

BANCO BPI 1ST HALF 2018 CONSOLIDATED RESULTS

Porto, 24 July 2018

BPI reports consolidated profit of €366.1 million; Activity in Portugal contributes with €222.5 million

- **Net profit from domestic activity of €222.5 million (€10.7 million in 1st half 2017);**
- **Recurring net profit from the activity in Portugal of €104.2 million,** increases 32% relative to the same period in 2017;
- **Customer deposits grow by €1,445 million** (+7.5% vs. December 2017), driven by the increase in commercial activity;
- **Corporate loans portfolio increases by €593 million** (+8.3% compared to December), further strengthening the market share's upward trend;
- **New mortgage loans production reached more than €700 million in the first half of the year,** representing a 44% year-on-year increase;
- **Financial margin** rises by 7.6% year-on-year, to €207.2 million;
- **Recurring operating income from banking activity in Portugal surges by 8.3%,** to €355.3 million;
- **BPI maintains the best credit risk indicators in Portugal,** with a NPE ratio of 3.8% in June 2018; **NPE coverage ratio by impairments and collaterals reaches 125%;**
- **Capital ratios** (fully loaded): **CET1 of 12.8% and total of 14.6%;**
- **Contribution of equity holdings in BFA (€136.3 million) and BCI (€7.1 million)** total €143.4 million.

BPI reported a consolidated profit of €366.1 million in the first six months of 2018, which compares with a consolidated loss of €101.7 million in the same period of 2017. This result was underpinned by a net profit from the activity in Portugal of €222.5 million, which includes a gain of €59.6 million on the sale of the stake in Viacer (booked in the 1st quarter) and the completion of the sale of BPI Gestão de Ativos and BPI GIF (€61.8 million).

In addition to the extraordinary impacts in the 1st half of 2018, BPI's intense commercial activity allowed it to reach a recurring net profit from its activity in Portugal of €104.2 million in the 1st half of 2018, which is 32% higher than in the same period of 2017. The activity in Portugal contributed with 61% to the consolidated profit.

Recurring operating income from banking activity in Portugal surged by 8.3%, to €355.3 million. This result was supported by:

- the increase in the financial margin by 7.6% yoy (+€14.7 million), to €207.2 million;
- the increase in net commissions income by 9.4% yoy, to €134.6 million, driven by stronger commercial activity across all business segments: commissions on banking services were up by 9.6%, and on insurance brokerage by 8.8%.

Regarding the equity holdings in the African banks, BFA gave a positive contribution of €136.3 million (which compares with a €115.6 million loss in the 1st half of 2017); this includes the impacts from the recognition of this holding under IAS 29 and the devaluation of the kwanza; BCI contributed with €7.1 million (€4.6 million in the 1st half of 2017).

Customer deposits soar by €1,445 million

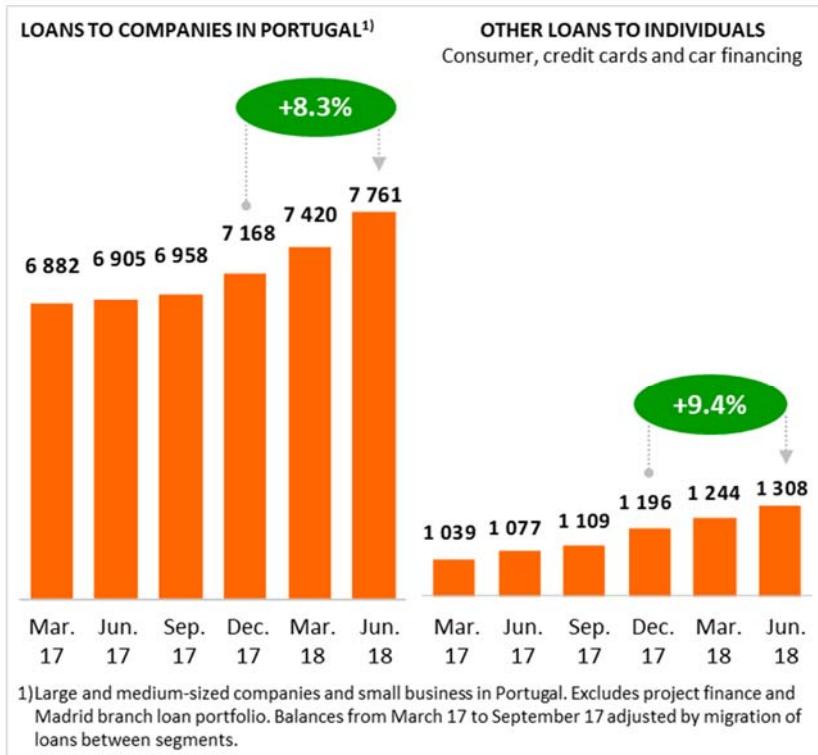
As was already the case in the 1st quarter of the year, the good performance of the branch network in the domestic market drove a €1,445 million increase in customer deposits, to €20,813 million (+7.5% ytd), offsetting the decrease in deposits from institutional and financial investors (-40%), explained by BPI's active policy of reducing the offer of these products to optimise its liquidity ratios.

Total customer resources, which include off-balance sheet customer resources, were up by 2.1% ytd, to €33,311 million.

BPI improves its market share in credit and risk indicators

The total volume of corporate loans in Portugal climbed by €593 million (+8.3% ytd), to €7,761 million (excluding project finance and the Madrid branch portfolio). The portfolio of large companies and Corporate & Investment Banking increased by 17% up to June 2018, while the medium-sized companies' portfolio and small businesses portfolio grew by 4.7% and 3.7%, respectively, since the start of the year.

New mortgage loans production amounted to more than €700 million in the first half of 2018, climbing by 44% relative to the same period in 2017. The mortgage loans portfolio increased by 1.1% (ytd), reaching €11,204 million. The total customer loans portfolio swelled by 3.9% in the six months to June, reaching €23,080 million.



Under the EBA criteria, BPI reported the best Non-Performing Exposures (NPE) ratio in the Portuguese financial sector, which reached 3.8% in June 2018, down from 5.1% in December 2017. This ratio reflects the rigour of the lending policy and risk analysis that has always been a hallmark of BPI. The coverage of NPEs by impairments and collaterals reached 125%.

The high quality of the loan portfolio permitted to reverse impairments for a total of €4.5 million. In addition, a total of €7 million in loans previously written off from assets was recovered. Thus, the cost of credit risk, measured by impairments net of loan recoveries previously written off from assets, decreased to -€11.5 million (-0.10% of the loan portfolio in annualised terms) in the first six months of 2018.

Capital ratios

The CET1 ratio (fully loaded) was 12.8% and the total ratio (fully loaded) was 14.6% at 30 June 2018. The leverage ratio was 6.7% on the same date.

BPI's recurring overhead costs (excluding extraordinary costs) were reduced by 3.7%.

The evolution of revenues and costs has allowed the efficiency ratio to improve by 7.8 percentage points since December 2016, currently standing at 61.5%. BPI expects to achieve a cost-to-income of close to 50% by 2020. In June 2018 Banco BPI had a workforce of 4,843 employees and 497 commercial units, of which 423 retail branches.



BPI reaches a recurrent ROTE of 9% in Portugal

In the last twelve months BPI reached a consolidated return on tangible equity (ROTE) of 17.3% and a recurring ROTE in the domestic activity of 9%. The Bank expects to achieve a sustainable ROTE in Portugal above 10% by 2020.

BPI and Fundación Bancaria "la Caixa": a commitment towards the more vulnerable

In the area of social solidarity it is worth mentioning the launch of new editions of the 'BPI Capacitar', 'BPI Seniores' and 'BPI Solidário' awards. Over the last nine years these awards have already delivered €9 million to enable the implementation of 311 social inclusion projects, making them one of the more relevant Corporate Social Responsibility initiatives in Portugal.

As a result of BPI's integration in the CaixaBank Group, the "la Caixa" Foundation has started to develop its social work in Portugal, for which it expects to reach an annual budget of €50 million in five years, at which time all its social, scientific and cultural projects should be fully operational.

The "la Caixa" Foundation is a non-for-profit organisation that since the start of the 20th century has worked towards a more egalitarian society for all social groups.

In Portugal, the "la Caixa" Foundation will concentrate its activity along four main axes: its own programmes, the launch of awards to support charity institutions' projects, a budget managed through BPI, and special projects, including a project on the Revitalisation of Cross-Border Regions.

In the course of 2018, the Foundation will assume and expand BPI's current social solidarity awards and implement in Portugal its own programmes of integration of people with difficulties in accessing the labour market, care for the elderly and assistance to people with advanced illnesses. This work will also include projects to support health research, itinerant exhibitions and partnerships with Portuguese museums and other cultural entities, such as the Serralves Foundation.

The "la Caixa" Foundation is the largest foundation in Spain and the third largest in the world, having committed an annual budget of €520 million for 2018. The largest share of this budget (59%) will be invested in the development of social programmes; 23% to the promotion of culture and education, and 18% to research and the award of grants.

Banco BPI, S.A.

Publicly held company

Head Office: Rua Tenente Valadim, no. 284, Porto, Portugal

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