BANCO BPI, S.A.
Publicly-held company
Head office: Rua Tenente Valadim, no. 284, Porto
Share capital : € 760 000 000
Corporate body no. 501 214 534
Registered at the Commercial Registry of Porto under number 501 214 534

Report of the Board of Directors of Banco BPI, SA, prepared under the terms of item 1 of article 181.º of the Securities Market Code, on the acceptability and conditions of the Public Tender Offer for Banco BPI, S.A shares, preliminarily announced by Banco Comercial Português, S.A. on 13 March 2006 and registered on 5 April 2007, as amended by the revised conditions announced on 24 April 2007.

In the terms of item 1 article 181.º of the Securities Market Code, the Board of Directors of Banco BPI, S.A. presents its report on the acceptability and conditions of the Public Tender Offer over Banco BPI, S.A, preliminarily announced by Banco Comercial Português, S.A. on 13 March 2006 and registered on 5 April 2007, as amended by the revised conditions announced on 24 April 2007.

A WHOLLY UNACCEPTABLE OFFER

BPI vs. BCP:

Value Creation versus Value Destruction

26 April 2007

Legal Disclaimers

This document, including the Business Plan attached to this document, includes forward-looking statements. These forward-looking statements include matters that are not historical facts, such being the case, amongst others, of: statements regarding the Board's or BPI's intentions, beliefs or current expectations concerning, among other things, BPI's results of operations, financial conditions, liquidity, prospects, growth, strategy, plans, operating efficiencies, competitive position, objectives of management, the industry in which BPI operates and other matters. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future.

The Board cautions shareholders that forward-looking statements are not guarantees of future performance and that its actual results of operations, financial condition and liquidity and the development of the industry in which BPI operates may differ materially from those made in or suggested by the forward-looking statements contained in this document. In addition, even if BPI's results of operations, financial condition and liquidity and the development of the industry in which it operates are consistent with the forward-looking statements contained in this document, those results or developments may not be indicative of results or developments in future periods.

BPI undertakes no obligation to update publicly or release any revisions to these forward-looking statements to reflect events or circumstances after the date of this document.

This document does not seek to give an investor a complete picture of BPI, and should not be relied upon without further reference. Please also refer to previous press releases, publications and financial statements made by BPI which are available on www.bancobpi.pt and www.ir.bpi.pt.

Certain statements reflect the views or opinions of BPI's Board and Management rather than verifiable facts. Portuguese law shall apply on and throughout this document.

Transition to International Accounting Standards (IAS/IFRS)

- Banco BPI’s consolidated financial statements at 31 December 2005 and 31 December 2006 were prepared and presented in accordance with International Accounting Standards/International Financial Reporting Standards (IAS/IFRS), as adopted by the European Union in accordance with Regulation (EC) 1606/2002 of July 19 of the European Parliament and Council and incorporated into Portuguese legislation through Bank of Portugal Notice 1/2005 of February 21.

- Up to December 31, 2004 the BPI Group’s financial statements were prepared and presented in accordance with the Chart of Accounts for the Portuguese Banking System (Plano de Contas para o Sistema Bancário - PCSB) established by the Bank of Portugal Regulation 4/96 of June 17.

This document is a translation of the Portuguese version which, for all intents and purposes, should be considered as the prevailing one.

Dear Shareholder:

On 5 April 2007, Banco Comercial Português ("BCP") registered with the CMVM the General Tender Offer for Banco BPI ("BPI") preliminarily announced on 13 March 2006. On 24 April 2007, BCP revised its initial offer to €7.00 per BPI share. The Board of Directors of BPI (the "Board") believes that this offer is an attempt to buy BPI at a price that undervalues the bank and is not in the best interest of Shareholders, Clients and Employees as demonstrated in this report. **The Board has, therefore, unanimously rejected the revised offer of €7.00 per BPI share and advises shareholders to do the same and not tender their shares.**

Ultimately, the decision rests with the shareholders, as to the future of BPI. The Board can only commit that, if shareholders do elect to reject the revised offer and allow management to execute our Business Plan 2007-11, the Board offers its full support to our CEO, Fernando Ulrich, and the executive team to help them deliver the Business Plan 2007-11 included in the Annex to this report.

Porto, 26 April 2007

Yours sincerely,

On behalf of the Board

Artur Santos Silva

Chairman of the Board

Key Messages for BPI Shareholders

1. The revised price of €7.00 offered by BCP remains wholly unacceptable.

A. BCP's €7.00 revised price is, in relative terms, even lower than its original €5.70 offer on 13 March 2006, given stock market performance since then.

- Since 10 March 2006, the day before the offer was preliminarily announced, up to 20 April 2007, comparable Iberian banks* share prices rose by **39.4%**, on average.
- Accordingly, BCP would need to offer €7.95, only to replicate its wholly unacceptable initial **€5.70** offer.

B. BCP's revised €7.00 offer for BPI implies a lower relative valuation than its original €5.70 offer, in terms of price to earnings multiple (P/E):

- As of March 2006, BPI's 16.5x *consensus* 12-month forward P/E multiple implied in the €5.70 initial offer was 14% higher than the comparable Iberian banks 14.5x P/E average multiple.
- The actual BPI **15.3x** *consensus* 12-month forward P/E multiple implied in the revised €7.00 offer represents a **8% discount** over the comparable Iberian banks **16.7x** P/E average multiple.
- Moreover, the implied BPI **14.0x** 12-month forward P/E multiple of the revised €7.00 offer using BPI's Business Plan 2007-11 earnings per share (EPS) forecasts represents a **17% discount** over comparable Iberian banks **16.7x** average multiple.

C. BCP €7.00 revised price does not fully reflect BPI standalone value, taking into account recent operational and financial performance, and the existing growth potential from the Business Plan 2007-11, presented in the annex to this report.

- **BPI net income and EPS are forecasted to grow 16.6%** (cagr) per year **from 2006 to 2011**, meaning that net income is expected to more than double from 309 M.€ to 666 M.€;
- **BPI share value** would be between **€8.41** and **€8.35**, applying 2007 and 2008 Iberian comparable banks' P/E multiples to BPI's Business Plan 2007-11 expected EPS in 2007 and 2008, respectively. Excluding both the highest and lowest P/E from the peer group, the BPI share value would be between €8.21 and €8.03, based on 2007 and 2008 multiples, respectively.

* BPI's comparable Iberian banks: Banesto, Bankinter, BES, Pastor, Popular and Sabadell

- BPI standalone value derived from a DCF calculation, on the basis of the Business Plan 2007-11 projections, stands in a range from €7.50 to €8.20 per share, assuming a blended cost of equity of 12.6% and 12.0%, respectively, a real growth rate of 1.5% in the perpetuity (1.0% for the domestic activity and 3.0% for the international activity) and a target core tier 1 ratio of 5.5%.

D. BCP's revised offer does not event reflect BPI's standalone value. As such, none of the revised synergies announced by BCP (280 M.€, or €2.5 per BPI share) are being shared with BPI Shareholders. Additionally, if taking as reference cost to income levels of similar-sized Iberian banking benchmarks or recent M&A transactions, total synergies could be higher than those announced by BCP.

2. BPI can deliver much higher value to its shareholders.

BPI shareholders should not exit as they would abandon a unique value creation proposition underpinned by:

- BPI's **strong business prospects**, consistent with its historical track record. This potential is illustrated by the Business Plan 2007-11 which is fully supported by BPI Board.
- BPI's **balanced and well diversified future growth engines** are further emphasised by the recent improvement in the Portuguese economy and the positive developments that reaffirmed the impressive growth opportunity in Angola.
- BPI's **clear strategy, sound and improving asset quality, franchise, and operational excellence** that has translated into superior growth.
- BPI's **consistent out-performance of market expectations and of its own objectives over time**. In 2006, again, BPI delivered robust operating performance and the net profit growth of 23% was well ahead of analysts' forecasts and BPI's Business Plan.

3. Banco BPI's Board of Directors reaffirms key messages for Shareholders included in the Report issued in 10 April 2006

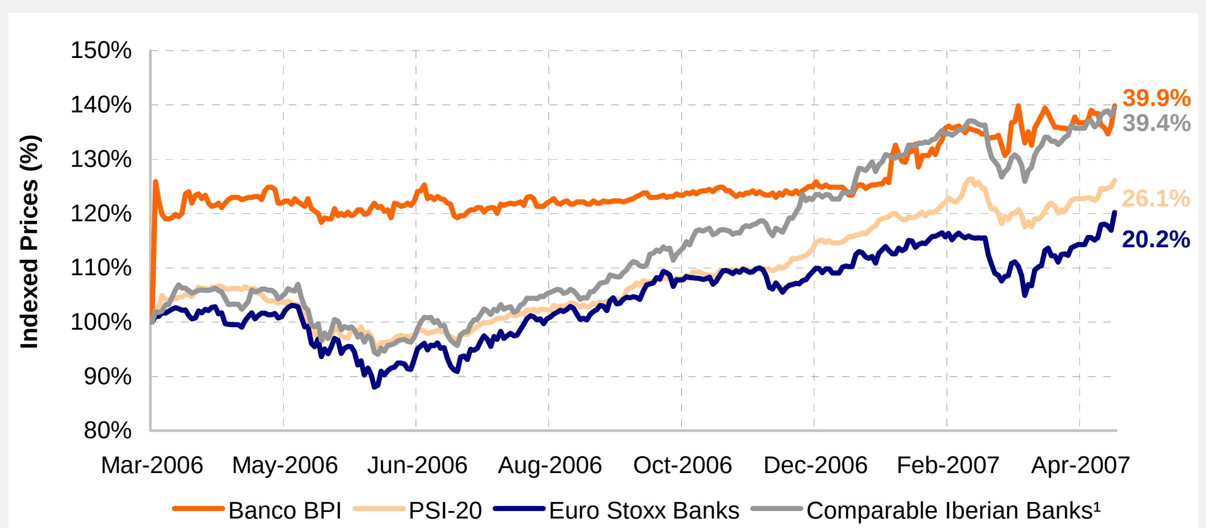
- BPI's governance model allows it to deliver solid operating results which ultimately translate into superior value creation.
- BPI integration into BCP under the Offer would destroy a significant number of skilled jobs that have been critical to BPI's shareholder value creation.
- BPI integration into BCP under the Offer would be negative for our clients in terms of convenience, pricing, products and services.

The Price Offered by BCP Remains Wholly Unacceptable

A. BCP's €7.00 revised price is actually lower than its original €5.70 offer of March 2006, in relative terms, taking into account the stock market evolution

- Since 10 March 2006, the day before the offer was preliminarily announced, up to 20 April 2007, comparable Iberian banks[1)] share prices rose by 39.4%, on average.
- Accordingly, **BCP would need to offer €7.95 only to replicate its wholly unacceptable initial €5.70 offer**.

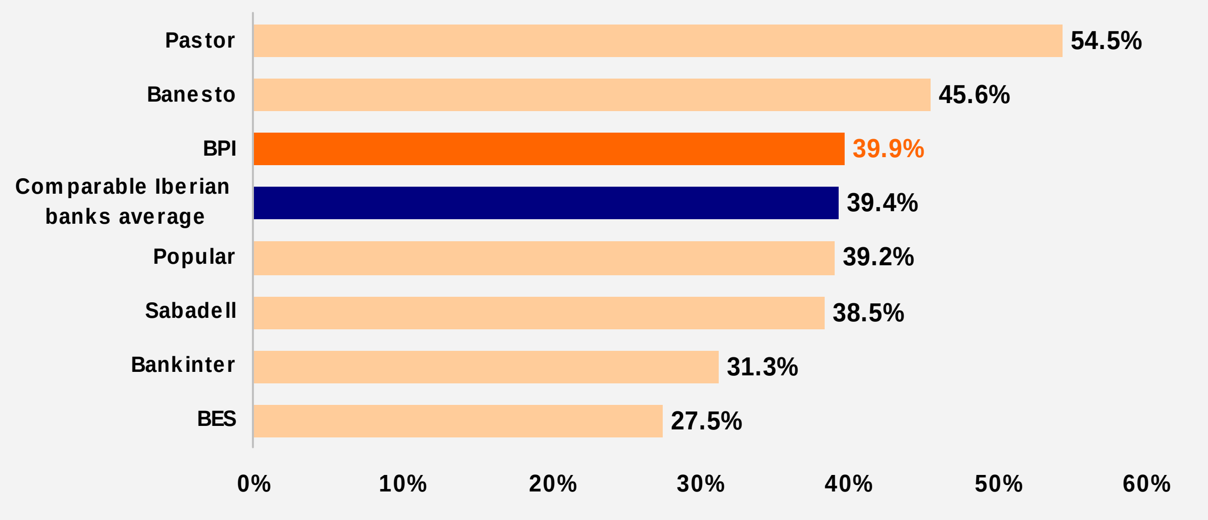
Figure 1: Share Price Performance of BPI, comparable Iberian banks and indexes, since 10 March 2006 up to 20 April 2007



Source: Bloomberg

1) BPI's comparable Iberian banks: Banesto, Bankinter, BES, Pastor, Popular and Sabadell

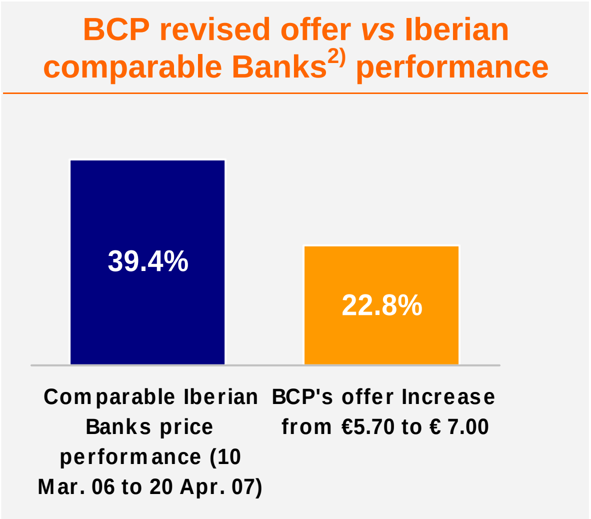
Figure 2: Share Price Performance of BPI and comparable Iberian banks, since 10 March 2006 up to 20 April 2007

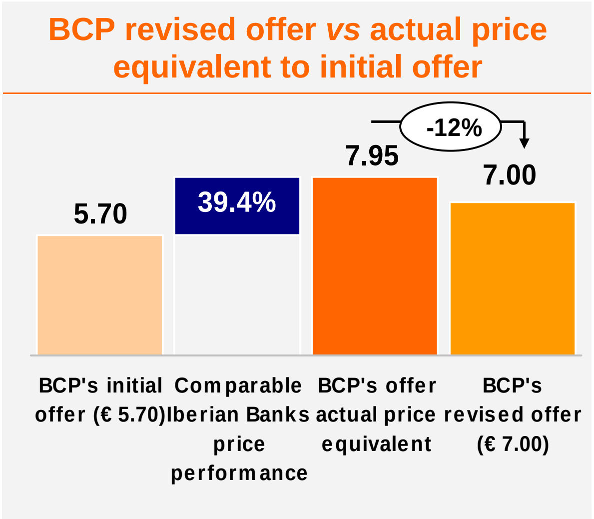


Source: Bloomberg

- **BCP €7.00 revised offer price is actually 12% lower than the actual price (€7.95) equivalent to the initial €5.70 offer**, taking into account the Iberian comparable banks average performance since the initial offer, as shown in figure 3 below.

Figure 3:



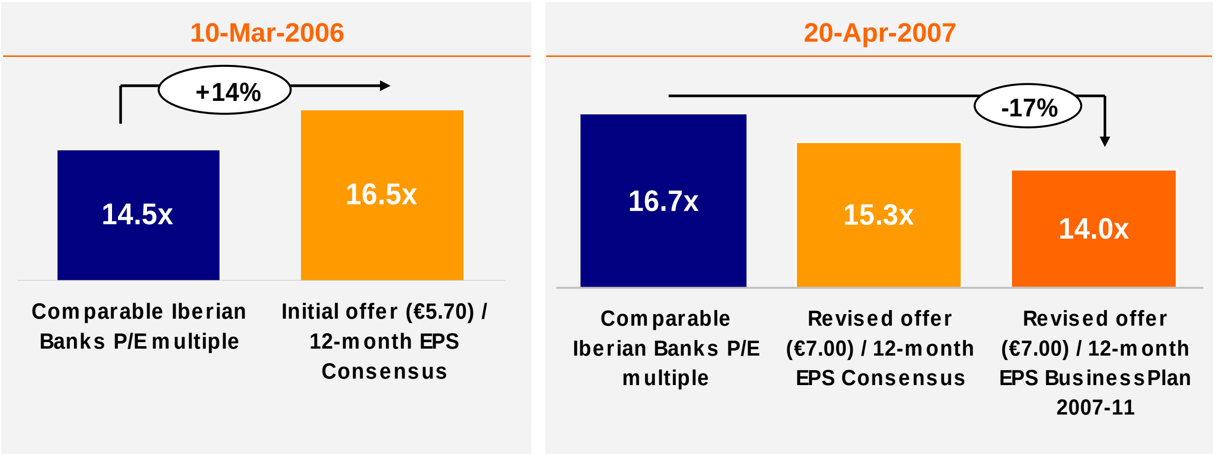


2) BPI's comparable Iberian banks: Banesto, Bankinter, BES, Pastor, Popular and Sabadell.

B. BCP's revised €7.00 offer implies a lower relative valuation than its original €5.70 offer in terms of price to earnings multiple (P/E)

- As of March 2006, BPI's **16.5x** *consensus* 12-month forward P/E multiple implied in the €5.70 initial offer was **14%** higher than the comparable Iberian banks **14.5x** P/E average multiple.
- The actual BPI **15.3x** *consensus* 12-month forward P/E multiple implied in the revised €7.00 offer represents a **8% discount** over the comparable Iberian banks **16.7x** P/E average multiple.
- Moreover, the implied BPI **14.0x** 12-month forward P/E multiple of the revised €7.00 offer using BPI's Business Plan 2007-11 EPS forecasts represents a **17% discount** over comparable Iberian banks **16.7x** average multiple.

Figure 4: BCP's revised and initial offer implied 12 month forward P/E multiples relative to comparable Iberian banks[3] corresponding multiples

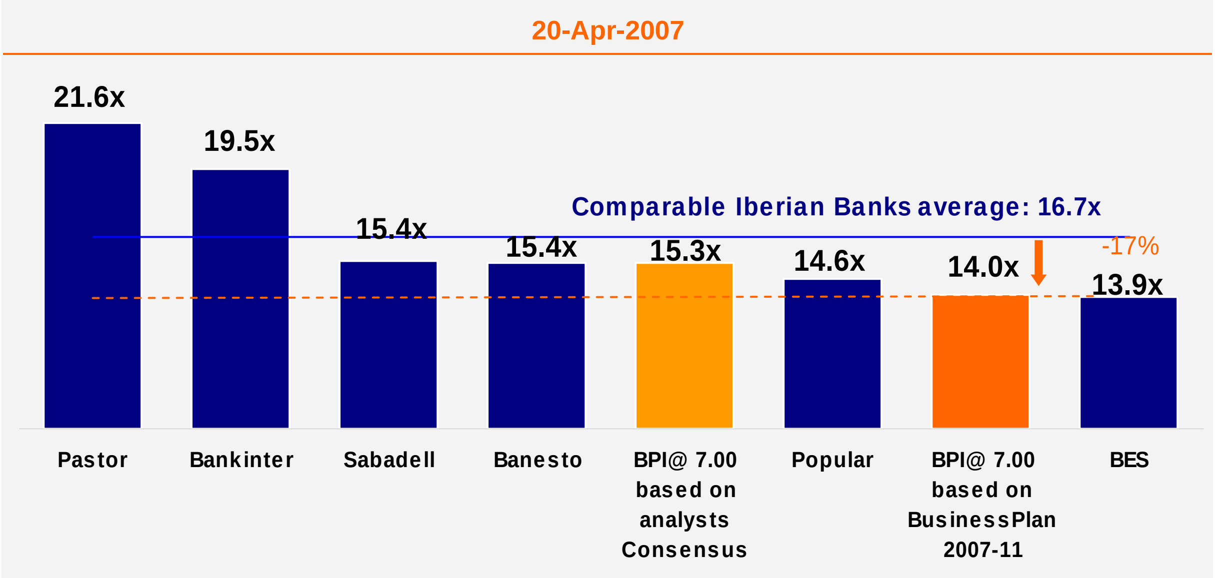


Sources: Bloomberg estimates and BPI Business Plan 2007-11 where stated.

Note: The 12-month forward P/E is calculated using the weighted average between 2007 and 2008 estimated EPS (weighted by the number of months that each year contributes for next twelve-month period; 8 and 4 months, respectively, as of April 2007).

3) BPI's comparable Iberian banks: Banesto, Bankinter, BES, Pastor, Popular and Sabadell.

Figure 5: BCP's revised offer implied 12-month forward P/E *vs* comparable Iberian banks corresponding multiples



Sources: Bloomberg estimates and BPI Business Plan 2007-11 where stated

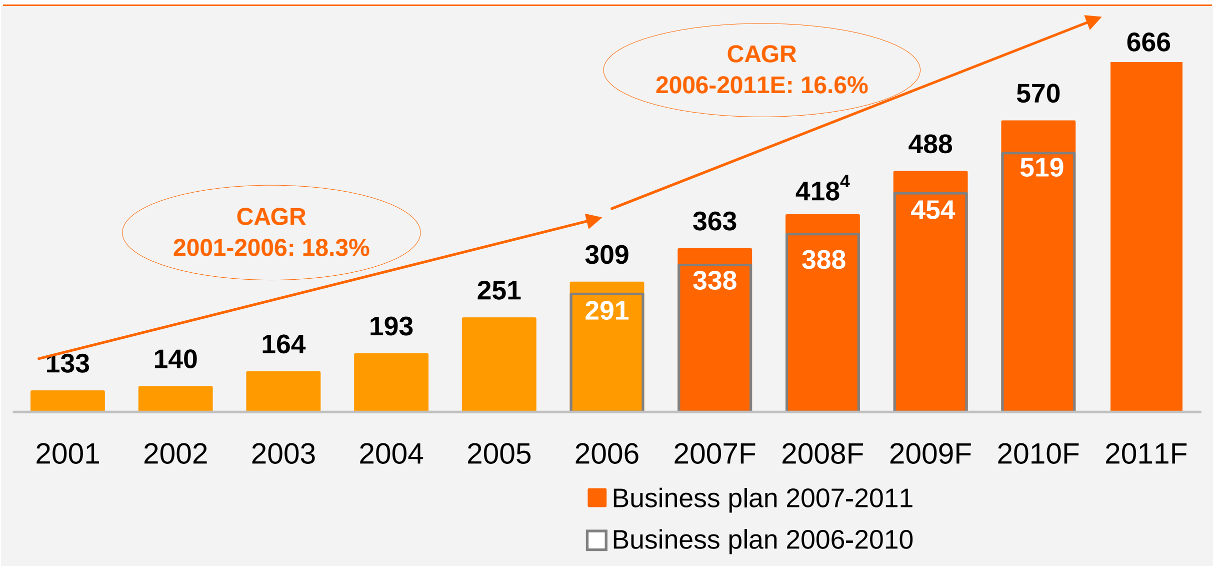
- Should one exclude both the highest and lowest P/E from the Iberian comparable banks sample, the average would come to 16.2x.

C. BCP €7.00 revised price does not fully reflect BPI standalone value, taking into account recent operational and financial performance, and the existing growth potential from the Business Plan 2007-11, presented in the annex to this report.

- BPI has strong business prospects, consistent with its historical track record. This potential is illustrated by its 2007-11 Business Plan, which is fully supported by BPI's Board.

- **BPI net income and EPS are forecasted to grow 16.6% (cagr) per year from 2006 to 2011**, meaning net income is expected to more than double from 309 M.€ to 666 M.€.

Figure 6: Net Income (M.€)



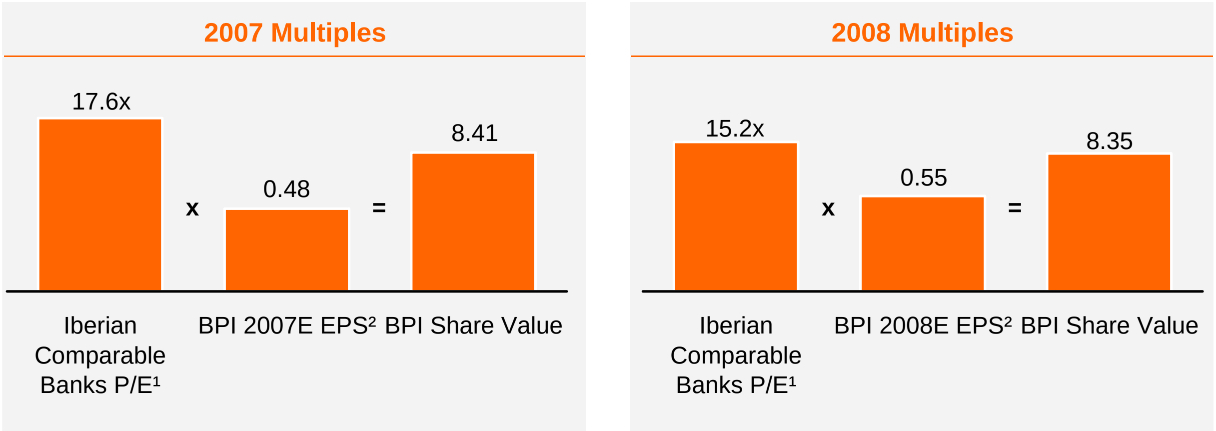
Source: Business Plan 2007-11.

- BCP's offer implies at least a 16% discount over BPI value derived from comparable Iberian banks P/E multiples.

- BPI's share value would be between €8.41 and €8.35 if applying 2007 and 2008 Iberian comparable banks P/E multiples to BPI's expected net income in 2007 and 2008, respectively.

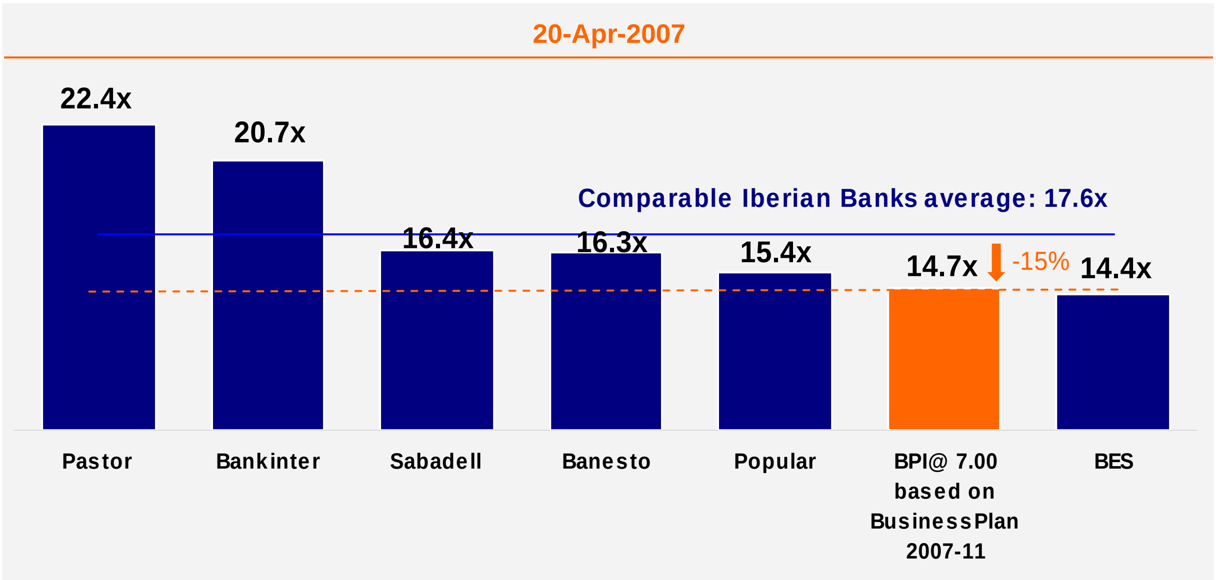
4) Excluding early retirement costs of 64 M.€ (pre-tax).

Figure 7: Valuation based on Comparable Iberian Banks PE Multiples



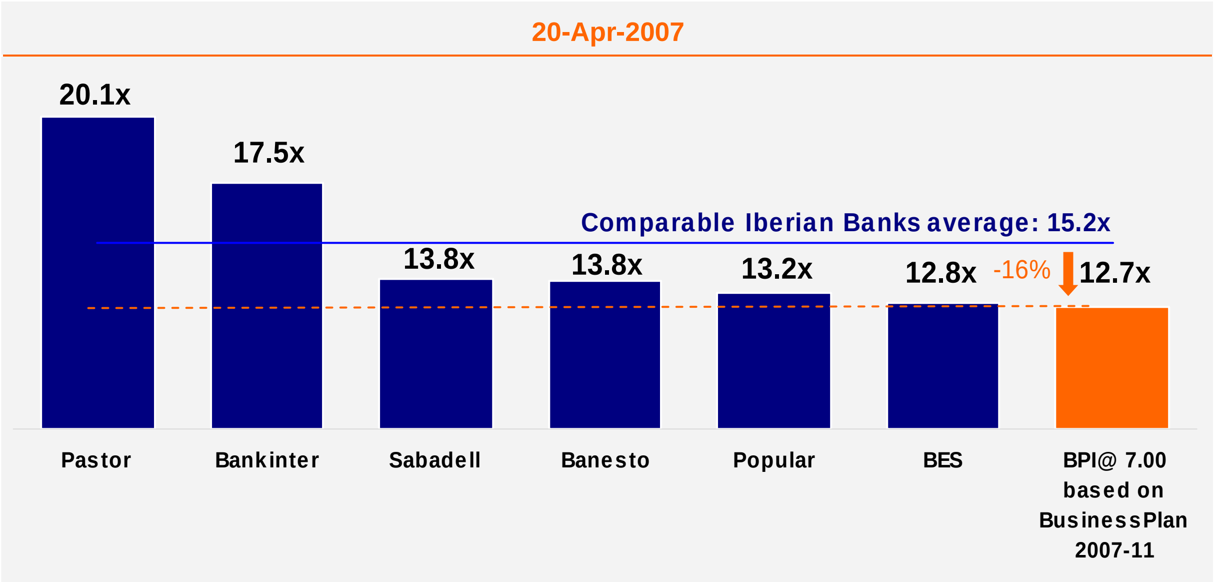
Source: 1) Bloomberg as of 20 April 2007. 2) Business Plan 2007-11.

Figure 8: BCP's revised Offer implied 2007 P/E *vs* Comparable Iberian Banks' 2007 P/E multiples



Source: Bloomberg and Business Plan 2007-11.

Figure 9: BCP's revised Offer implied 2008 P/E *vs* Comparable Iberian Banks' 2008 P/E multiples



Source: Bloomberg and Business Plan 2007-11.

- Excluding both the highest and lowest P/E from the peer group, the BPI share value would be between €8.22 and €8.01, in 2007 and 2008, respectively.

- BCP’s offer does not fully reflect BPI standalone value derived from a DCF calculation on BPI’s Business Plan 2007-11.

- BPI standalone value derived from a DCF calculation on the basis of the Business Plan 2007-11 projections stands in a range from €7.50 to €8.20 per share, assuming a blended cost of equity of 12.6% and 12%, respectively, a perpetuity growth rate of 1.5% (real) and a target core tier 1 ratio of 5.5%.

Figure 10: DCF assumptions

	Domestic	International	Group
Perpetual growth rate (real)	1.0%	3.0%	1.5%
Market risk premium			5.4%-6.0%
Beta			1.0
Cost of equity	9.7% - 10.3%	18.9% - 19.5%	12.0% - 12.6%
Core capital			5.5%
Tax rate in perpetuity	26.5%	35.0%	28.6%
DCF valuation range (€ per share)			**7.50 - 8.20**

Source: BPI.

- On average, the cost of equity used by market analysts for the domestic business is of circa 9%. Therefore, the cost of equity assumptions used in the DCF valuation are conservative. For the international activity, the cost of equity used on average by market analysts ranges between 15% and 21%.

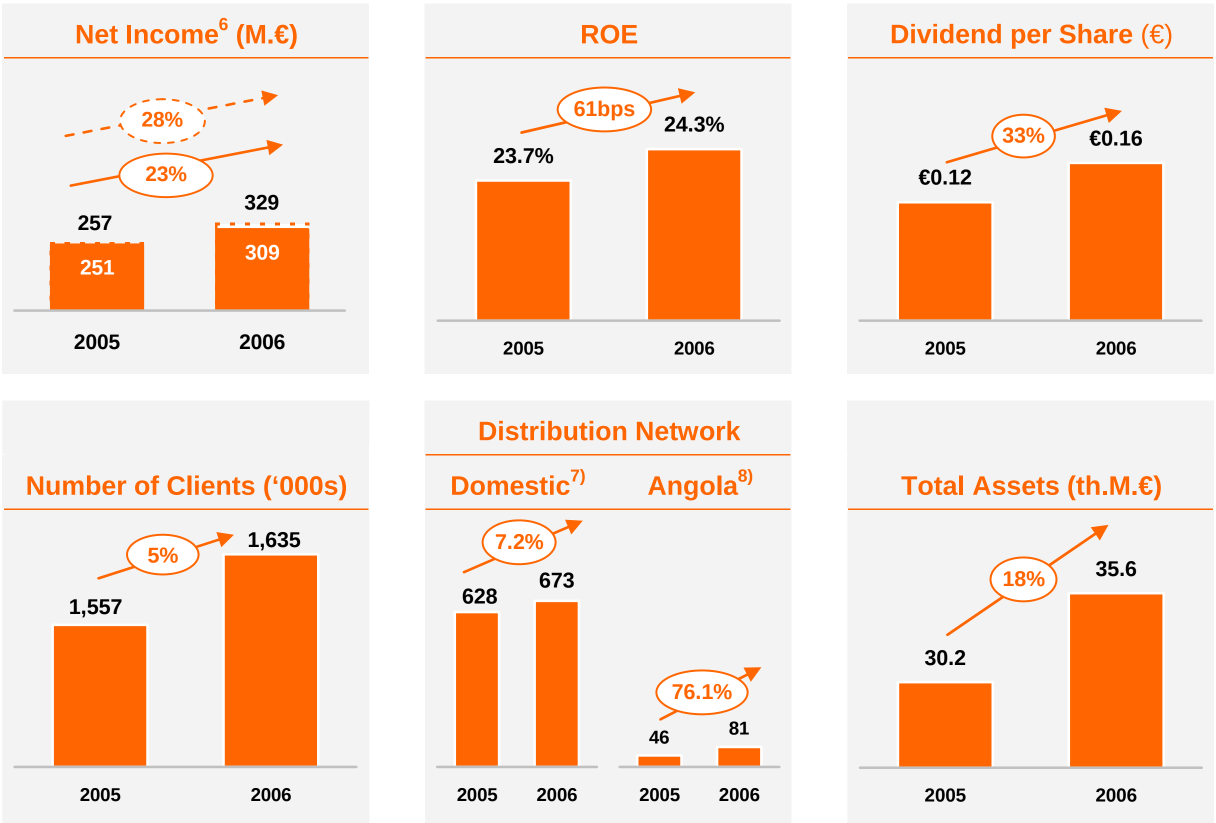
- BCP's revised offer does not even reflect BPI's standalone value. As such, none of the revised synergies announced by BCP (280 M.€ or €2.5 per BPI share[5]) are being shared with BPI Shareholders. Additionally, if taking as reference cost to income levels of similar-sized Iberian banking benchmarks or recent M&A transactions, total synergies could be higher than those announced by BCP.

5) Combines 215 M.€ cost synergies and 65 M.€ revenue synergies. Value per BPI share calculated assuming BCP's 2007 PE of 11.9x, 26.5% tax rate and 739 M.€ pre-tax restructuring costs.

2. BPI Can Deliver Much Higher Value to its Shareholders

- BPI has continued to deliver superior operational and financial performance in 2006.

Figure 11:



Source: Annual Report.

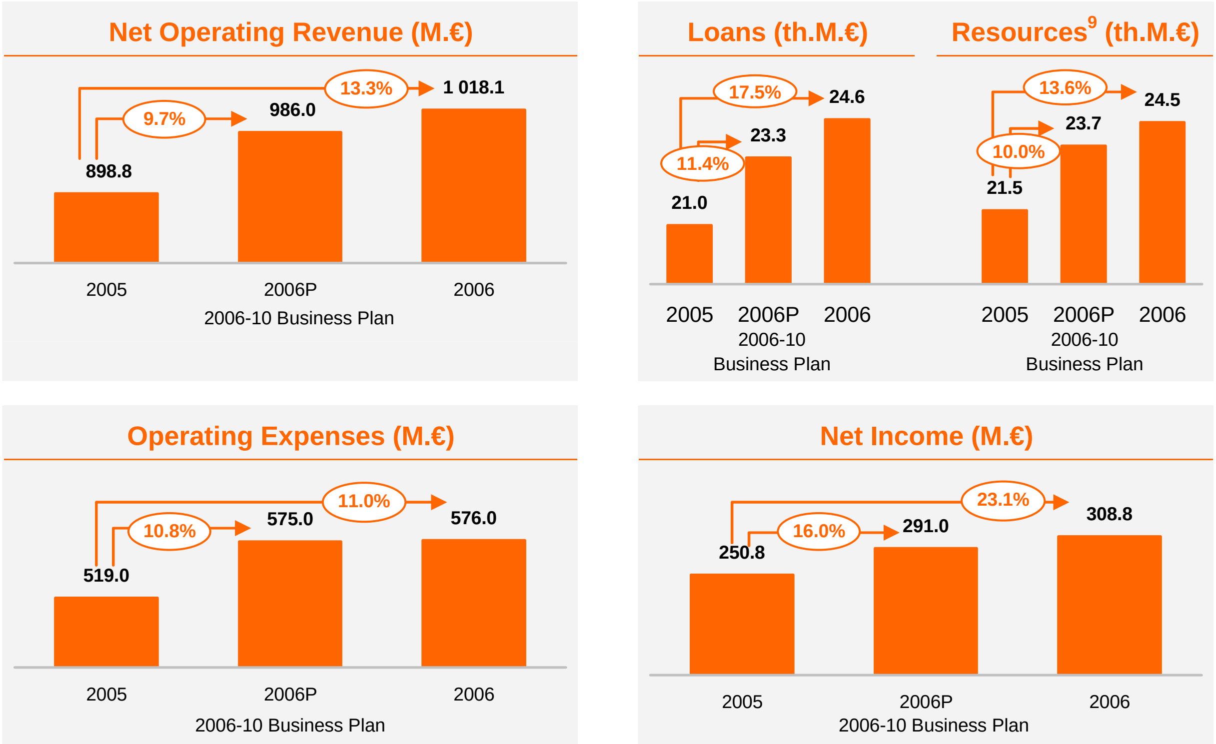
- BPI has also outperformed its own 2006-10 Business Plan announced in April 2006, notably thanks to superior performance in its core Portuguese franchise.

6) Should BPI have used BCP's accounting practices in the treatment of pensions and preferred stock dividends, net profit would have stood even higher at respectively 329 M.€ in 2006 and 257 M.€ in 2005 (+28% YoY)

7) Distribution network in the domestic activity includes (figures for 2006 in brackets) high-street branches in Portugal (574), investment centres (19), housing shops (19) and corporate centres, project finance and institutional centres (48), branches in France (12) and the Madrid branch.

8) Distribution network in Angola includes (figures for 2006 in brackets) high-street branches (71), investment centres (3) and corporate centres (7), of which 5 branches, 1 investment centre and 1 corporate centre started operating already in 2007.

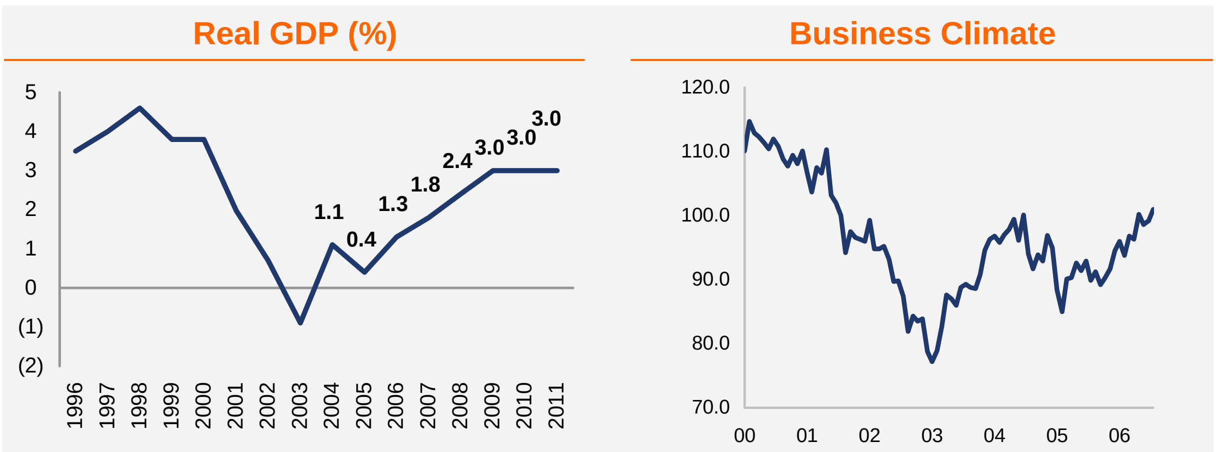
Figure 12:



Source: Q4 2006 results release and BPI Business Plan 2006-2010.

- BPI has strong business prospects, consistent with its historical track record. This potential is illustrated by its 2007-11 Business Plan.
- From a macroeconomic standpoint the 2007-11 Business Plan is underpinned by a recovery of the Portuguese economic environment, expected to be more favourable over the next years than it has been over the past five years.

Figure 13: Portuguese Economy: a new growth cycle



Source: Bank of Portugal and INE (historical data); Ministry of Finance (as in Stability and Growth Programme 2006-10, updated in December 2006).

Business Sentiment and Consumer Confidence

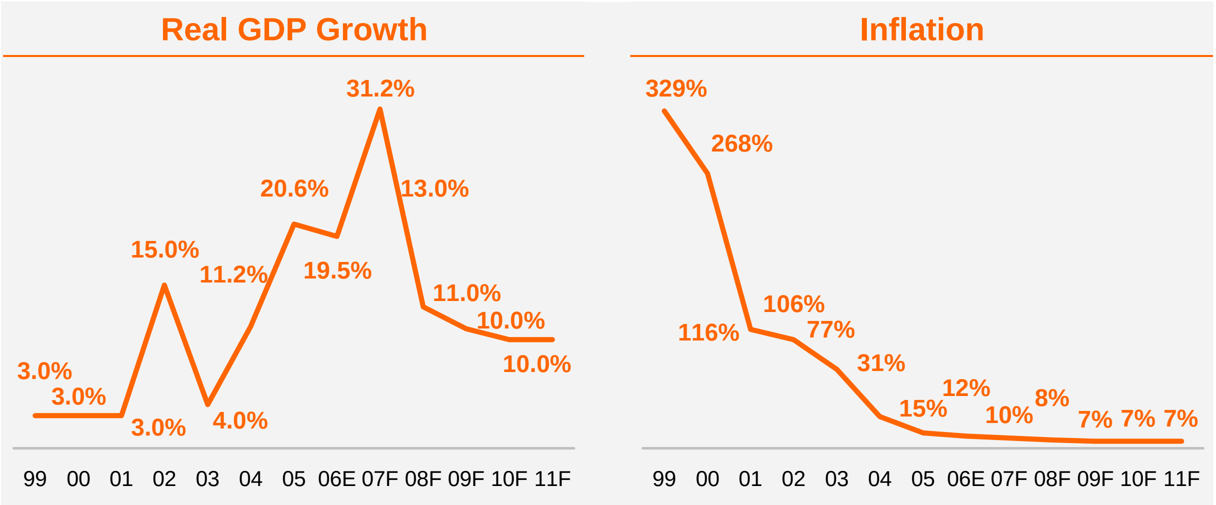
Investment and Exports

2006 Public Deficit (3.9)%

9) Excluding pension funds, pension funds deposits, preference shares and hedge funds.

- BPI not only offers Shareholders a proven domestic play plus also an opportunity for focused growth in Angola, a Portuguese speaking emerging market in which BPI is the leading bank with 22% market share in deposits and 24% in lending[10] and where it can achieve very high growth and profitability.
- Angola, a market with a population of 14 million, will remain a key growth driver for the group as the economic outlook, notably driven by the oil sector, should remain strong.
  - IMF foresees real GDP growth of 35% for 2007;
  - Strong commitment from the government towards rebuilding the country should also help non-oil GDP to recover. The Angolan government has approved a 35 th.M.€ investment plan for the next seven years in order to rebuild the country's infrastructure following the civil war;
  - Healthy economic environment has carried over into the financial system in 2006, with loans growing by 99% and deposits by 63%.
- This solid macro economic features in Angola will drive strong business growth for BPI in that market.

Figure 14: Angola – Attractive Macroeconomic Outlook

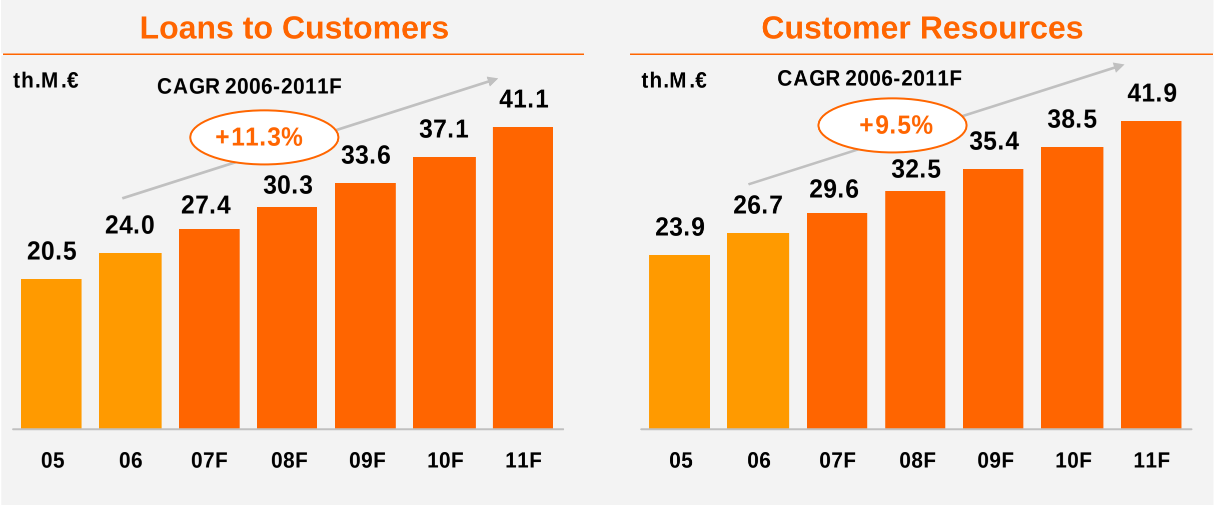


Source: IMF, EIU

- The business plan for BPI's Portuguese franchise illustrates a capacity to further drive an efficient platform towards strong and profitable growth in all main business lines: customer lending is expected to grow 11% annually (cagr 06-11) mainly fuelled by corporate lending, project finance, mortgages and small businesses; customer resources are expected to increase 9.5% annually (cagr 06-11). Strong profitable growth is expected to come from other areas also, such as insurance and investment products.

10) Source: Banco Nacional de Angola (Central Bank), December 2006.

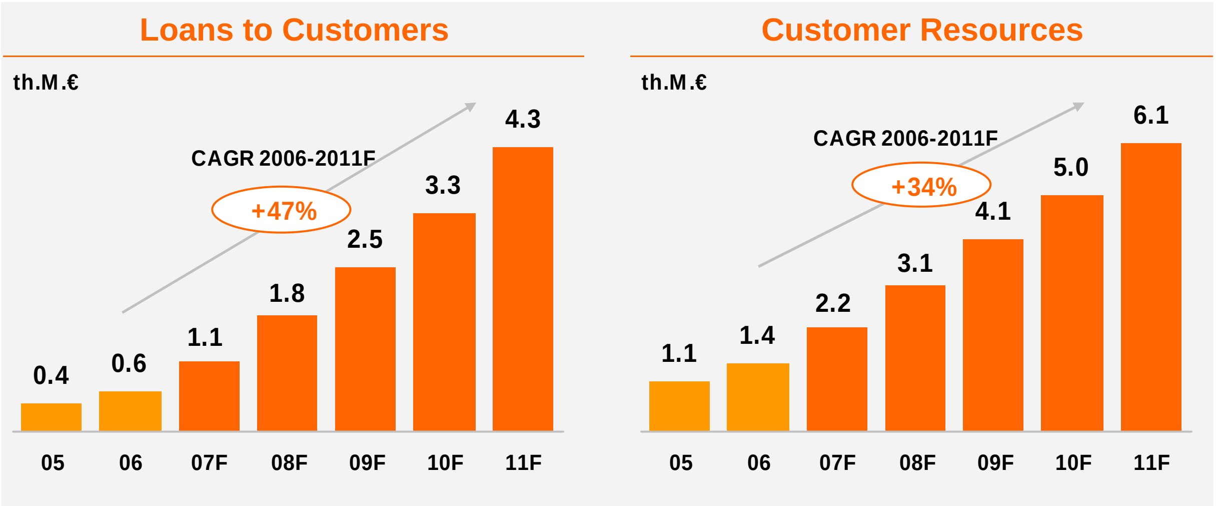
Figure 15: Portugal – Loans to Customers and Customer Resources



Source: Business Plan 2007-11.

- Projections for BPI's Angolan business are supported by expectations of continued rapid assets growth underpinned by strong economic growth, allowing for strong increases in lending and customer resources, leveraged by an enlarged distribution network.

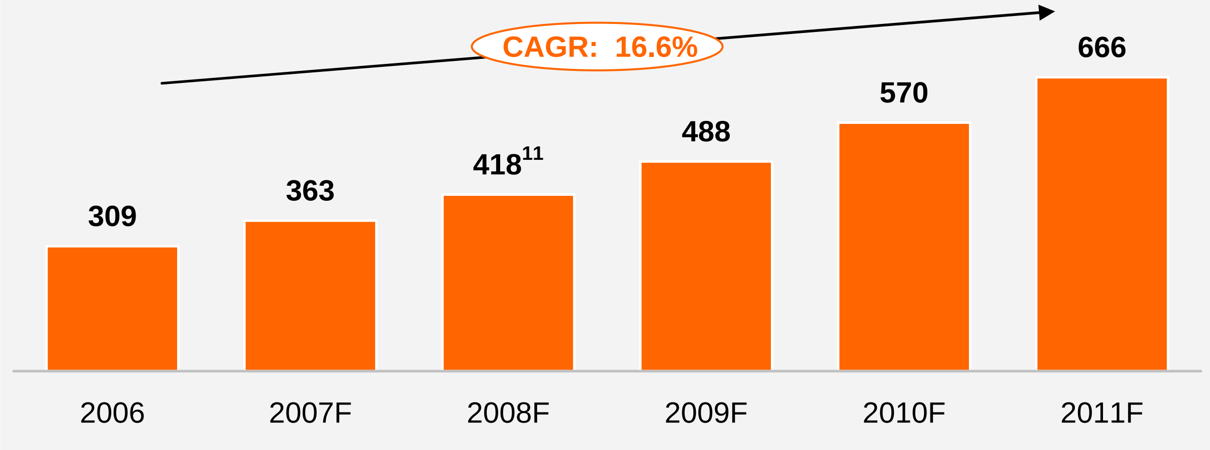
Figure 16: Angola – Loans to Customers and Customer Resources



Source: Business Plan 2007-11.

- As a consequence of these positive factors across both our Portuguese and Angolan businesses and based on the 2007-11 Business Plan, group net income will experience strong growth of 16.6% per annum, growing from 309 M.€ in 2006 to 666 M.€ in 2011, driven by solid and balanced growth in revenues across all segments whilst keeping costs in check throughout with an overall annualised growth rate of 7.3%.

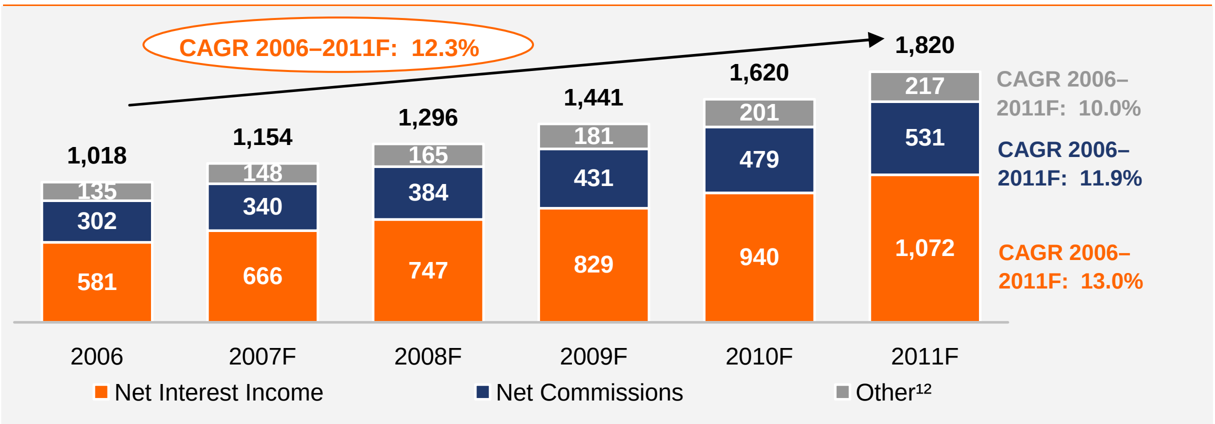
Figure 17: Net Income (M.€)



Source: Business Plan 2007-11.

- Although margins are expected to contract over the period, growth in loans and deposits implies a 13.0% annualised growth rate in net interest income.

Figure 18: Net Operating Revenue (M.€)

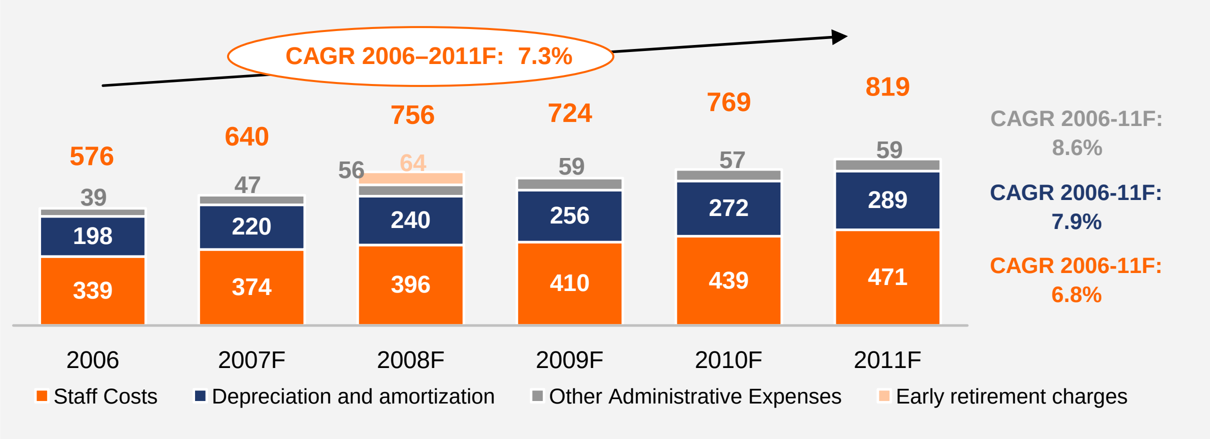


Source: Business Plan 2007-11.

- In the domestic activity, after the 2007 branch expansion program and 300 early retirements in 2008 (corresponding to a total cost of 64 M.€), the number of employees is expected to remain constant from 2009 onwards. In Angola, the distribution network should increase from 74 branches in 2006 to 177 in 2011. At group level, general expenses should grow 7.3% annually until 2011.

11) Excluding early-retirements costs.
12) Gross margin from unit links, income from equity instruments, commissions related to amortised costs, technical results from insurance contracts, income on financial operations and operational gains and losses.

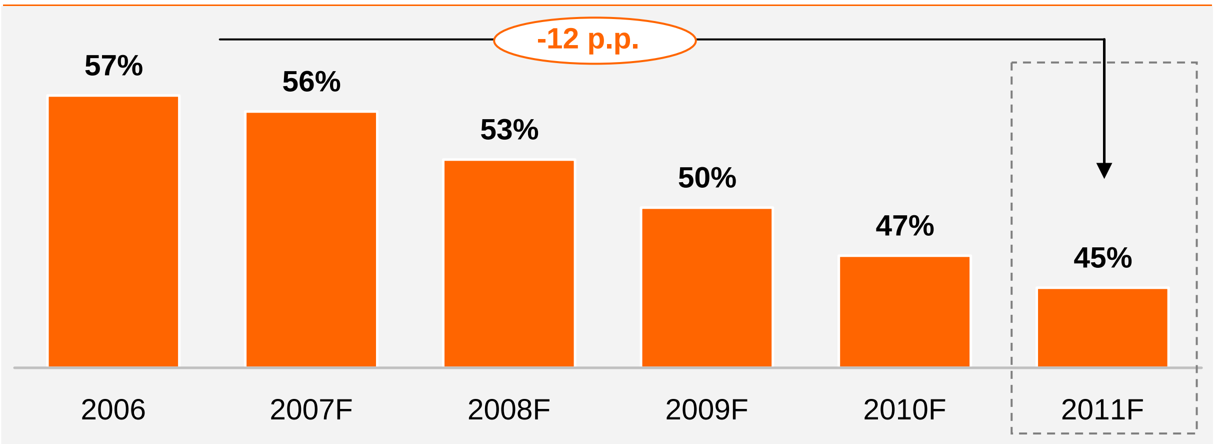
Figure 19: General Expenses (M.€)



Source: Business Plan 2007-11

- On a consolidated basis, as a result of operating revenues growing at 12% per annum and general expenses only growing at 7% per annum, BPI will benefit from jaws effect which will bring the cost to income ratio down to 45% by 2011.

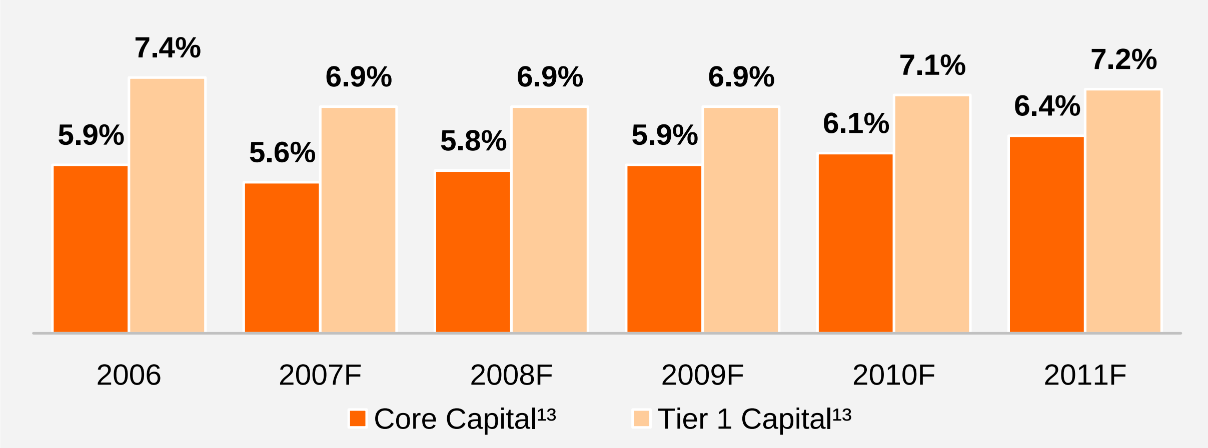
Figure 20: Cost to Income Ratio



Source: Business Plan 2007-11

- BPI expects to have a core capital of 6.4% in 2011 and a Tier 1 of 7.2%. The afore-mentioned calculation already assumes 50% of deductions registered in Tier 1 and 50% in Tier 2 (rather than fully reflected in total own funds), as per Basel II own funds calculation rules.

Figure 21: Capital Ratios



Source: Business Plan 2007-11.

- BPI expects to have excess core capital of 324 M.€ by year-end 2011, for a core capital ratio of 5.5%. Such excess capital could be used to either invest in profitable growth or for capital optimisation in the following ways:
  - Business growth;
  - Rationalisation of operating costs;
  - Increase dividends distributed to shareholders or share buybacks;
  - Acquisition opportunities.

Figure 22: Excess Capital

M.€	2006	2007F	2008F	2009F	2010F	2011F
Core Capital[14)]	1 261	1 355	1 543	1 759	2 049	2 385
Risk Weighted Assets	21 287	23 989	26 655	29 731	33 378	37 466
Excess Core Capital[15)]	91	35	77	124	213	324

Source: Business Plan 2007-11.

- The benefits of the redeployment of excess capital (324 M.€ by 2011) have not been factored into management's earnings projections, which conservatively assume that excess capital will only yield Euribor rate.

13) Including 50% of deductions as per Basel II rules.
14) Tier 1 excluding preference shares and reflecting 50% of deductions as per Basel II rules, from 2007 onwards.
15) Beyond a Core Tier 1 of 5.5%.

Conclusion

In conclusion, BPI's Board of Directors believes that BCP's revised offer is an attempt to buy BPI by significantly undervaluing it and is not in the best interest of BPI's Shareholders, Clients and Employees.

Therefore, the Board of Directors unanimously rejects BCP's cash offer and advises our Shareholders to do the same and not tender their shares.

Annex:
BPI Business Plan
2007-2011

Macroeconomic Forecasts - Portugal

Assumptions:

- Exports and investment are the main drivers of growth acceleration.
- The 2006 public deficit stood at 3.9% of GDP against forecasts of 4.6%, evidencing Government's clear commitment to fiscal discipline. In order to accelerate the attainment of a balanced fiscal position as in the Stability and Growth Plan 2006-2010, the executive announced an estimated 3.3% deficit for 2007 (previously 3.7%). Ongoing structural reforms ensure sustainability to the consolidation of public accounts. The improvement of the fiscal situation will remove an obstacle to further economic growth, fostering the confidence of economic agents.
- Fixed capital formation is recovering, namely in machinery and equipment, spilling over to other economic sectors and boosting the sentiment in the labor market.
- Exports growth should stay strong, propelling investment. Amiable external environment and ongoing change in the prevailing export pattern, regarding products and markets, by increasing international competitive edge, will contribute to a persistent improved performance of the external sector.
- Global economies remain buoyant, with growth more evenly distributed amongst the main economic blocks.

Table 1: Portugal – Macroeconomic forecasts

	2001	2002	2003	2004	2005	2006	2007F	2008F	2009F	2010F	2011F
Real GDP (annual)	2.0	0.8	(0.7)	1.3	0.5	1.3	1.8	2.4	3.0	3.0	3.0
Household Spending	1.3	1.3	(0.1)	2.5	2.2	1.1	1.3	2.0	2.3	2.4	2.4
Public Spending	3.3	2.6	0.2	2.5	2.3	(0.3)	(1.3)	(1.5)	(1.2)	(1.1)	(1.1)
Investment	1.2	(4.7)	(8.3)	2.1	(3.8)	(1.7)	1.9	4.0	6.8	7.0	7.0
Exports	1.8	1.5	3.9	4.4	1.1	8.8	7.2	6.8	7.0	7.2	7.2
Imports	0.9	(0.7)	(0.8)	6.6	1.9	4.3	3.7	4.3	5.4	6.1	6.1
Inflation Rate (average)	4.4	3.6	3.3	2.4	2.3	3.1	2.1	2.1	2.1	2.1	2.1
Euribor 3M (yearly average)	4.3	3.3	2.3	2.1	2.2	3.1	4.0	4.1	4.1	4.1	4.1
Bund 10y (yearly average)	5.2	5.0	4.2	4.2	3.4	3.9	4.3	4.6	4.8	4.8	4.8

Source: Bank of Portugal and INE for values registered in macroeconomic aggregates; Bloomberg for financial markets data. Macroeconomic forecasts are from the Ministry of Finance (Stability and Growth Plan 2006-2010 from Dec 2006) and interest rates forecasts from BPI.

Domestic Credit

Assumptions:

Credit to residents should keep expanding at a robust pace:

- **Households:** reduced spreads, increased maturities, new financial products and improved labor market prospects compensate the negative impact of interest rate rises on household budgets. Favorable evolution of second-home house market justify positive prospects for the mortgage credit market.
- **Private corporations:** credit to corporations should evolve favorably given the improvement seen in the investment scenario.

Table 2: Credit to Residents – Forecasts – March 2007

Gross Loans including Securitisation[1)]					
Annual Growth Rates					
			Households		
Year	Total	Non-financial Corporations	Total	Housing	Consumption and Other Purposes
2000	27.0%	26.6%	23.3%	23.8%	22.1%
2001	17.5%	18.2%	15.9%	16.6%	13.9%
2002	8.3%	7.8%	12.2%	15.2%	3.8%
2003	6.6%	6.4%	10.6%	14.3%	-1.0%
2004	6.0%	4.4%	10.7%	12.1%	5.8%
2005	5.7%	3.4%	9.8%	11.5%	3.3%
2006	9.0%	8.1%	10.0%	11.2%	4.9%
2007F	7.7%	6.0%	10.1%	11.0%	6.0%
2008F	7.7%	6.3%	10.0%	11.0%	5.5%
2009-2011F	7.8%	6.5%	9.9%	11.0%	5.0%

Source: Bank of Portugal (historical data), BPI (forecasts).

1) Excludes loans to public administration. Figures adjusted for securitisation.

Deposits

Assumptions:

Growth in deposits held in the domestic banking system should stabilize:

- **Sight Deposits:** pace of expansion close to nominal GDP; higher short-term interest rates increase its opportunity cost in favour of longer term applications.
- **Term Deposits:** its relative attractiveness should persist in the near term, though corporations cash levels should decrease.

Table 3: Deposits – Forecasts March 2007

Domestic Deposits and deposit-like instruments[2)]					
Average Annual Growth Rates					
		Residents' Deposits			Non-Residents Deposits
	Total	Sight Deposits	Term Deposits	Total	
2000	11.6%	11.3%	10.4%	10.7%	22.3%
2001	3.0%	3.0%	1.4%	2.0%	15.0%
2002	3.7%	6.7%	-2.6%	0.9%	30.3%
2003	-1.3%	0.9%	-0.1%	0.3%	-11.0%
2004	4.1%	1.9%	1.7%	1.8%	24.9%
2005	8.0%	8.0%	7.0%	7.4%	12.5%
2006	10.0%	2.9%	14.4%	9.7%	12.3%
2007F	9.8%	6.0%	12.0%	9.7%	11.0%
2008F	8.0%	3.0%	10.5%	7.6%	11.0%
2009-2011F	7.0%	2.5%	9.0%	6.5%	11.0%

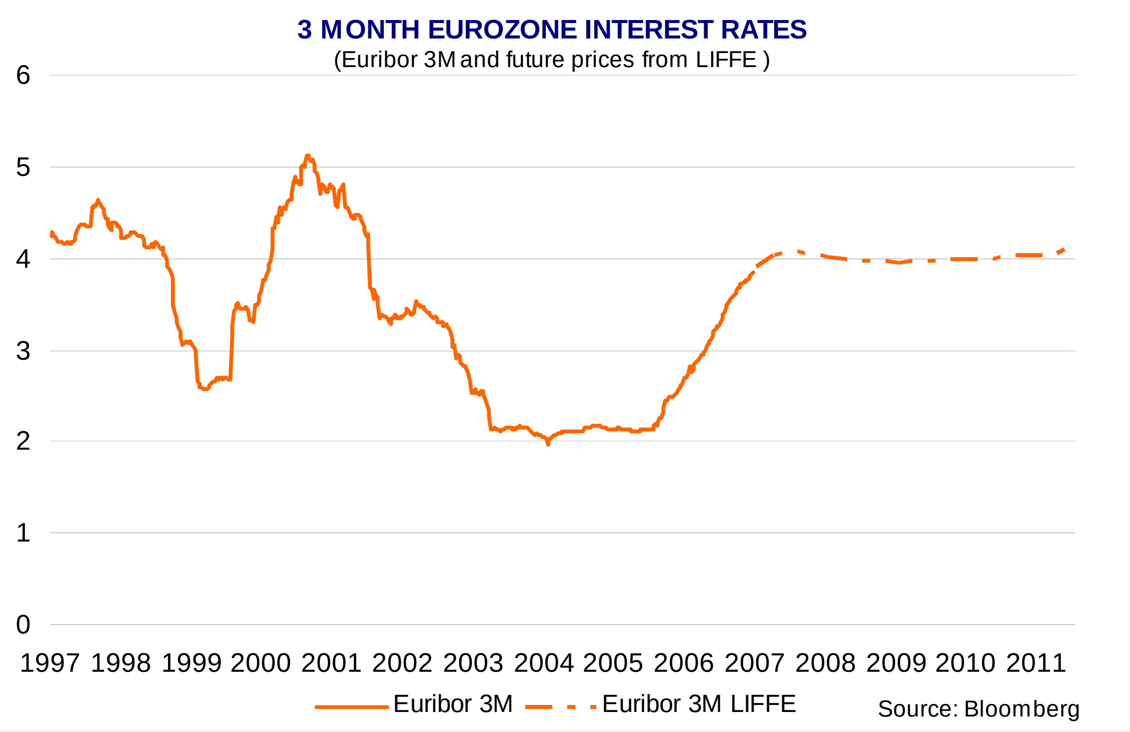
Source: Bank of Portugal (historical data), BPI (forecasts).

2) Considers all sectors; emigrants are considered residents; excludes all off-shore deposits apart from Açores and Madeira.

ECB policy built-in in market expectations

Expected ECB movements:

- June 2007: increase of 25 bp to 4%.
- Stable rates going forward.



Macroeconomic forecasts – Angola

- Angola's economy to continue to grow at a strong pace.
- Although the oil sector is the main responsible for Angolan growth, the contribution of remaining sectors has been increasing, showing annual growth above 10%. The intense effort in rebuilding infrastructures benefits the growth of the real economy.
- Angola enjoys a comfortable positive current account position, leading to a strong accumulation of reserves. The increase of reserves guarantees exchange rate stability, which facilitates the control of inflation and the decline of interest rates.

Table 4:

	2004	2005	2006 E	2007F	2008F	2009F	2010F	2011F
Real GDP	11.2%	20.6%	19.5%	31.2%	13.0%	11.0%	10.0%	10.0%
Nominal GDP (USD bn.)	19.3	33.0	40.2	56.0	68.4	81.2	95.6	112.5
Popullation (millions)		13.0	13.6	14.2	14.8	15.6	16.3	17.1
GDP per Capital (th.USD)		2.5	3.0	3.9	4.6	5.2	5.9	6.6
Oil production – thousand barrels/day	996	1 246	1 365	2 018	2 100	2 300	2 600	2 700
Oil price (USD/barrel)	42.9	56.8	69.1	66.7	64.1	60.9	57.5	54.3
Inflation rate (end of year)	31.0%	18.5%	12.2%	10.0%	8.0%	7.0%	7.0%	7.0%
AKZ interest rate (TBC 181 days) [3)]	60.5%	11.1%	7.4%	8.4%	8.3%	8.3%	8.3%	8.3%
AKZ interest rate (TBC 365 days) [1)]	-	-	9.5%	10.3%	10.0%	10.0%	10.0%	10.0%
Libor 3M USD (average)	1.6%	3.6%	5.2%	5.1%	5.0%	5.0%	5.0%	5.0%
Exchange rate AKZ/USD [1)]	85.7	80.8	80.3	80.0	80.0	80.0	80.0	80.0
Exchange rate AKZ/EUR [1)]	116.7	95.9	105.7	104.9	100.0	96.3	96.3	96.3
Exchange rate EUR/USD [1)]	1.36	1.19	1.32	1.31	1.25	1.20	1.20	1.20

Source: Angolan Finance Ministry; Angola Central Bank (BNA); Energy Information Administration (EIA); Bloomberg; World Bank; Angolan National Institute of Statistics (INE Angola); BPI.

3) End of year rates.

Angola's Banking System

- The favourable external position accounts for the existence of high internal liquidity and low interest rates, creating a favourable environment for investment and promoting the demand for credit.
- The improvement of the population welfare and the consolidation of the communications network extend the effective and potential customer base.
- The existing liquidity will continue to foster deposits growth.

Table 5:

	2005	2006 E	2007F	2008F	2009F	2010F	2011F
Banking penetration [4)]	5%	7%	9%	11%	13%	15%	17%
Population with bank account (millions)	0.7	1.0	1.3	1.6	2.0	2.4	2.9
Customer resources (USD bn)	5.4	8.8	12.3	15.8	19.3	23.3	28.1
Loans to Customers (USD bn)	1.8	3.5	5.3	7.7	10.2	13.1	16.9
Loans/Resources	33%	40%	43%	49%	53%	56%	60%
Customer resources/GDP [5)]	16%	22%	22%	23%	24%	24%	25%
Loans to customers/GDP [6)]	5%	9%	9%	11%	12%	14%	15%
Resources/Population with bank account	8.0	8.8	9.5	9.9	9.6	9.7	9.7
Loans/Population with bank account	2.6	3.5	4.1	4.8	5.1	5.5	5.8

Source: Angolan Finance Ministry; BNA; EIA; Bloomberg; World Bank; INE Angola; BPI

4) Versus 39% in Venezuela, 25% in Brazil, 28% in Argentina and 30% in South Africa.
5) Versus 25% in Nigeria, 24% in Venezuela, 35% in Brazil, 38% in Argentina and 72% in South Africa.
6) Versus 12% in Nigeria, 17% in Venezuela, 22% in Brazil, 15% in Argentina and 58% in South Africa.

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Macroeconomic Scenario

Table 6: Macroeconomic Scenario

	2005	2006	2007F	2008F	2009F	2010F	2011F
PORTUGAL							
GDP (real)	0.5%	1.3%	1.8%	2.4%	3.0%	3.0%	3.0%
Inflation [1)]	2.3%	3.1%	2.1%	2.1%	2.1%	2.1%	2.1%
Short Term Interest Rate[7)]	2.2%	3.1%	4.0%	4.1%	4.1%	4.1%	4.1%
10Y Interest Rate[1)]	3.4%	3.9%	4.3%	4.6%	4.8%	4.8%	4.8%
30Y Interest Rate[1)]	3.9%	4.0%	4.4%	4.7%	4.9%	4.9%	4.9%
Discount rate for Pension Liabilities	4.50%	4.75%	5.15%	5.45%	5.65%	5.65%	5.65%
Tax rate	27.5%	27.5%	26.5%	26.5%	26.5%	26.5%	26.5%
Loans	5.7%	9.0%	7.7%	7.7%	7.8%	7.8%	7.8%
o.w. Mortgages	11.5%	11.2%	11.0%	11.0%	11.0%	11.0%	11.0%
Deposits	8.0%	10.0%	9.8%	8.0%	7.0%	7.0%	7.0%
ANGOLA							
GDP (real)	20.6%	19.5%	31.2%	13.0%	11.0%	10.0%	10.0%
Inflation (year-end)	18.5%	12.2%	10.0%	8.0%	7.0%	7.0%	7.0%
Short Term Interest Rate AKZ (181 days)	11.1%	7.4%	8.4%	8.3%	8.3%	8.3%	8.3%
Short term Interest Rate (USD)[1]	3.6%	5.2%	5.1%	5.0%	5.0%	5.0%	5.0%
Tax Rate	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%
Oil Price (USD/barrel) (avg.)	56.8	69.1	66.7	64.1	60.9	57.5	54.3
Foreign Exchange Rate Eur/USD	1.2	1.3	1.3	1.3	1.2	1.2	1.2
Foreign Exchange Rate AKZ/USD	80.8	80.3	80.0	80.0	80.0	80.0	80.0
Foreign Exchange Rate AKZ/Eur	95.9	105.7	104.9	100.0	96.3	96.3	96.3

Source: Portugal - Bank of Portugal and INE for observed data and Ministry of Finance projections (as in Stability and Growth Programme 2006-2010, updated as of Dec 06), interest rates forecasts from BPI; Bloomberg
Angola – Ministry of Finance; BNA; International Monetary Fund; EIA; BPI forecasts

7) Average annual rates.

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Highlights

Table 7: Highlights

€m	*2001*	2005	2006	2007F	2008F	2009F	2010F	2011F	CAGR 06-11	*CAGR 01-06*
Net Profit[1)]	*133*	251	309	363	418	488	570	666		
Change			23%	17%	15%	17%	17%	17%	16.6%	*18.3%*
Net profit before preferred dividends	*151*	262	322	377	385	502	584	681	16.2%	*16.4%*
Shareholders Equity	*909*	1 181	1 451	1 693	1 932	2 261	2 620	3 035		
ROE	*15%*	23%	23%	23%	23%	23%	23%	24%		
Net Operating Revenue / ATA	*3.3%*	3.2%	3.1%	3.0%	3.0%	3.0%	3.1%	3.1%		
Cost-to-Income[1)]	*66%*	58%	57%	56%	53%	50%	47%	45%		
Pay-Out	*44%*	36%	39%	40%	47%	43%	44%	45%		
Core Capital[2)]	*4.3%*	5.9%	5.9%	5.6%	5.8%	5.9%	6.1%	6.4%		
Tier 1[2)]	*5.9%*	7.3%	7.4%	6.9%	6.9%	6.9%	7.1%	7.2%		
Domestic Activity										
Net Operating Revenue / ATA	*3.1%*	2.9%	2.8%	2.7%	2.6%	2.6%	2.6%	2.6%		
Cost-to-Income[1)]	*68%*	63%	61%	59%	57%	54%	51%	48%		
Net Income[1)]	*104*	180	241	292	323	367	429	499		
Change			34%	21%	11%	13%	17%	16%	15.6%	*18.4%*
International Activity										
Net Operating Revenue/ ATA	*11%*	12%	9%	9%	8%	8%	7%	7%		
Cost-to-Income[1)]	*26%*	24%	32%	39%	38%	37%	36%	35%		
Net Profit[1)]	*30*	72	67	71	94	121	140	167		
Change			-6%	5%	33%	28%	16%	19%	20.0%	*17.7%*

Source: Management projections.

1) Excluding early retirements.
2) Considering 50% of deductions to Tier 1 from 2007 onwards.

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Profit and Loss

Table 8: Profit and Loss

€m	2005	2006	%	2007F	%	2008F	%	2009F	%	2010F	%	2011F	%
Net interest income	**512**	**541**	**6%**	**618**	**14%**	**693**	**12%**	**769**	**11%**	**874**	**14%**	**998**	**14%**
Gross margin from unit links	3	8	137%	10	30%	11	17%	13	13%	15	12%	16	12%
Income from equity instruments	18	15	-17%	17	19%	19	9%	21	9%	23	9%	25	9%
Commissions (net) related to amortised cost	14	18	32%	21	15%	24	12%	26	11%	29	11%	32	11%
Net financial margin	**546**	**581**	**6%**	**666**	**15%**	**747**	**12%**	**829**	**11%**	**940**	**13%**	**1 072**	**14%**
Technical result from insurance contracts	12	3	-73%	14	335%	15	2%	15	2%	15	2%	15	2%
Commissions (net)	271	302	11%	340	13%	384	13%	431	12%	479	11%	531	11%
Income on financial operations (net)	75	124	65%	134	8%	152	13%	168	11%	187	11%	204	9%
Operational gains and losses	-6	8	-228%	-1	-118%	-1	2%	- 1	2%	- 1	2%	- 2	2%
Net operating revenue	**899**	**1,018**	**13%**	**1,154**	**13%**	**1,296**	**12%**	**1 441**	**11%**	**1 620**	**12%**	**1 820**	**12%**
Staff costs	-302	-339	12%	-374	10%	-396	6%	- 410	4%	- 439	7%	- 471	7%
Early retirements	-1					-64							
Other administrative expenses	-177	-198	12%	-220	11%	-240	10%	- 256	6%	- 272	7%	- 289	6%
Depreciation and amortisation	-39	-39	-1%	-47	21%	-56	18%	- 59	5%	- 57	-2%	- 59	3%
General expenses	**-519**	**-576**	**11%**	**-640**	**11%**	**-756**	**18%**	**- 724**	**-4%**	**- 769**	**6%**	**- 819**	**7%**
Operational income	**379**	**442**	**16%**	**513**	**16%**	**541**	**5%**	**717**	**33%**	**852**	**19%**	**1,001**	**18%**
Recovery of credits, interest and expenses	18	21	19%	23	10%	25	10%	28	10%	31	10%	34	10%
Provisions and impairment of loans (net)	-65	-56	-13%	-65	16%	-90	38%	- 112	24%	- 132	18%	- 155	17%
Impairment and other provisions (net)	-36	-6	-83%	-5	-11%	-5	2%	- 7	24%	- 8	18%	- 9	10%
Profit before taxes	**297**	**400**	**35%**	**466**	**16%**	**471**	**1%**	**626**	**33%**	**742**	**19%**	**870**	**17%**
Income tax	-60	-100	68%	-114	14%	-114	0%	- 157	37%	- 196	25%	- 233	19%
Income from equity accounted subsidiaries	25	22	-11%	26	16%	29	14%	33	14%	38	14%	44	14%
Minority interests	-11	-13	22%	-14	9%	-15	2%	- 15	0%	- 15	0%	- 15	0%
Net profit	**251**	**309**	**23%**	**363**	**17%**	**371**	**2%**	**488**	**32%**	**570**	**17%**	**666**	**17%**
Net profit excluding preference sh. dividends	**262**	**322**	**23%**	**377**	**17%**	**385**	**2%**	**502**	**30%**	**584**	**16%**	**681**	**17%**
Net profit excluding early retirements	**251**	**309**	**23%**	**363**	**17%**	**418**	**15%**	**488**	**17%**	**570**	**17%**	**666**	**17%**
EPS (recurring)	**0.33**	**0.41**	**23%**	**0.48**	**17%**	**0.55**	**15%**	**0.64**	**17%**	**0.75**	**17%**	**0.88**	**17%**
Dividends (euros per share)	0.12	0.16	33%	0.19	20%	0.23	20%	0.28	20%	0.33	20%	0.40	20%
Dividends (total)	91	122		146		175		210		252		303	
Payout	36%	39%		40%		47%		43%		44%		45%	

Source: Management projections.

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Balance Sheet

Table 9: Balance Sheet

€m	2005	2006	%	2007F	%	2008F	%	2009F	%	2010F	%	2011F	%
ASSETS													
Cash and deposits	956	929	-3%	1 019	10%	1 184	16%	1 350	14%	1 522	13%	1 710	12%
Financial assets held for trading	4 185	4 345	4%	4 750	9%	5 158	9%	5 517	7%	5 947	8%	6 360	7%
Financial assets available for sale	1 572	3 065	95%	3 690	20%	3 961	7%	4 251	7%	4 557	7%	4 898	7%
Loans and advances to credit institutions	919	907	-1%	907	0%	966	7%	1 057	9%	1 054	0%	984	-7%
Loans and advances to customers	20 963	24 630	17%	28 449	16%	32 063	13%	36 057	12%	40 441	12%	45 380	12%
Hedging derivatives	339	408	20%	428	5%	450	5%	472	5%	496	5%	521	5%
Other tangible assets	275	289	5%	351	22%	365	4%	394	8%	415	5%	425	2%
Intangible assets	6	8	42%	13	62%	13	-7%	11	-12%	10	-7%	10	2%
Investments in associated companies	133	142	7%	152	7%	165	9%	180	9%	198	10%	217	10%
Tax assets	214	133	-38%	101	-24%	95	-5%	76	-21%	64	-15%	54	-16%
Other assets	597	709	19%	710	0%	721	1%	739	3%	764	3%	789	3%
TOTAL ASSETS	**30 159**	**35 566**	**18%**	**40 572**	**14%**	**45 140**	**11%**	**50 103**	**11%**	**55 468**	**11%**	**61 350**	**11%**
LIABILITIES													
Financial liabilities held for trading	315	202	-36%	212	5%	222	5%	234	5%	245	5%	258	5%
Resources from banks	2 577	3 961	54%	5 222	32%	4 996	-4%	5 160	3%	5 929	15%	6 365	7%
Customer resources and other debts	14 028	16 236	16%	18 800	16%	21 467	14%	24 117	12%	26 944	12%	30 072	12%
Debt securities	5 075	5 465	8%	5 039	-8%	5 703	13%	6 618	16%	7 800	18%	9 500	22%
Financial liabilities from securitized loans	2 000	3 368	68%	4 594	36%	5 539	21%	6 307	14%	6 289	0%	6 341	1%
Hedging derivatives	388	481	24%	505	5%	530	5%	557	5%	585	5%	614	5%
Provisions	51	55	9%	64	16%	71	11%	79	11%	87	10%	96	10%
Technical provisions	2 926	2 811	-4%	2 870	2%	2 930	2%	2 992	2%	3 055	2%	3 119	2%
Tax liabilities	70	85	23%	95	12%	104	9%	116	12%	134	15%	149	11%
Participating bonds	26	27	2%	27	0%	27	0%	27	0%	27	0%	27	0%
Subordinated debt	653	589	-10%	614	4%	764	24%	764	0%	864	13%	864	0%
Other liabilities	560	558	0%	560	0%	577	3%	594	3%	613	3%	632	3%
TOTAL LIABILITIES	**28 671**	**33 838**	**18%**	**38 602**	**14%**	**42 930**	**11%**	**47 565**	**11%**	**52 570**	**11%**	**58 038**	**10%**
SHAREHOLDERS EQUITY													
Shareholders Equity Attributable to BPI	1 181	1 451	23%	1 693	17%	1 932	14%	2 261	17%	2 620	16%	3 035	16%
Minority interests	306	277	-10%	277	0%	277	0%	277	0%	277	0%	277	0%
TOTAL SHAREHOLDERS EQUITY	**1 488**	**1 728**	**16%**	**1 970**	**14%**	**2 209**	**12%**	**2 538**	**15%**	**2 897**	**14%**	**3 312**	**14%**
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	**30 159**	**35 566**	**18%**	**40 572**	**14%**	**45 140**	**11%**	**50 103**	**11%**	**55 468**	**11%**	**61 350**	**11%**

Source: Management projections.

Capital ratio

- From the 1H07 onwards, Banco BPI will adopt the Standard methodology for calculation of own funds requirements, within the Basel II framework.
- We estimate that the reduction of risk weighted assets in mortgages and small businesses should be approximately offset by the introduction of operational risk requirements.
- In the calculation of own funds under Basel II, deductions will be reflected 50% in Tier 1 and 50% in Tier 2, rather than fully reflected in total own funds.

Table 10:

Capital ratio	2006
Core capital	1 261
Preferred stock	307
Tier 1	**1 568**
Additional own funds	692
Deductions	-249
Total own funds	**2 011**
RWA	**21 287**

Source: BPI

2006	Reported	With 50% deductions to Tier I
Core capital	5.9%	5.3%
Tier 1	7.4%	6.8%
Total capital ratio	9.4%	9.4%

Source: BPI

- The bank will start using IRB (Internal Ratings Based) methodology from 2011 onwards.

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Excess Capital

- The excess capital for a core capital ratio of 5.5% and considering 50% of deductions in core capital will be of €324m in 2011.

Table 11: Excess Capital

€m	2005	2006	2007F	2008F	2009F	2010F	2011F
Risk Weighted Assets	18 130	21 287	23 989	26 655	29 731	33 378	37 466
Core Capital before deductions	1 069	1 261	1 472	1 658	1 878	2 173	2 513
Core Capital after 50% deductions	1 042	1 137	1 355	1 543	1 759	2 049	2 385
Capital for a 5.5% Core Capital ratio	997	1 171	1 319	1 466	1 635	1 836	2 061
Excess Core Capital before deductions	72	91	153	192	243	337	453
Excess Core Capital[1)]			35	77	124	213	324
Core capital	5.9%	5.9%	5.6%	5.8%	5.9%	6.1%	6.4%
Tier 1	7.3%	7.4%	6.9%	6.9%	6.9%	7.1%	7.2%
Total capital ratio	11.5%	9.4%	9.5%	9.8%	9.4%	9.5%	9.3%

Source: Management projections.
1) After 50% deductions from 2007 onwards.

- This excess capital can be used for profitable growth or for capital optimisation, providing further EPS enhancement. In these projections, this excess capital is conservatively assumed to yield short term Euribor.

Note: In the Business Plan 2006-10, the excess capital was calculated relative to a core capital ratio of 5.0%, equivalent to the target presented by BCP in the Presentation to Investors regarding the Offer, on the 13th of March 2006. After considering 50% of deductions, the excess capital for a core capital of 5.0% is of Eur511mn in the Business Plan 2007-11.

Domestic Activity

Main assumptions – Loans and customer resources

- We have assumed an average 2006-2011 annual growth rate of 11.3% for Customer Loans (mortgage lending with CAGR06-11 of 9.2%) and of 9.5% for Customer Resources

Table 12: Balance Sheet Items

€m	2005	2006	%	2007F	%	2008F	%	2009F	%	2010F	%	2011F	%
Loans to customers	**20 544**	**24 006**	**17%**	**27 369**	**14%**	**30 307**	**11%**	**33 563**	**11%**	**37 131**	**11%**	**41 051**	**11%**
Mortgages	8 967	9 732	9%	10 627	9%	11 637	10%	12 740	9%	13 903	9%	15 136	9%
Corporates	8 076	10 403	29%	12 484	20%	13 982	12%	15 659	12%	17 539	12%	19 643	12%
Small businesses	1 951	2 193	12%	2 456	12%	2 751	12%	3 081	12%	3 451	12%	3 865	12%
Other	1 550	1 678	8%	1 802	7%	1 937	8%	2 083	8%	2 239	8%	2 407	8%
Customer resources	**23 850**	**26 681**	**12%**	**29 579**	**11%**	**32 473**	**10%**	**35 350**	**9%**	**38 503**	**9%**	**41 928**	**9%**
On balance sheet	15 690	18 289	17%	20 264	11%	22 226	10%	24 130	9%	26 217	9%	28 474	9%
Demand deposits	4 349	4 704	8%	5 080	8%	5 487	8%	5 871	7%	6 282	7%	6 690	7%
Term deposits	6 359	8 275	30%	9 433	14%	10 565	12%	11 674	11%	12 900	11%	14 254	11%
Capitalisation insurance	3 554	3 919	10%	4 200	7%	4 459	6%	4 704	5%	4 973	6%	5 267	6%
Structured prod. and bonds	1 349	1 331	-1%	1 491	12%	1 655	11%	1 820	10%	2 002	10%	2 202	10%
Preferred stock	79	60	-24%	60	0%	60	0%	60	0%	60	0%	60	0%
Off-balance sheet	8 160	8 392	3%	9 315	11%	10 247	10%	11 220	10%	12 286	10%	13 454	10%

1) Not including deposits from pensions funds (€625m in 2005 and €213m in 2006).
Source: Management projections.

Domestic Activity

Main assumptions – Volume Growth

- Between 2006 and 2011 loans to customers increase €17.0bn and customer resources increase €15.2bn.

Table 13: Volume Growth

€m	2006	%	2007F	%	2008F	%	2009F	%	2010F	%	2011F	%	CAGR 06/11
Loans to customers	**3 462**	**17%**	**3 363**	**14%**	**2 938**	**11%**	**3 256**	**11%**	**3 568**	**11%**	**3 920**	**11%**	**11%**
Mortgages	765	9%	895	9%	1 010	10%	1 103	9%	1 163	9%	1 234	9%	9%
Corporates	2 327	29%	2 081	20%	1 498	12%	1 678	12%	1 879	12%	2 105	12%	14%
Small businesses	243	12%	263	12%	295	12%	330	12%	370	12%	414	12%	12%
Other	128	8%	124	7%	135	8%	145	8%	156	8%	168	8%	7%
Customer resources	**2 831**	**12%**	**2 898**	**11%**	**2 894**	**10%**	**2 877**	**9%**	**3 153**	**9%**	**3 425**	**9%**	**9%**
On balance sheet	2 599	17%	1 975	11%	1 962	10%	1 904	9%	2 087	9%	2 257	9%	9%
Off-balance sheet	232	3%	923	11%	932	10%	973	10%	1 066	10%	1 167	10%	10%

Source: Management projections.

Domestic Activity

Other Balance Sheet assumptions - Assets

- Assets held for trading and available for sale
  - BPI Vida's portfolio: growth linked to the evolution of capitalisation insurance products;
  - Corporate bonds: €2.1bn in 2007; 5.5% of total assets in 2008-11 (CAGR06-11 of 12%);
  - 5% annual growth in the remaining financial assets (trading)

Table 14:

€m	2005	2006	2007F	2008F	2009F	2010F	2011F	CAGR 06-11
Assets held for trading	**3 906**	**4 048**	**4 325**	**4 585**	**4 834**	**5 104**	**5 400**	**6%**
BPI Vida	**3 310**	**3 447**	**3 694**	**3 922**	**4 138**	**4 374**	**4 633**	**6%**
BBPI + other	**596**	**601**	**631**	**663**	**696**	**731**	**767**	**5%**
Bonds	347	164	173	181	190	200	210	5%
Equities	114	265	279	293	307	323	339	5%
Derivatives	134	171	180	189	198	208	219	5%
Assets available for sale	**1 500**	**2 957**	**3 399**	**3 614**	**3 847**	**4 100**	**4 376**	**12%**
o.w. corporate bonds	342	1 674	2 096	2 291	2 503	2 737	2 993	12%

Source: Management projections.

Domestic Activity

Other Balance Sheet assumptions – liabilities

Medium/long-term financing:

- Securitisation: +€1,500m/year of mortgage lending in 2007-09 (-€645m RWA/year) and €750m/year in 2010-11; redemptions according to existing program.

Table 15:

	2005	2006	Var.	2007F	Var.	2008F	Var.	2009F	Var.	2010F	Var.	2011F	Var.
Fin. liabilities from securitized loans	2 000	3 368	1 368	4 594	1 226	5 539	945	6 307	768	6 289	-19	6 341	53
Mortgages	1 500	2 857	1 357	4 078	1 221	5 175	1 097	6 148	973	6 263	115	6 315	53
SM Companies	497	497	0	497	0	341	-156	133	-208	0	-133	0	0
Interest and charges	3	14	11	19	5	23	4	26	3	26	0	26	0

Source: Management projections.

- Senior debt: €586m redemption in 2007; Total net issues of €3,750m between 2008 and 2011

Table 16:

	2005	2006	Var.	2007F	Var.	2008F	Var.	2009F	Var.	2010F	Var.	2011F	Var.
Debt securities placed with Banks	3 726	4 134	408	3 548	- 586	4 048	500	4 798	750	5 798	1 000	7 298	1 500

Source: Management projections.

- Subordinated debt: Issues net of redemptions of €25m in 2007, €150m in 2008 and €100m in 2010.
- Preference shares: stable at €277m in 2007-2011.

Domestic Activity

Main assumptions – Net Interest Margin and Insurance

- Net interest margin is based on the following average spreads[1)]:

Table 17: Average Spreads

	2005	2006	2007F	2008F	2009F	2010F	2011F
Loans and advances to customers	1.65%	1.38%	1.23%	1.12%	1.06%	1.04%	1.04%
Mortgages	1.14%	0.95%	0.82%	0.72%	0.65%	0.60%	0.60%
Other[2)]	2.05%	1.69%	1.49%	1.37%	1.31%	1.30%	1.29%
Customer resources							
Demand deposits	1.80%	2.45%	2.86%	2.90%	2.90%	2.90%	2.90%
Term deposits	0.34%	0.50%	0.45%	0.40%	0.34%	0.34%	0.34%
Debt securities - Clients	0.70%	0.66%	0.66%	0.66%	0.66%	0.66%	0.66%
Debt securities - Banks	-0.15%	-0.15%	-0.15%	-0.15%	-0.15%	-0.14%	-0.14%
Financial liabilities from securitized loan	-0.12%	-0.18%	-0.17%	-0.17%	-0.17%	-0.17%	-0.17%
Subordinated debt	-0.40%	-0.45%	-0.45%	-0.45%	-0.45%	-0.45%	-0.45%
Preference shares (minorities)	-1.32%	-1.15%	-1.15%	-1.15%	-1.15%	-1.15%	-1.15%
Margin from unit links	0.75%	0.87%	0.80%	0.80%	0.80%	0.80%	0.80%
Margin from capitalization insurance	0.54%	0.11%	0.50%	0.50%	0.50%	0.50%	0.50%

Source: Management projections.

1) Average spreads for the entire portfolio, in relation to short term interest rate.

2) We have assumed a 29 basis points spread decrease in corporate lending and of 40 basis points in small businesses, between 2006 and 2009.

- Commissions related to amortised cost: 0.08% of customer loans (2006/2011)

Domestic Activity

Other operating income

- Dividends
  - BCP: received in 2007 = €0.0887/share; 10% annual growth in the following years;
  - Other companies: 2007 according to budget; 5% annual growth in the following years;

Table 18:

	2005	2006	%	2007F	%	2008F	%	2009F	%	2010F	%	2011F	%
Dividends	**18**	**15**	**-17%**	**17**	**19%**	**19**	**9%**	**21**	**9%**	**23**	**9%**	**25**	**9%**
BCP	8	11	0%	14	10%	16	10%	17	10%	19	10%	21	10%
Other	10	3	0%	3	-5%	3	5%	4	5%	4	5%	4	5%

Source: Management projections.

- Commissions: CAGR 06-11 of 11%, on the basis of the following assumptions:

Table 19:

	2005	2006	%	2007F	%	2008F	%	2009F	%	2010F	%	2011F	%
Commissions	**246**	**269**	**10%**	**300**	**12%**	**334**	**11%**	**367**	**10%**	**403**	**10%**	**442**	**10%**
Commercial banking	225	236	5%	262	11%	290	11%	318	10%	347	9%	379	9%
Investment banking	21	33	57%	38	16%	43	14%	49	14%	56	14%	63	14%

Source: Management projections.

  - Growth in credit related fees in line with the evolution of loans to corporates;
  - Average growth of asset management products of 10%/year;
  - Average growth of 13% in insurance-related commissions;
  - Growth of investment banking and project finance commissions resulting from capital markets operations, privatisations and investment projects.

Domestic Activity

Other operating income (cont.')

- Profits on financial operations:

Table 20:

	2005	2006	%	2007F	%	2008F	%	2009F	%	2010F	%	2011F	%
Profits on Financial oper. (net)	**48**	**101**	**109%**	**103**	**2%**	**113**	**10%**	**119**	**6%**	**128**	**7%**	**132**	**4%**
Trading	29	46	62%	49	5%	51	5%	53	5%	56	5%	59	5%
Available for sale	25	40	59%	20	-50%	20	0%	20	0%	20	0%	20	0%
Financial results from pension	-6	14	ns	34	140%	42	22%	46	10%	51	13%	53	3%
(Trading + AFS)/NOR	7%	10%		7%		7%		7%		6%		6%	

Source: Management projections

- Trading: average annual growth of 5%
- Available for sale: €20m / year

  The fair value reserve was kept unchanged at 31st Dec. 2006 level (€126mn).

  BCP's annual share price appreciation implied in the Business Plan 2007-11 is of about 4%. However, IBES currently foresees an EPS annual growth of 13% in 2007, 11% in 2008 and 8% in 2009, whilst BCP targets an EPS annual growth above 20% for the period 2005-08.

  Taking IBES EPS growth estimates until 2009 and assuming 10% for 2010 and 2011 and assuming the maintenance of BCP's current PE07 (11.9x as of 11/4/07, the lowest among Iberian peers), BPI Group's fair value reserve would increase by €139mn (after taxes).
- Financial results from pensions: reflect the 1.0% difference between the expected fund return and the discount rate and the excess funding of the pension fund.

Table 21:

	2006	2007F	2008F	2009F	2010F	2011F
Discount rate[1)]	4.75%	5.15%	5.45%	5.65%	5.65%	5.65%
Expected fund return	5.25%	5.75%	6.15%	6.45%	6.65%	6.65%
Pension liabilities (year-end)	2 253	2 153	2 139	2 091	2 104	2 116
Fund value (year-end)	2 492	2 516	2 549	2 582	2 620	2 657
Excess funding	240	363	410	491	516	541
Expected fund return	117	140	151	160	167	170
Interest cost	103	106	109	115	116	117
Financial results with pensions	**14**	**34**	**42**	**46**	**51**	**53**

1) Rates implied in year-end pension liabilities, thus impacting following year's costs
Source: Management projections

Domestic Activity

Staff costs

- Staff and distribution network:
  - 405 net entries in 2007, mainly related to the branch expansion programme
  - 300 early retirements in 2008, corresponding to a total cost of €64m

Table 22: Staff and Distribution Network

	2005	2006	%	2007F	%	2008F	%	2009F	%	2010F	%	2011F	%
N. Employees	6 736	6 966	3.4%	7 371	5.8%	7 071	-4.1%	7 071	0.0%	7 071	0.0%	7 071	0.0%
N. of retail branches	568	612		700		700		700		700		700	
Branches	534	574		654									
Mortgage shops	16	19		19									
Investment Centres	18	19		27									

Source: Management projections

- The staff cost estimate assumes:
  - Salaries: 2007 updated with Feb-2007Figures and adjusted for the expected evolution of the number of employees; annual growth 1.5% above inflation from 2008 onwards;
  - Bonus: 10% annual growth in the amount attributed;
  - Pensions: the evolution reflects changes in actuarial assumptions and the changes in the number of employees.

Table 23: Staff Costs

	2005	2006	%	2007F	%	2008F	%	2009F	%	2010F	%	2011F	%
Salaries	226	238	6%	262	10%	269	3%	271	1%	281	4%	291	4%
Bonus	40	50	24%	50	0%	57	14%	64	11%	70	11%	78	10%
Pension costs	22	31	38%	30	-3%	29	-6%	24	-15%	24	-3%	25	6%
Annual service cost	21	30	41%	30	2%	28	-6%	24	-15%	23	-3%	25	6%
Amortization of outside corridor		1											
Other pension costs	1	0											
	288	**319**	**11%**	**343**	**7%**	**355**	**4%**	**359**	**1%**	**375**	**4%**	**394**	**5%**

Source: Management projections

Domestic activity

Main assumptions – Pension liabilities

- Actuarial assumptions
  - Discount rate: updated according to long-term interest rates (+75 basis points);
  - The increase in the discount rate implies:
    - an €222m decrease in pension liabilities between 2007 and 2011 (actuarial deviations);
    - a decrease in the annual service cost;
    - increase of the excess funding (€541m in 2011);
    - increase in the corridor available to accommodate for unfavourable deviations (from €208m in 2006 to €447m in 2011).

Table 24:

	2005	2006	2007F	2008F	2009F	2010F	2011F
Discount rate[1)]	4.50%	4.75%	5.15%	5.45%	5.65%	5.65%	5.65%
Salary growth[1)]	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%
Pension growth[1)]	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Expected fund return	5.25%	5.25%	5.75%	6.15%	6.45%	6.65%	6.65%
Pension liabilities	2 293	2 253	2 153	2 139	2 091	2 104	2 116
Pension fund	2 273	2 492	2 516	2 549	2 582	2 620	2 657
Excess coverage	-20	240	363	410	491	516	541
% coverage	99%	111%	117%	119%	123%	125%	126%
Actual deviations in the year	233	-253	-123	-37	-63		
Corridor (amount used)	230	41	-81	-118	-181	-181	-181
Amount outside the corridor	66						
Available corridor	0	208	333	373	439	443	447

1) Rates implied in year-end pension liabilities, thus impacting following year's costs
Source: Management projections

Domestic Activity

Administrative expenses and depreciation

- Administrative expenses:
  - Buildings and equipment: 2007/08 figures reflect the branch openings; growth in line with inflation in the following years;
  - Advertising, studies and consulting: 2007 according to budget; growth in line with inflation in the following years;
  - Other: 10% growth in 2007 excluding new branches. From 2008 onwards, growth at inflation rate plus estimated IT charges.

Table 25:

	2005	2006	%	2007F	%	2008F	%	2009F	%	2010F	%	2011F	%
Administrative expenses	**166**	**177**	**7%**	**188**	**6%**	**200**	**6%**	**205**	**3%**	**211**	**3%**	**216**	**3%**
Buildings and equipment	39	41	4%	46	12%	49	5%	50	2%	51	2%	52	2%
Advertising	22	28	28%	22	-21%	22	2%	23	2%	23	2%	24	2%
Studies, consultancy and auditing	3	5	49%	4	-22%	4	2%	4	2%	4	2%	4	2%
Other	101	103	2%	116	13%	125	7%	129	3%	132	3%	136	3%

Note: Does not include the majority of the costs related with the bid.
Source: Management projections.

- Depreciation:
  - Growth at inflation rate, plus the estimated impact of branch openings.

BPI

Domestic Activity

Other P/L items - Assumptions

- **Recovery of loans written-off:** 10% annual growth
- **Loan impairments** (as a % of average loan book): 0.20% in 2007, 0.23% in 2008 and 0.25% in the following years
- **Other impairments and provisions:** €1.3m provision/year for frauds and legal processes (average of the last 5 years)
- **Income taxes**: 26.5% tax rate on profit before taxes excluding
  - tax-exempt dividends;
  - €15m of profits from off-shores in 2007; growth in line with business evolution in the following years
  - minorities (preference shares)
- **Profits of equity accounted subsidiaries** (Allianz Portugal, Viacer and other):
  - 2007: companies' budgets;
  - 2008-2011: average growth in line with domestic activity profit

Domestic Activity

Profit and Loss

Table 26: Domestic Activity Profit and Loss

€m	2005	2006	%	2007F	%	2008F	%	2009F	%	2010F	%	2011F	%
Net interest income	**440**	**454**	**3%**	**502**	**11%**	**532**	**6%**	**562**	**6%**	**615**	**10%**	**681**	**11%**
Gross margin from unit links	3	8	137%	10	30%	11	17%	13	13%	15	12%	16	12%
Income from equity instruments	18	15	-17%	17	19%	19	9%	21	9%	23	9%	25	9%
Commissions (net) related to amortised cost	14	18	32%	21	15%	24	12%	26	11%	29	11%	32	11%
Net financial margin	**475**	**495**	**4%**	**551**	**11%**	**586**	**6%**	**622**	**6%**	**682**	**10%**	**754**	**11%**
Technical result from insurance contracts	12	3	-73%	14	335%	15	2%	15	2%	15	2%	15	2%
Commissions (net)	246	269	10%	300	12%	334	11%	367	10%	403	10%	442	10%
Income on financial operations (net)	48	101	109%	103	2%	113	10%	119	6%	128	7%	132	4%
Operational gains and losses	-5	8	-240%	-1	2%	-1	2%	-1	2%	-1	2%	-2	2%
Net operating revenue	**776**	**875**	**13%**	**967**	**10%**	**1 046**	**8%**	**1 121**	**7%**	**1 226**	**9%**	**1 342**	**9%**
Staff costs	-288	-319	11%	-343	7%	-355	4%	-359	1%	-375	4%	-394	5%
Early retirements	-1	0	-124%	0	-100%	-64	0%	0	-100%	0	0%	0	0%
Other administrative expenses	-166	-177	7%	-188	6%	-200	6%	-205	3%	-211	3%	-216	3%
Depreciation and amortisation	-35	-34	-3%	-37	10%	-42	12%	-43	3%	-42	-3%	-41	-2%
General expenses	**-489**	**-530**	**8%**	**-568**	**7%**	**-660**	**16%**	**-607**	**-8%**	**-627**	**3%**	**-651**	**4%**
Operating income	**286**	**345**	**21%**	**399**	**15%**	**385**	**-3%**	**515**	**34%**	**599**	**16%**	**692**	**15%**
Recovery of credits, interest and expenses	18	21	19%	23	10%	25	10%	28	10%	31	10%	34	10%
Provisions and impairment of loans (net)	-54	-38	-29%	-50	30%	-65	30%	-80	23%	-88	11%	-98	11%
Impairment and other provisions (net)	-33	-5	-84%	-1	-76%	-1	0%	-1	0%	-1	0%	-1	0%
Profit before taxes	**216**	**323**	**49%**	**370**	**15%**	**344**	**-7%**	**462**	**34%**	**540**	**17%**	**626**	**16%**
Income tax	-48	-85	76%	-85	0%	-77	-9%	-107	39%	-127	18%	-149	17%
Income from equity accounted subsidiaries	22	17	-22%	21	18%	24	15%	27	15%	31	15%	36	15%
Minority interests	-11	-13	22%	-14	9%	-15	2%	-15	0%	-15	0%	-15	0%
Net profit	**179**	**242**	**35%**	**292**	**21%**	**276**	**-5%**	**367**	**33%**	**429**	**17%**	**499**	**16%**
Net profit excluding preferred dividends	**190**	**255**	**34%**	**306**	**20%**	**291**	**-5%**	**382**	**31%**	**444**	**16%**	**514**	**16%**
Net profit excluding early retirements	**180**	**241**	**34%**	**292**	**21%**	**323**	**11%**	**367**	**13%**	**429**	**17%**	**499**	**16%**

Source: Management projections.

Domestic Activity

Balance Sheet

Table 27: Domestic Activity Balance Sheet

€m	2005	2006	%	2007F	%	2008F	%	2009F	%	2010F	%	2011F	%
ASSETS													
Cash and deposits	795	762	-4%	762	0%	823	8%	881	7%	942	7%	1 004	6%
Financial assets held for trading	3 906	4 048	4%	4 325	7%	4 585	6%	4 834	5%	5 104	6%	5 400	6%
Financial assets available for sale	1 500	2 957	97%	3 399	15%	3 614	6%	3 847	6%	4 100	7%	4 376	7%
Loans and advances to credit institutions	592	445	-25%	477	7%	507	6%	535	6%	566	6%	600	6%
Loans and advances to customers	20 544	24 006	17%	27 369	14%	30 307	11%	33 563	11%	37 131	11%	41 051	11%
Hedging derivatives	339	408	20%	428	5%	450	5%	472	5%	496	5%	521	5%
Other tangible assets	241	233	-3%	258	11%	248	-4%	243	-2%	240	-1%	233	-3%
Intangible assets	5	8	49%	12	54%	11	2%	9	2%	9	2%	9	2%
Investments in associated companies	121	130	8%	139	7%	149	7%	161	8%	175	8%	190	9%
Tax assets	214	133	-38%	101	-24%	95	-5%	76	-21%	64	-15%	54	-16%
Other assets	596	707	19%	709	0%	719	1%	737	3%	761	3%	787	3%
TOTAL ASSETS	**28 853**	**33 839**	**17%**	**37 980**	**12%**	**41 509**	**9%**	**45 357**	**9%**	**49 589**	**9%**	**54 223**	**9%**
LIABILITIES													
Financial liabilities held for trading	315	202	-36%	212	5%	222	5%	234	5%	245	5%	258	5%
Resources from banks	2 577	3 948	53%	5 208	32%	4 980	-4%	5 142	3%	5 908	15%	6 343	7%
Customer resources and other debts	12 932	14 780	14%	16 551	12%	18 304	11%	19 996	9%	21 853	9%	23 862	9%
Debt securities	5 075	5 465	8%	5 039	-8%	5 703	13%	6 618	16%	7 800	18%	9 500	22%
Financial liabilities from securitized loans	2 000	3 368	68%	4 594	36%	5 539	21%	6 307	14%	6 289	0%	6 341	1%
Hedging derivatives	388	481	24%	505	5%	530	5%	557	5%	585	5%	614	5%
Provisions	46	47	2%	55	16%	61	11%	67	11%	74	11%	82	11%
Technical provisions	2 926	2 811	-4%	2 870	2%	2 930	2%	2 992	2%	3 055	2%	3 119	2%
Tax liabilities	55	66	20%	66	-1%	65	-1%	65	-1%	65	-1%	64	0%
Participating bonds	26	27	2%	27	0%	27	0%	27	0%	27	0%	27	0%
Subordinated debt	653	589	-10%	614	4%	764	24%	764	0%	864	13%	864	0%
Other liabilities	519	532	3%	543	2%	554	2%	566	2%	578	2%	590	2%
TOTAL LIABILITIES	**27 514**	**32 316**	**17%**	**36 283**	**12%**	**39 679**	**9%**	**43 334**	**9%**	**47 343**	**9%**	**51 665**	**9%**
SHAREHOLDERS EQUITY													
Shareholders equity attributable to BPI	1 033	1 246	21%	1 419	14%	1 552	9%	1 747	13%	1 969	13%	2 282	16%
Minority interests	306	277	-10%	277	0%	277	0%	277	0%	277	0%	277	0%
TOTAL SHAREHOLDERS EQUITY	**1 339**	**1 523**	**14%**	**1 696**	**11%**	**1 829**	**8%**	**2 024**	**11%**	**2 246**	**11%**	**2 559**	**14%**
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	**28 853**	**33 839**	**17%**	**37 980**	**12%**	**41 509**	**9%**	**45 357**	**9%**	**49 589**	**9%**	**54 223**	**9%**

Source: Management projections.

International Activity

Main assumptions – Balance Sheet

Table 28: Balance Sheet Items

€m	2005	2006	%	2007F	%	2008F	%	2009F	%	2010F	%	2011F	%	CAGR 06/11
Loans to customers	419	624	49%	1 080	73%	1 756	63%	2 494	42%	3 310	33%	4 328	31%	47%
Loans AKZ	5	41	724%	105	153%	212	102%	370	74%	520	41%	678	31%	
Loans USD	414	582	41%	975	67%	1 544	58%	2 124	38%	2 791	31%	3 650	31%	
Volume growth		205		456		676		738		817		1 018		
Excl. exchange rate effect[1)]		*273*	*65%*	*451*	*72%*	*594*	*55%*	*646*	*37%*	*817*	*33%*	*1 018*	*31%*	*45%*
Customer resources	1 069	1 440	35%	2 225	54%	3 130	41%	4 078	30%	5 037	24%	6 145	22%	34%
Demand AKZ	162	233	44%	339	46%	471	39%	611	30%	780	28%	951	22%	
Demand USD	528	669	27%	960	44%	1 270	32%	1 614	27%	1 978	23%	2 413	22%	
Term[2)] AKZ	157	108	-31%	190	76%	310	63%	418	35%	522	25%	637	22%	
Term[2)] USD	222	431	94%	735	71%	1 080	47%	1 435	33%	1 758	23%	2 144	22%	
Volume growth (€m)		371		785		905		948		959		1 108		
Excl. exchange rate effect[1]		530	50%	775	54%	759	34%	799	26%	959	24%	1 108	22%	31%
Fin. assets held for trading (BT / TBC)	279	297	6%	425	43%	572	35%	683	19%	843	23%	960	14%	26%
Fin. assets available for sale (treasury bonds)	71	107	52%	291	171%	347	19%	404	16%	457	13%	522	14%	37%
Resources from banks		13		14	10%	16	15%	18	14%	20	10%	22	10%	12%
Loans and advances to credit institutions	327	462	41%	430	-7%	459	7%	521	14%	488	-6%	384	-21%	-4%

1) Growth in volume considering the previous year's exchange rate.
2) Including repos.
Source: Management projections.

- Minimum cash reserves: 15% of deposits of which 50% in "TBCs" and treasury bonds and 50% in non-remuerated deposits in the Central Bank (BNA)
- Interbank loans: USD denominated financial assets indexed to the evolution of USD assets and liabilities
- Financial assets held for trading: "TBCs" portfolio indexed to the evolution of AKZ assets and liabilities
- Other assets and liabilities: +10% / year
- Payout: BFA 0% up to 2010 and 45% in 2010 (distribution in 2011); BCI (Mozambique) 50%

International Activity

Main assumptions – Profit and Loss

- Net interest margin was based on the following average rates and spreads[1)]

Table 29: Net Interest Income

	2006[2)]		2007F		2008F		2009F		2010F		2011F	
	Rate	Spread	Rate	Spread	Rate	Spread	Rate	Spread	Rate	Spread	Rate	Spread
Local Currency (AKZ)												
BT's and TBC's	7.4%		9.3%		9.2%		9.2%		9.2%		9.2%	
Loans to Customers	12.7%		12.8%		12.4%		12.2%		12.2%		12.2%	
Customer resources	0.7%		1.8%		2.3%		2.9%		3.5%		3.6%	
Foreign Currency (USD)												
Loans and advances to credit institutions	4.8%		5.0%		4.9%		4.9%		4.9%		4.9%	
Treasury bonds	10.0%		8.5%		8.2%		8.0%		8.0%		8.0%	
Loans to Customers	8.6%	3.4%	8.5%	3.4%	8.2%	3.2%	8.0%	3.0%	8.0%	3.0%	8.0%	3.0%
Customer resources	1.5%	3.7%	1.7%	3.4%	1.9%	3.1%	2.1%	2.9%	2.3%	2.7%	2.4%	2.6%

Source: Management projections.
1) Average rates and spreads for the whole lending book. Spreads relative to short term USD interest rates.
2) Figures relative to the 4Q 2006.

- **Commissions:** CAGR 06-11 of 20% reflects
  - Growth in credit related fees in line with the evolution of the lending book and guarantees (CAGR=44%);
  - Average annual growth of 17% in FX and other foreign operations related fees;
- **Profits in financial operations:** 20% growth in purchase and sale of foreign currencies

Table 30: Net Operating Revenue

M.€	2005	2006	%	2007P	%	2008P	%	2009P	%	2010P	%	2011P	%	CAGR 06/11	CAGR 06-11 fixed rate[1)]
Commissions	26	33	27%	40	22%	51	27%	63	25%	76	20%	88	16%	22%	20%
in % of loans and resources	1.7%	1.8%		1.5%		1.2%		1.1%		1.0%		0.9%			
Profits from financial operations	27	23	-14%	32	37%	39	23%	49	25%	60	22%	72	20%	25%	18%

Source: Management projections.
1) Compounded annual growth rate adjusted for the effect of the USD and Kwanza appreciation.

International Activity

Main assumptions – Profit and Loss (Cont'd)

- Traditional branches: 100 by the end of 2007 and 165 by the end-2011
- Number of employees assuming 8 employees per new branch

Table 31: General Expenses

€m	2005	2006	%	2007F	%	2008F	%	2009F	%	2010F	%	2011F	%	CAGR 06/11
Nr. of commercial units	46	74	61%	112	51%	122	9%	142	16%	162	14%	177	9%	19%
Branches	43	66		100		110		130		150		165		
Investment Centres	3	2		4		4		4		4		4		
Corporate Centres	0	6		8		8		8		8		8		
New commercial units		28		38		10		20		20		15		
Nr. of employees	757	1 234	63%	1 567	27%	1 671	7%	1 879	12%	2 087	11%	2 243	7%	13%
Employees/ No. of commercial units	16	17		14		14		13		13		13		

Source: Management projections.

- **Staff costs:** average per employee salary growth of 5% above inflation
- **Other administrative expenses:** 2007 according to BFA budget. In the following years:
  - fixed costs: growth of 5% above inflation;
  - advertising: growth in line with net operating revenue;
  - variable costs: indexed to the number of branches and inflation

Table 32: Operating costs and investment

€m	2005	2006	%	2007F	%	2008F	%	2009F	%	2010F	%	2011F	%	CAGR 06-11	CAGR 06-11 fixed rate[1)]
Personnel costs	14	20	44%	31	55%	41	30%	51	26%	64	25%	78	21%	31%	30%
Other administrative expenses	11	21	85%	31	48%	41	31%	50	24%	62	22%	73	18%	28%	27%
Investment	14	28		47		32		44		38		35			
Depreciation of fixed assets	5	5	13%	10	91%	14	37%	16	14%	16	-2%	18	17%	28%	27%

1) Compounded annual growth rate adjusted for the effect of the USD and Kwanza appreciation.
Source: Management projections.

International Activity

Main assumptions – Profit and Loss (Cont'd)

- **Loan impairment** (as a % of the average lending book): 1.75% in 2007/2008 and 1.50% in 2009/2011;

  2005 and 2006 loan impairment figures correspond to specific and generic provisioning (4% of loans and guarantees) built according to the rules of Banco Nacional de Angola. From 2007 onwards, we considered loan impairment (estimated average annual losses)

- **Other provisions:** 5% of profits of the previous year is allocated to social purposes; 1M USD annual provisions for frauds and legal processes (average of the last 5 years)

- **Income tax:** 35% of BFA profit before tax excluding interest from Treasury bonds; 10% of BCI distributable dividends

- **Income from associated companies**: (BCI Mozambique) +10% / year

International Activity

Profit and Loss

Table 33: International Activity

€m	2005	2006	%	2007F	%	2008F	%	2009F	%	2010F	%	2011F	%
Net interest income	**71**	**87**	**22%**	**116**	**34%**	**161**	**39%**	**208**	**29%**	**258**	**24%**	**318**	**23%**
Net financial margin	**71**	**87**	**22%**	**116**	**34%**	**161**	**39%**	**208**	**29%**	**258**	**24%**	**318**	**23%**
Commissions (net)1	26	33	27%	40	22%	51	27%	63	25%	76	20%	88	16%
Income on financial operations (net)	27	23	-14%	32	37%	39	23%	49	25%	60	22%	72	20%
Operational gains and losses	-1	0	-135%	0	-100%	0	0%	0	0%	0	0%	0	0%
Net operating revenue	**123**	**143**	**16%**	**187**	**31%**	**251**	**34%**	**320**	**28%**	**394**	**23%**	**478**	**21%**
Staff costs	-14	-20	44%	-31	55%	-41	30%	-51	26%	-64	25%	-78	21%
Early retirement costs	0	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%
Other administrative expenses	-11	-21	85%	-31	48%	-41	31%	-50	24%	-62	22%	-73	18%
Depreciation and amortisation	-5	-5	13%	-10	91%	-14	37%	-16	14%	-16	-2%	-18	17%
General expenses	**-30**	**-46**	**55%**	**-72**	**56%**	**-95**	**32%**	**-118**	**24%**	**-142**	**20%**	**-169**	**19%**
Operating income	**93**	**96**	**3%**	**115**	**19%**	**155**	**35%**	**202**	**30%**	**253**	**25%**	**309**	**22%**
Provisions and impairment of loans (net)	-10	-18	72%	-15	-15%	-25	64%	-32	28%	-44	37%	-58	31%
Impairment and other provisions (net)	-2	-1	-73%	-4	559%	-4	3%	-5	31%	-7	22%	-8	12%
Profit before taxes	**80**	**78**	**-3%**	**95**	**23%**	**126**	**32%**	**165**	**30%**	**202**	**23%**	**244**	**21%**
Income tax	-11	-15	33%	-30	96%	-37	26%	-50	34%	-69	38%	-84	22%
Income from equity accounted subsidiaries	2	5	92%	5	10%	6	10%	6	10%	7	10%	7	10%
Minority interests	0	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%
Net profit	**72**	**67**	**-6%**	**71**	**5%**	**94**	**33%**	**121**	**28%**	**140**	**16%**	**167**	**19%**
Net profit as a % of BPI Group[1)]	28%	22%		20%		23%		25%		25%		25%	

1) Excluding early retirement costs.
Source: Management projections.

Note: 2005 and 2006 loan impairment figures correspond to specific and generic provisioning (4% of loans and guarantees) built according to the rules of Banco Nacional de Angola. From 2007 onwards, we considered loan impairment (estimated average annual losses).

International Activity

Balance Sheet

Table 34: International Activity

€m	2005	2006	%	2007F	%	2008F	%	2009F	%	2010F	%	2011F	%
ASSETS													
Cash and deposits	162	167	3%	257	54%	361	40%	469	30%	579	23%	707	22%
Financial assets held for trading	279	297	6%	425	43%	572	35%	683	19%	843	23%	960	14%
Financial assets available for sale	71	107	51%	291	171%	347	19%	404	16%	457	13%	522	14%
Loans and advances to credit institutions	327	462	41%	430	-7%	459	7%	521	14%	488	-6%	384	-21%
Loans and advances to customers	419	624	49%	1 080	73%	1 756	63%	2 494	42%	3 310	33%	4 328	31%
Other tangible assets	34	56	65%	94	67%	116	24%	151	30%	175	16%	192	10%
Intangible assets	1	0	-32%	1	234%	2	45%	2	4%	2	0%	2	0%
Investments in associated companies	12	12	-1%	13	11%	16	23%	20	21%	23	19%	27	18%
Other assets	1	1	114%	2	10%	2	15%	2	14%	2	10%	3	10%
TOTAL ASSETS	**1 306**	**1 727**	**32%**	**2 592**	**50%**	**3 631**	**40%**	**4 746**	**31%**	**5 879**	**24%**	**7 126**	**21%**
LIABILITIES													
Resources from banks	0	13		14	10%	16	15%	18	14%	20	10%	22	10%
Customer resources and other debts	1 096	1 456	33%	2 249	54%	3 163	41%	4 122	30%	5 090	24%	6 210	22%
Provisions	5	8	78%	9	12%	11	13%	12	12%	13	7%	13	7%
Tax liabilities	14	19	34%	30	53%	38	30%	51	34%	70	35%	85	22%
Other liabilities	41	26	-37%	17	-34%	22	29%	28	27%	35	23%	42	22%
TOTAL LIABILITIES	**1 157**	**1 522**	**32%**	**2 319**	**52%**	**3 251**	**40%**	**4 231**	**30%**	**5 227**	**24%**	**6 373**	**22%**
Shareholders equity	148	205	38%	273	33%	380	39%	514	35%	652	27%	753	16%
Minority interests	0	0	4%	0	-100%	0	0%	0	0%	0	0%	0	0%
TOTAL SHAREHOLDERS EQUITY	**148**	**205**	**38%**	**273**	**33%**	**380**	**39%**	**514**	**35%**	**652**	**27%**	**753**	**16%**
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	**1 306**	**1 727**	**32%**	**2 592**	**50%**	**3 631**	**40%**	**4 746**	**31%**	**5 879**	**24%**	**7 126**	**21%**

Source: Management projections

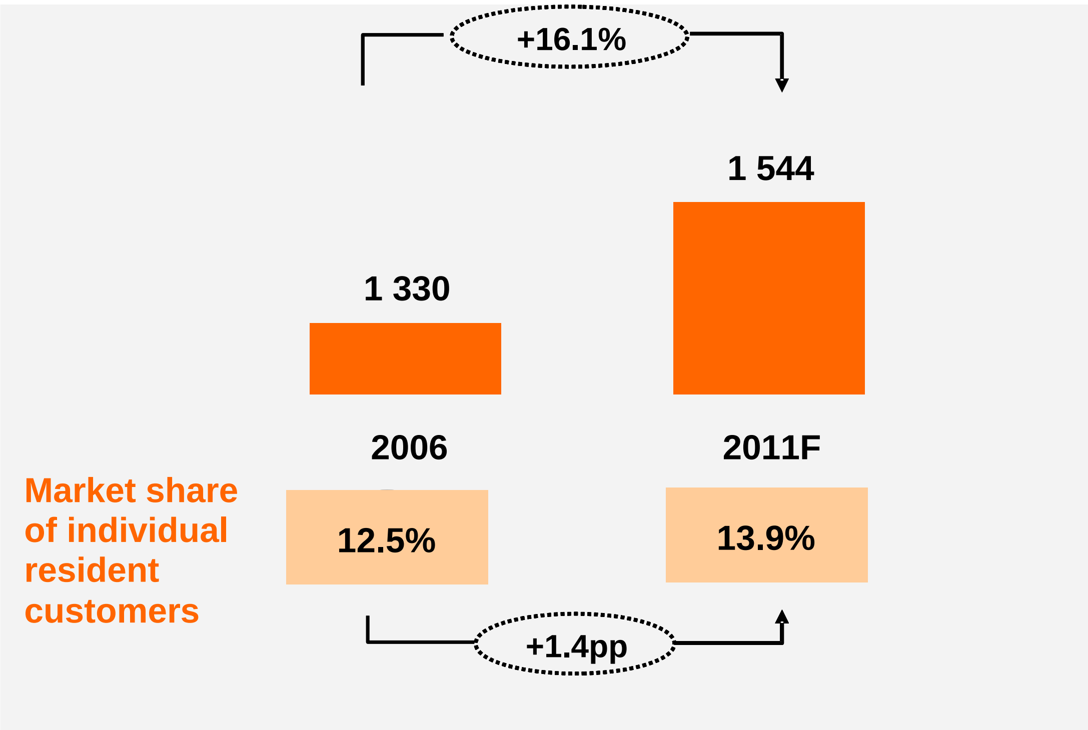
Domestic Retail Banking Assumptions

Main assumptions – Customers

- 80 New Branches and 8 New Investment Centres in 2007
- Gradual increase in average Customer acquisition per Commercial Unit (2006/2011: +16%)
- Customer churn rate assumed at the average observed in the last 2 years (7.6%)

Figure 35: Total Customers

(thousands)



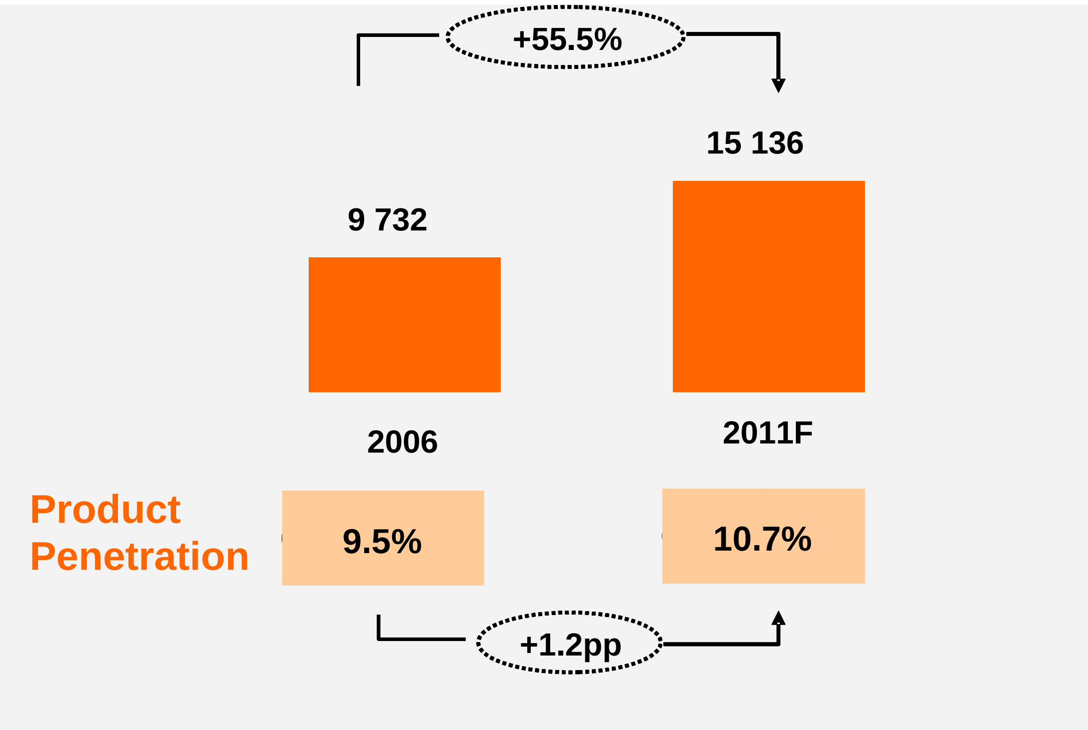
Source: INE, 2004: "Projecções População Residente Portugal";
BPI: 2003-2006 estimates and 2007-2011 forecasts, based on "INE – Projecções População Residente Portugal (2004)" and "Marktest BASEF".

Domestic Retail Banking

Main assumptions – Mortgage Loans

- Average mortgage loan per Customer grows 3.5%/year, in line with the average values observed in the last 2 years
- Average annual net increase of 7.8 thousand in Customers with mortgage loans

Figure 36: Mortgage Portfolio (€m)



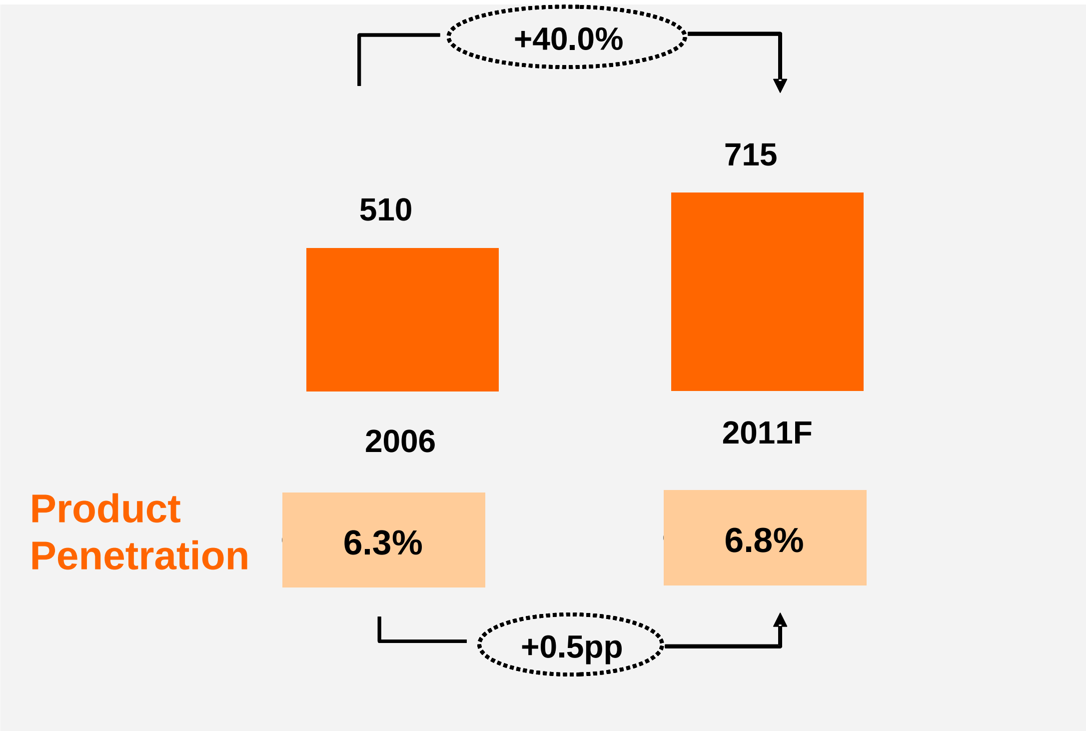
Source: Management projections.

Domestic Retail Banking

Main assumptions – Personal Loans

- Average personal loan per Customer grows in line with inflation
- 105 thousand Customers with personal loans by 2011

Figure 37: Personal Loans Portfolio (€m)



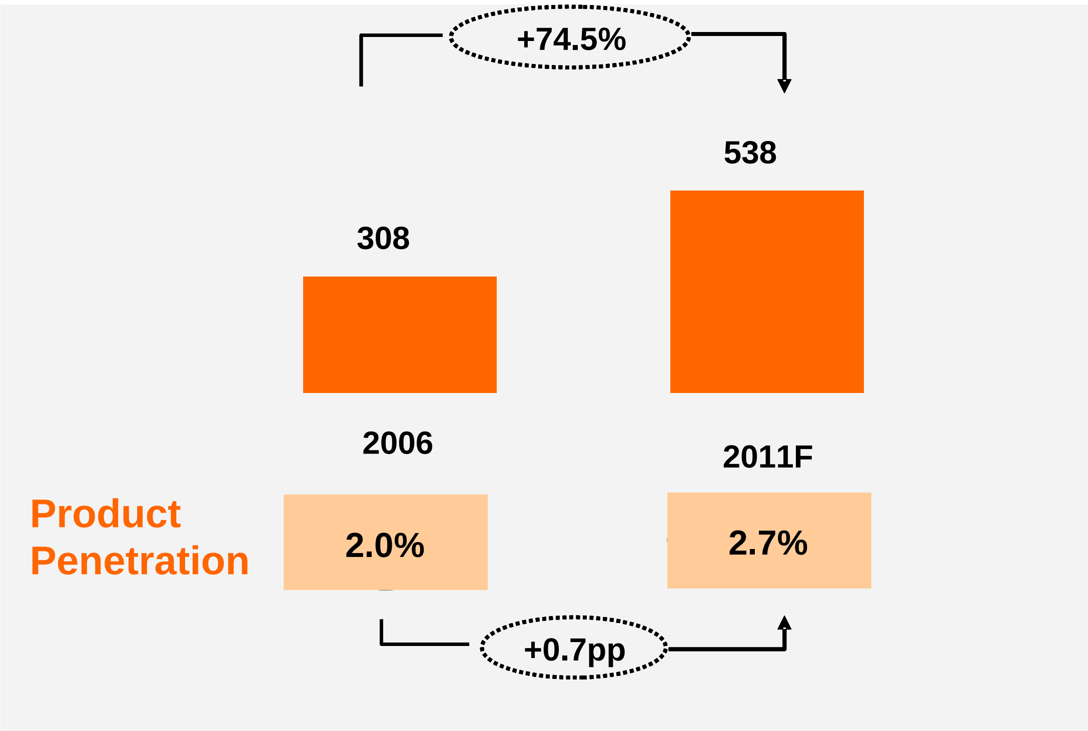
Source: Management projections.

Domestic Retail Banking

Main assumptions – Car Finance

- Average car finance portfolio per Customer grows in line with inflation
- Average annual net increase of 3 thousand Customers with car finance

Figure 38: Car Finance Portfolio (€m)



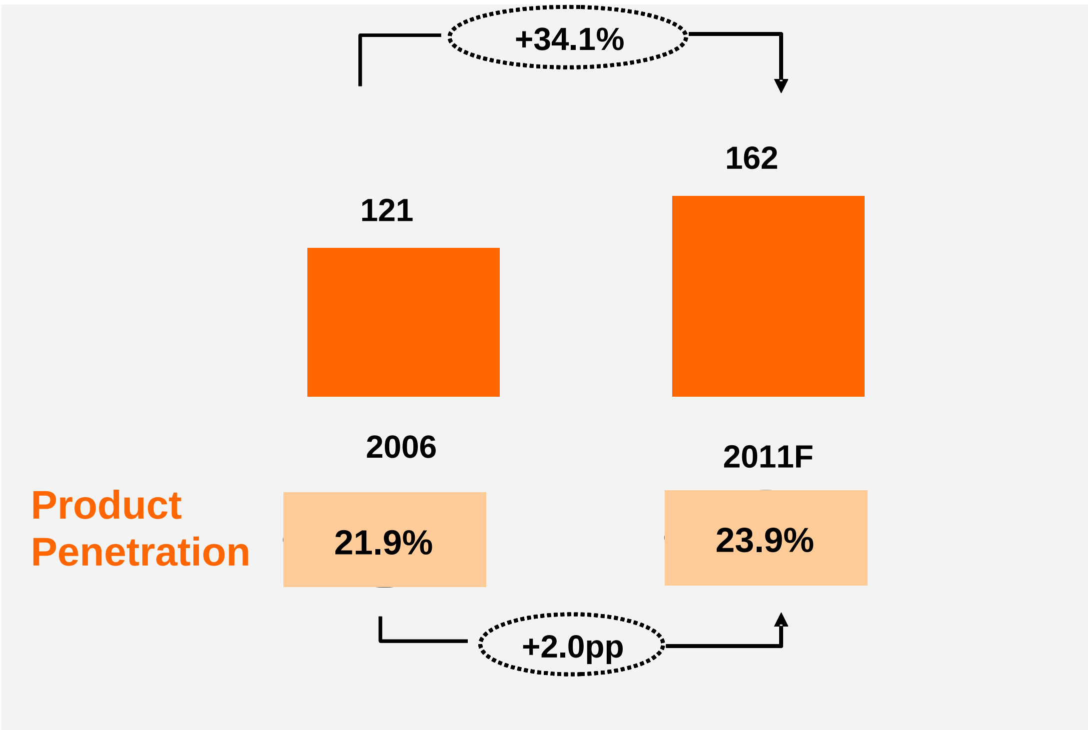
Source: Management projections.

Domestic Retail Banking

Main assumptions – Credit Cards

- 6% average growth in credit cards' balance
- 2p.p. increase in product penetration rate until 2011, which results in a customer average net increase of 15.4 thousand per year

Figure 39: Credit Outstanding from Credit Cards[1] (€m)



Source: Management projections.

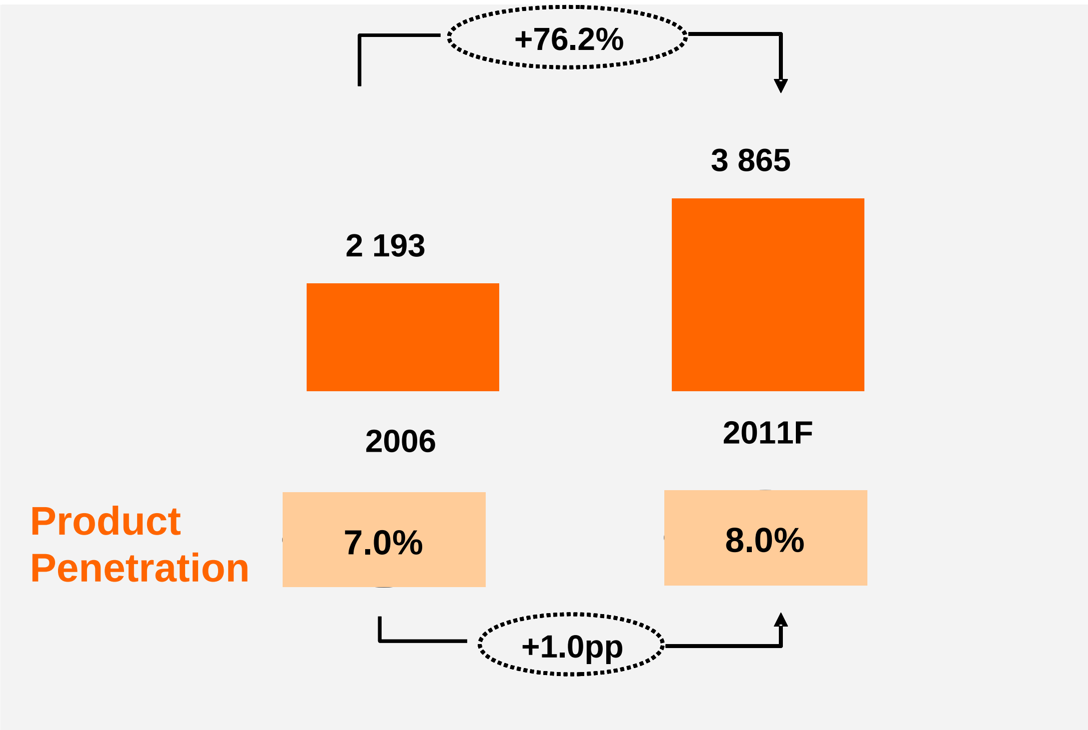
1) Figures reported include credit outstanding of cards owned by Clients of Banco BPI domestic retail operation. Therefore, excluding card owned by other distribution networks' Clients and cards used by non-Clients.

Domestic Retail Banking

Main assumptions – Loans to Small Businesses

- Average lending book per Customer increases approximately 6%/year, below the growth observed in the last 2 years
- Product penetration increases 0.2 p.p./year.

Figure 40: Loans to Small Businesses (€m)



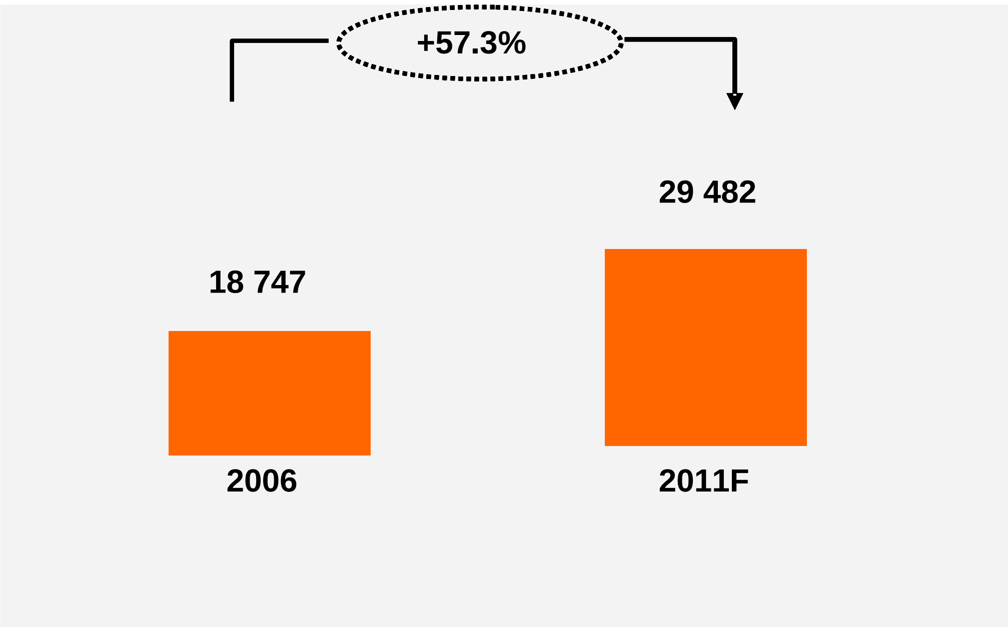
Source: Management projections.

Domestic Retail Banking

Total Customer Resources

- Total growth supported by increase in the number of Customers and by 6.3% annual increase in assets held per Customer

Figure 41: Total Customer Resources (€m)



Source: Management projections.

Domestic Retail Banking Business

Estimated Internal Growth Potential (PIC)[1)]

- Estimated cross-selling potential in BPI's Individual Resident Customers
- Based on
  - Statistical models, developed by BPI, that estimate the propensity for buying each product, at customer level
  - Market potential benchmarks, based on Market Research (BASEF, Marktest), that estimate the growth potential for each product, at the Customer Segment level
- The two metrics are combined with different weightings, according to BPI's strategy for each product and Customer Segment

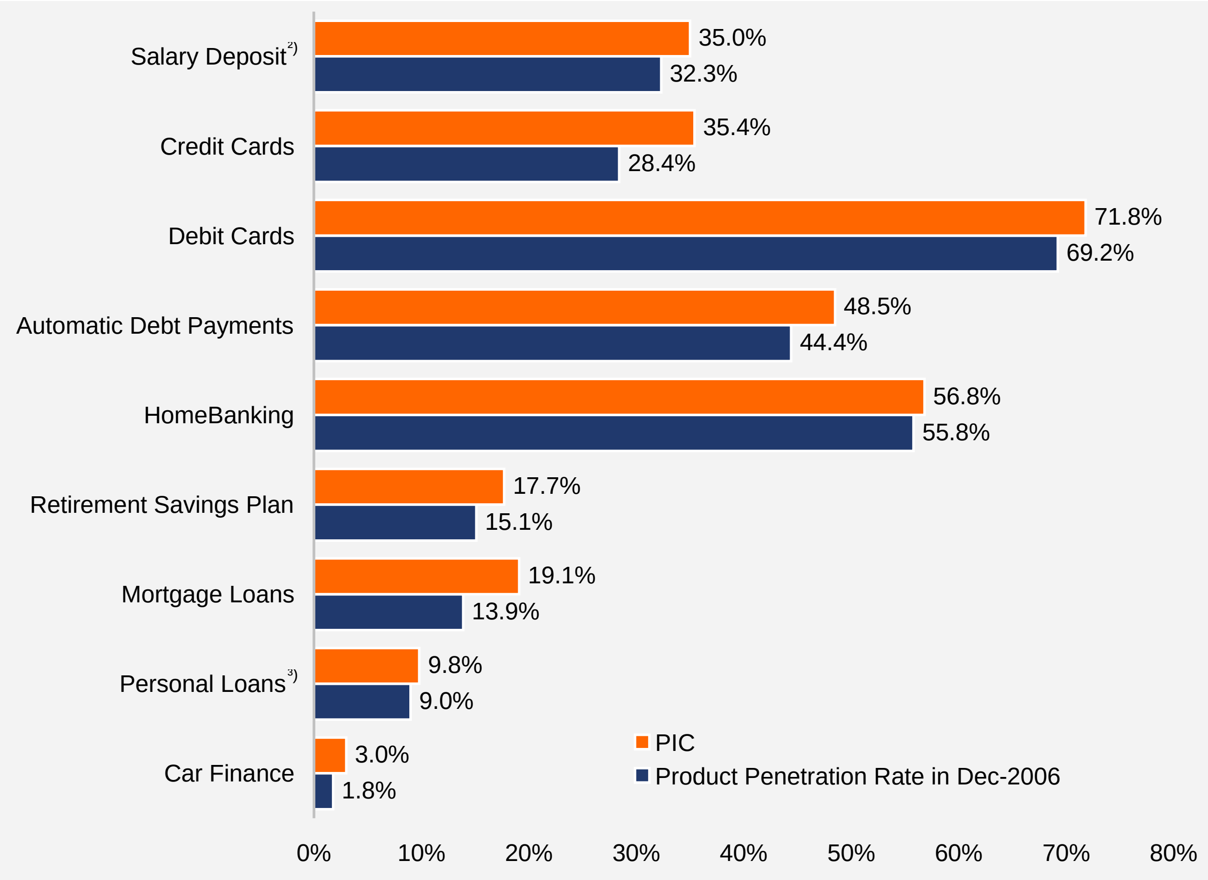
Product/Service	Potential of customers with product[1)] (% of customers)	Potential of customers with product (thousands of Customers)
Salary Deposit[2)]	35.0%	284
Debit Cards	71.8%	582
Credit Cards	35.4%	287
Automated Debit Payments	48.5%	393
Home Banking	56.8%	461
Retirement Savings Plans	17.7%	144
Mortgage Loans	19.1%	155
Personal Loans[3)]	9.8%	79
Car Finance	3.0%	24

Source: BPI, December 2006.

1) The Internal Growth Potential is calculated for a subset of BPI's Customers, namely the Individual Resident Customers, aged 15 or older, with an active banking relation (Assets > €50 or Credits > €250); therefore any comparison with business projections requires reconciliation.
2) Reflects the Internal Growth Potential of Salary Deposit instead of Salary Account.
3) Reflects methodological changes in the calculation of market benchmarks in 2006.

Domestic Retail Banking Business

Figure 42: Estimated Internal Growth Potential (PIC)[1)]



Source: BPI, December 2006.

1) The Internal Growth Potential is calculated for a subset of BPI's Customers, namely the Individual Resident Customers, aged 15 or older, with an active banking relation (Assets > €50 or Credits > €250); therefore any comparison with business projections requires reconciliation.

2) Reflects the Internal Growth Potential of Salary Deposit instead of Salary Account.

3) Reflects methodological changes in the calculation of market benchmarks in 2006.

Domestic Retail Banking Business

Annex – Customers

	2006	2007F	2008F	2009F	2010F	2011F
# Total Clients	1 330 067	1 364 552	1 409 563	1 454 449	1 498 921	1 544 069
# Potential Individual Resident Customers over the age of 15	8 068 042	8 146 183	8 214 926	8 260 583	8 334 066	8 385 892
# Individual Resident Customers over the age of 15	1 006 095	1 032 180	1 066 228	1 100 180	1 133 820	1 167 971
Market Share of Individual Resident Customers	12.5%	12.7%	13.0%	13.3%	13.6%	13.9%
# Total Commercial Units at year end	593	681	681	681	681	681
# BPI Branches at year end	574	654	654	654	654	654
# New Branches	40	80	0	0	0	0
# Investment Centres at year end	19	27	27	27	27	27
# New Investment Centres	3	8	0	0	0	0
Acquisition of New Customers	114 865	135 570	148 717	152 012	155 010	159 066
Acquisition of New Customers Rate	8.7%	10.2%	10.9%	10.8%	10.7%	10.6%
Average Acquisition of New Customers per Commercial Unit	201	213	218	223	228	234
Customers Churn	108 847	101 085	103 706	107 127	110 538	113 918
Customer Churn Rate	8.2%	7.6%	7.6%	7.6%	7.6%	7.6%
Average Customer Churn per Commercial Unit	190	159	152	157	162	167

Source: Management projections.

Domestic Retail Banking Business

Annex – Products

	2006	2007F	2008F	2009F	2010F	2011F
Mortgage Loans						
Portfolio (excludes loans in arrears, in € millions)	9 732	10 627	11 637	12 740	13 903	15 136
Portfolio growth rate	8.5%	9.2%	9.5%	9.5%	9.1%	8.9%
# Customers	125 837	132 767	140 464	148 578	156 654	164 779
Product Penetration	9.5%	9.7%	10.0%	10.2%	10.5%	10.7%
Average portfolio per Customer (€)	77 338	80 045	82 847	85 746	88 747	91 853
Average portfolio per Customer growth rate	4.0%	3.5%	3.5%	3.5%	3.5%	3.5%
Personal Loans						
Portfolio (excludes loans in arrears, in € millions)	510	545	582	623	667	715
Portfolio growth rate	6.7%	6.8%	6.8%	7.0%	7.1%	7.1%
# Customers	83 547	87 399	91 465	95 838	100 527	105 446
Product Penetration	6.3%	6.4%	6.5%	6.6%	6.7%	6.8%
Average portfolio per Customer (€)	6 108	6 236	6 367	6 501	6 637	6 777
Average portfolio per Customer growth rate	6.8%	2.1%	2.1%	2.1%	2.1%	2.1%
Car Finance						
Portfolio (excludes loans in arrears, in € millions)	308	346	387	433	482	538
Portfolio growth rate	11.5%	12.3%	11.9%	11.6%	11.5%	11.5%
# Customers	26 600	29 281	32 110	35 127	38 381	41 936
Product Penetration	2.0%	2.1%	2.3%	2.4%	2.6%	2.7%
Average portfolio per Customer (€)	11 586	11 824	12 066	12 314	12 566	12 824
Average portfolio per Customer growth rate	8.5%	2.1%	2.1%	2.1%	2.1%	2.1%
Credit Cards						
Portfolio (excludes loans in arrears, in € millions)	121	128	135	144	152	162
Portfolio growth rate	2.4%	5.9%	5.9%	6.1%	6.2%	6.2%
# Customers	291 302	304 756	318 989	334 333	350 821	368 304
Product Penetration	21.9%	22.3%	22.6%	23.0%	23.4%	23.9%
Average portfolio per Customer (€)	414	419	424	429	435	440
Average portfolio per Customer growth rate	-1.1%	1.2%	1.2%	1.2%	1.2%	1.2%
"Small Business" Loans						
Portfolio (excludes loans in arrears, in € millions)	2 193	2 456	2 751	3 081	3 451	3 865
Portfolio growth rate	12.4%	12.0%	12.0%	12.0%	12.0%	12.0%
# Customers	93 338	98 794	104 449	110 247	116 391	122 753
Product Penetration	7.0%	7.2%	7.4%	7.6%	7.8%	8.0%
Average portfolio per Customer (€)	23 495	24 862	26 337	27 946	29 648	31 484
Average portfolio per Customer growth rate	15.2%	5.8%	5.9%	6.1%	6.1%	6.2%
Total Resources						
Portfolio (excludes loans in arrears, in € millions)	18 747	20 791	22 828	24 860	27 073	29 482
Portfolio growth rate	10.8%	10.9%	9.8%	8.9%	8.9%	8.9%
Average portfolio per Customer (€)	14 095	15 236	16 195	17 092	18 061	19 094
Average portfolio per Customer growth rate	10.2%	8.1%	6.3%	5.5%	5.7%	5.7%

Source: Management projections.

Corporate Banking

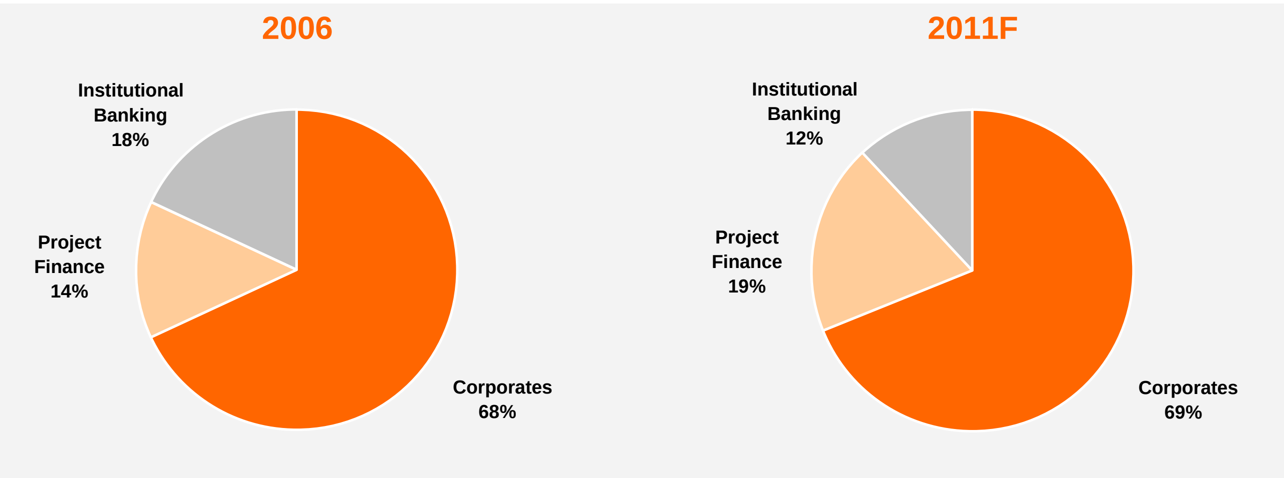
Assumptions – Loan portfolio

- Loan portfolio evolution in the corporate banking segment (€m):

€m	2005	2006	2007F	2008F	2009F	2010F	2011F
Corporates	5 496	7 112	8 525	9 575	10 742	12 042	13 483
Project Finance	1 090	1 439	2 014	2 364	2 773	3 245	3 797
Institutional Banking	1 455	1 852	1 945	2 042	2 144	2 252	2 364
Total	**8 041**	**10 403**	**12 484**	**13 982**	**15 659**	**17 539**	**19 643**
Growth rate	12%	29%	20%	12%	12%	12%	12%

Source: Management projections

Figure 1: Loan Portfolio breakdown:



Source: Management projections.

Corporate Banking

Assumptions – Loan portfolio

Corporates

€m	2005	2006	2007F	2008F	2009F	2010F	2011F
Loan book	5 496	7 112	8 525	9 575	10 742	12 042	13 483
Change	270	1 615	1 413	1 050	1 166	1 301	1 440
Growth rate	5%	29%	20%	12%	12%	12%	12%

Source: Management projections

- Improvement of Banco BPI position in good Customers, taking advantage of the foreseen recovery in the macro-economic background
- Aggressive positioning in the exporting segment, where BPI has already an important market share
- Reinforcement of commitment to multinational and Iberian companies, including adjustment of commercial teams and supply; consolidation of corporate banking presence in Spain
- Canvassing for new customers, namely in geographic regions where the bank's penetration is lower, and search of new opportunities of intervention in the existing Client base: 2 865 accounts opened since 2004 in this segment, which represents a loan portfolio of 1 438 €m

Corporate Banking

Assumptions – Loan portfolio

Project Finance

€m	2005	2006	2007F	2008F	2009F	2010F	2011F
Project finance	1 090	1 439	2 014	2 364	2 773	3 245	3 797
Change	285	349	575	350	409	471	552
Growth rate	35%	32%	40%	17%	17%	17%	17%

Source: Management projections

- Leadership and/or participation in main domestic projects, with particular focus in the following sectors: transports, communications, energy and environment
- Greater participation in syndicated operations carried out in the international market, with special incidence in Spain

Corporate Banking

Assumptions – Loan portfolio

Institutional

€m	2005	2006	2007F	2008F	2009F	2010F	2011F
Institutional banking	1 455	1 852	1 945	2 042	2 144	2 252	2 364
Change	300	397	93	97	102	107	113
Growth rate	26%	27%	5%	5%	5%	5%	5%

Source: Management projections

- Softening in the pace of growth due to restrictions to the indebtedness of the local authorities and other public entities

BPI