resulting from operations between those segments.
3) Unit trust funds, PPR and PPA, and assets under BPI Suisse's management. Figures net of the participation units in the Group banks' portfolios.

CONSOLIDATED STATEMENTS OF INCOME FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014 PROFORMA

(Translation of statements of income originally issued in Portuguese - Note 5)

(Amounts expressed in thousands of Euro)

	Notes	Dec. 31, 15	Dec. 31, 14 Proforma
Interest and similar income		1 112 987	1 290 123
Interest and similar expenses		(488 421)	(804 795)
Financial margin (narrow sense)	4.35	**624 566**	**485 328**
Gross margin on unit links	4.36	12 967	5 029
Income from equity instruments	4.37	4 739	3 612
Net commission relating to amortised cost	4.38	21 118	20 484
Financial margin		**663 390**	**514 453**
Technical result of insurance contracts	4.39	31 804	34 393
Commissions received		312 974	322 588
Commissions paid		(40 537)	(47 637)
Other income, net		52 241	37 222
Net commission income	4.40	**324 678**	**312 173**
Gain and loss on operations at fair value		200 258	157 903
Gain and loss on assets available for sale		(6 031)	(135 005)
Interest and financial gain and loss with pensions		413	1 991
Net income on financial operations	4.41	**194 640**	**24 889**
Operating income		32 423	33 236
Operating expenses		(41 857)	(44 428)
Other taxes		(23 176)	(17 010)
Net operating loss	4.42	**(32 610)**	**(28 202)**
Operating income from banking activity		**1 181 902**	**857 706**
Personnel costs	4.43	(385 267)	(402 538)
General administrative costs	4.44	(249 233)	(238 219)
Depreciation and amortisation	4.11/4.12	(36 117)	(30 770)
Overhead costs		**(670 617)**	**(671 527)**
Recovery of loans, interest and expenses		18 162	16 472
Impairment losses and provisions for loans and guarantees, net	4.22	(136 997)	(193 191)
Impairment losses and other provisions, net	4.22	(19 523)	(45 266)
Net income before income tax		**372 927**	**(35 806)**
Income tax	4.45	(29 142)	(31 598)
Earnings of associated companies (equity method)	4.46	33 433	26 125
Global consolidated net income		**377 218**	**(41 279)**
Income attributable to non-controlling interests	4.33	(140 849)	(123 279)
Consolidated net income of the BPI Group	4.47	**236 369**	**(164 558)**
Earnings per share (in Euro)			
Basic	4.47	0.163	(0.116)
Diluted	4.47	0.162	(0.115)

The auditor's reports on the consolidated financial statements of Banco BPI for the year ended 31 December 2015 did not include any reserves.

Please refer to the complete versions of the auditor's report included in the annual report of Banco BPI, together with the respective financial statements, which are incorporated by reference in this Prospectus."

6. The paragraph under the heading "*Investments*" which could be found on page 133 of the Base Prospectus, has been amended as follows:

"There have been no material investments by Banco BPI since 31 December 2015."

7. The second paragraph and the composition of the Board of Directors, which could be found under the heading "*Board of Directors*", which could be found on page 134 of the Base Prospectus, has been amended and supplemented as follows:

"The Annual Report for 2015, on pages 380 to 383, contains a description of the activities performed by the members of the Board of Directors outside the Issuer.

As of the date of approval of this Supplement the members of the Board of Directors are:

Chairman:	*Artur Santos Silva*
Deputy-Chairmen:	*Fernando Ulrich*
Members:	*Alfredo Rezende de Almeida*
	Allianz Europe, Ltd[9]
	António Domingues
	António Lobo Xavier
	Armando Leite de Pinho
	Carlos Moreira da Silva
	Edgar Alves Ferreira
	Isidro Fainé Casas
	Ignacio Alvarez-Rendueles
	João Pedro Oliveira e Costa
	José Pena do Amaral
	Lluis Vendrell
	Manuel Ferreira da Silva
	Marcelino Armenter Vidal
	Maria Celeste Hagatong
	Mário Leite da Silva
	Pedro Barreto
	Santoro Finance – Prestação de Serviços, SA[10]
	Tomás Jervell[11]
	Vicente Tardio Barutel"

8. The paragraph under the heading "*Portuguese Statutory Auditor*", which could be found on page 136 of the Base Prospectus, has been amended and supplemented as follows:

"Deloitte & Associados, SROC, S.A. designated António Marques Dias (Statutory Auditor – "Revisor Oficial de Contas"), who is also a member of the Portuguese Institute of Statutory Auditors, to represent it in the exercise of this post. On 18 February 2016 Deloitte & Associados, SROC, S.A. communicated to Banco BPI the designation of the partner Paulo Alexandre de Sá Fernandes (which has been responsible for the legal certification of 2015 accounts and audit report) to represent it as from that date. The alternate member is Carlos Luís Oliveira de Melo Loureiro."

---

[9] Allianz Europe, Ltd. appointed on 29 January 2015, in terms of article 15(2) of Banco BPI's statutes Carla Bambulo to assume the post.

[10] The appointment of the administrator Santoro Finance - Prestação de Serviços, S.A., depends on its appointment of natural person to exercise the position in his/her own name, pursuant to article 390(4) of the Portuguese Companies Code.

[11] The Board of Directors, through a resolution passed on 27 January 2016, co-opted Tomás Jervell to fill the vacancy created with the resignation of Tomaz Jervell last 25 January 2016. The General Meeting of Shareholders held on 28 April 2016 ratified this co-option.

F. TAXATION

The first, fifth and sixteenth paragraph under the heading "*Covered Bonds not held through a centralised control system*", which could be found on page 148 of the Base Prospectus, have been entirely replaced, respectively, as follow:

"Interest and other types of investment income obtained on Covered Bonds by a Portuguese resident individual is subject to individual tax. If the payment of interest or other investment income is made available to Portuguese resident individuals, withholding tax applies at a rate of 28 per cent., which is the final tax on that income unless the individual elects to include such income in his taxable income, subject to tax at progressive income tax rates of up to 48 per cent.. In the latter circumstance an additional income tax will be due on the part of the taxable income exceeding EUR as follows: (i) 2.5 per cent. on the part of the taxable income exceeding EUR 80,000 up to EUR 250,000, and (ii) 5 per cent. on the remaining part (if any) of the taxable income exceeding EUR 250,000. Also, if the option of income aggregation is made an additional surcharge will also be due for the tax year of 2016 according to the taxpayer taxable income, as follows: (i) 0 per cent. for taxable income up to EUR 7,070; (ii) 1 per cent. for taxable income exceeding EUR 7,070 up to EUR 20,000; (iii) 1.75 per cent. for taxable income exceeding EUR 20,000 up to EUR 40,000; (iv) 3 per cent for taxable income exceeding EUR 40,000 up to EUR 80,000 and (v) 3.5 per cent. for taxable income above EUR 80,000. For 1 January 2017 onwards, it is foreseen that such additional surcharge will no longer be applicable.

(…)

Interest and other investment income derived from Covered Bonds and capital gains realised with the transfer of Covered Bonds by legal persons resident for tax purposes in Portugal and by non-resident legal persons with a permanent establishment in Portugal to which the income or gains are attributable are included in their taxable income and is subject to a corporate tax at a rate of (i) 21 per cent. or (ii) if the taxpayer is a small or medium enterprise as established in Decree-Law no. 372/2007, of 6 November 2007, 17 per cent. for taxable profits up to EUR 15,000 and 21 per cent. on profits in excess thereof to which may be added a municipal surcharge (derrama municipal) of up to 1.5 per cent. of its taxable income. Corporate taxpayers with a taxable income of more than EUR 1,500,000 are also subject to State surcharge (derrama estadual) of (i) 3 per cent. on the part of its taxable profits exceeding EUR 1,500,000 up to EUR 7,500,000, (ii) 5 per cent. on the part of the taxable profits that exceeds EUR 7,500,000 up to EUR 35,000,000, and (iii) 7 per cent. on the part of the taxable profits that exceeds EUR 35,000,000.

(…)

Stamp tax at a rate of 10 per cent. applies to the acquisition through gift or inheritance of Covered Bonds by an individual who is domiciled in Portugal. An exemption applies to transfers in favour of the spouse, de facto spouse, descendants and parents/grandparents. The acquisition of Covered Bonds through gift or inheritance by a Portuguese resident legal person or a non-resident acting through a

Portuguese permanent establishment is subject to a corporate tax at a rate of (i) 21 per cent. or (ii) if the taxpayer is a small or medium enterprise as established in Decree-Law no. 372/2007, of 6 November 2007, 17 per cent. for taxable profits up to EUR 15,000 and 21 per cent. on profits in excess thereof to which may be added a municipal surcharge (derrama municipal) of up to 1.5 per cent. of its taxable income. Corporate taxpayers with a taxable income of more than EUR 1,500,000 are also subject to State surcharge (derrama estadual) of (i) 3 per cent. on the part of its taxable profits exceeding EUR 1,500,000 up to EUR 7,500,000, (ii) 5 per cent. on the part of the taxable profits that exceeds EUR 7,500,000 up to EUR 35,000,000, and (iii) 7 per cent. on the part of the taxable profits that exceeds EUR 35,000,000. No stamp tax applies to the acquisition through gift and inheritance of Covered Bonds by an individual who is not domiciled in Portugal. The acquisition of Covered Bonds through gift or inheritance by a non-resident legal person is subject to corporate income tax at a rate of 25 per cent. Under the tax treaties entered into by Portugal, such gains are usually not subject to Portuguese tax, but the applicable rules should be confirmed on a case by case basis."

G. GENERAL INFORMATION

1. The paragraph under the heading "*Significant or Material Change*", which could be found on page 160 of the Base Prospectus, has been entirely deleted and replaced as follow:

"There has been no material adverse change in the financial position or prospects of the Issuer since the publication of the 2015 Report (Audited consolidated financial statements) and no significant change in the financial or trading position of BPI since 31 March 2016."

2. The heading "*Accounts*", which could be found on page 160 of the Base Prospectus, has been amended and supplemented as follow:

"The consolidated accounts for the financial year ended 31 December 2015 were prepared according to International Accounting Standards (IAS) and with the International Financial Reporting Standards (IFRS) issued by International Accounting Standards Board ("IASB") and endorsed by the European Union."

3. The paragraphs under the heading "*Documents Available*", which could be found on page 161 of the Base Prospectus, has been amended and supplemented with the insertion of the following:

"(i) The English translation of the audited consolidated financial statements of the Issuer in respect of the financial year ended and 31 December 2015;

(j) The English translation of the earnings release with the unaudited consolidated results for the first quarter 2016;"

4. The paragraphs and tables under the heading "*Post issuance reporting*", which could be found on page 161 of the Base Prospectus, have been entirely deleted and replaced as follow:

"Any information which the Issuer is required by law or regulation to provide in relation to itself or securities issued by it, including the Covered Bonds, will be made available at www.cmvm.pt and at www.bancobpi.pt.

The Issuer publishes quarterly investor reports on the outstanding Covered Bonds, including information on the Cover Pool and the applicable Overcollateralisation. Such reports are available at: http://bpi.bancobpi.pt/index.asp?riIdArea=AreaDivida&riChgLng=1&riLang=en&riId=ProgramaEmissoesOH2&riIdTopo=.

The following information could be found on the March 2016 Investor Report:

2. Covered Bonds	Issue Date	Coupon	Maturity Date	Soft Bullet Date[1]	Remaining Term (years)	Nominal Amount (EUR)
Covered Bonds Outstanding					**5.31**	**4,375,000,000.00**
Private Placements						**4,375,000,000.00**
Series 5 (ISIN PTBB1XOE0006)	2009-05-28	Floating	2016-05-28	2017-05-28	0.16	175,000,000.00
Series 8 (ISIN PTBB5WOE0003)	2010-02-12	Floating	2017-02-12	2018-02-12	0.87	200,000,000.00
Series 9 (ISIN PTBBP6OE0023)	2010-05-21	Floating	2025-05-21	2026-05-21	9.14	350,000,000.00
Series 10 (ISIN PTBBQQOE0024)	2010-08-05	Floating	2020-08-05	2021-08-05	4.35	600,000,000.00
Series 11 (ISIN PTBBPMOE0029)	2011-01-25	Floating	2018-01-25	2019-01-25	1.82	200,000,000.00
Series 12 (ISIN PTBBWAOE0024)	2011-08-25	Floating	2021-08-25	2022-08-25	5.40	600,000,000.00
Series 13 (ISIN PTBBR3OE0030)	2012-07-20	Floating	2017-07-20	2018-07-20	1.30	800,000,000.00
Series 14 (ISIN PTBBRROE0048)	2015-03-30	Floating	2025-03-31	2026-03-30	9.00	1,250,000,000.00
Series 15 (ISIN PTBBPSOE0031)	2015-10-07	Floating	2022-10-07	2023-10-07	6.52	200,000,000.00
CRD Compliant (yes/no)						**Yes**

6. Mortgage Credit Pool	
Main Characteristics	
Number of loans	124,176
Original principal balance (EUR)	8,605,718,070.27
Current principal balance (EUR)	6,067,350,219.89
Average original principal balance per loan (EUR)	69,302.59
Average current principal balance per loan (EUR)	48,860.89
Current principal balance of the 5 largest borrowers (EUR)	5,250,664.26
Weight of the 5 largest borrowers (current principal balance) (%)	0.09%
Current principal balance of the 10 largest borrowers (EUR)	8,888,104.27
Weight of the 10 largest borrowers (current principal balance) (%)	0.15%
Weighted average seasoning (months)	100.07
Weighted average remaining term (months)	292.97
Weighted average life (months)	155.61
Weighted average current unindexed LTV[5] (%)	54.07%
Weighted average interest rate (%)	1.05%
Weighted average spread (%)	1.15%
Max maturity date (YYYY-MM-DD)	2066-02-05

Subsidized Loans	Number of Loans	Number of Loans (%)	Loan Amount (EUR)	Loan Amount (%)
Yes	17,756	14.30%	621,763,810.89	10.25%
No	106,420	85.70%	5,445,586,409.00	89.75%

Interest Rate Type	Number of Loans	Number of Loans (%)	Loan Amount (EUR)	Loan Amount (%)
Fixed	4,923	3.96%	271,219,782.81	4.47%
Floating	119,253	96.04%	5,796,130,437.08	95.53%

Geographical Distribution	Number of Loans	Number of Loans (%)	Loan Amount (EUR)	Loan Amount (%)
Portugal	**124,176**	**100.00%**	**6,067,350,219.89**	**100.00%**
Norte	35,186	28.34%	1,658,529,281.74	27.34%
Centro	27,305	21.99%	1,221,543,774.19	20.13%
Lisboa	43,718	35.21%	2,303,922,547.24	37.97%
Alentejo	7,976	6.42%	361,185,775.56	5.95%
Algarve	5,861	4.72%	299,026,969.34	4.93%
Madeira	1,997	1.61%	104,563,111.69	1.72%
Açores	2,133	1.72%	118,578,760.13	1.95%
Delinquencies	**Number of Loans**	**Number of Loans (%)**	**Loan Amount (EUR)**	**Loan Amount (%)**
> 30 to 60 days	256	0.21%	12,466,066.30	0.21%
> 60 to 90 days	25	0.02%	858,370.90	0.01%
> 90 days	0	0.00%	0.00	0.00%

Note: A loan is considered to be delinquent if any payment is in arrears by more than 30 days. According to the Portuguese covered bonds legislation, any loan which is in arrears by more than 90 days must be removed from the pool and substituted by another loan which fulfils the eligibility criteria. Therefore, there are no NPL's included in the cover pool.

Dated 24 May, 2016