



Banco BPI

Consolidated results

1 February 2019

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Results in 2018

- 1 Highlights**
- 2 Commercial activity
- 3 Results and Balance Sheet
- 4 Strategic Plan 2019-2021
- 5 Closing remarks

Annexes

BPI consolidated results in 2018

Recurring net income increases in Portugal and in the consolidated

- Consolidated net profit of 491 M.€ in 2018
- Net profit in Portugal of 396 M.€ in 2018
- Recurring net profit in Portugal of 218 M.€¹⁾, increases 28.5% yoy

Strong growth in deposits and loans in Portugal

- Customer deposits grow 1 792 M.€ (+9.3% yoy)
- Loans to companies in Portugal increase 1 136 M.€ (+16.1% yoy)

High asset quality

- Non-performing exposures ratio - NPE² (EBA criteria) of 3.5% in Dec.18, improves 1.6 p.p. over Dec.17
- Coverage by impairments and collateral of non-performing exposures (NPE) of 127%

Strong capitalisation

- Fully loaded capital ratios: CET1 of 13.2% and total of 15.0%
- Fully loaded leverage ratio of 7.0%

Upgrade in ratings
BPI's long-term debt reaches investment grade by Fitch, Moody's and S&P

- Moody's (16 Oct.) upgraded by 2 notches BPI's long-term debt rating from Ba1 to Baa2 and the long-term deposits rating from Baa3 to Baa1
- Fitch (11 Oct.) upgraded by 1 notch BPI's long-term debt rating, from BBB- to BBB,
- S&P (9 Oct.) upgraded by 2 notches BPI's standalone rating, from bb- to bb+, and reaffirmed the BBB- long-term debt rating.

1) Excluding non recurring gains of 178.0 M.€: gain of 59.6 M.€ with the sale of the stake in Viacer; gain of 61.8 M.€ with the sale of subsidiaries (BPI Gestão de Ativos and BPI GIF), gain of 71.7 M.€ with the sale of acquiring / POS businesses, cost of 15.3 M.€ (after taxes) with early retirements, other non recurring administrative expenses of 2.2 M.€ (after taxes) and net income from discontinued operations of 2.5 M.€.

2) According to EBA (European Banking Authority) criteria; considering the prudential supervision perimeter.

Consolidated net profit of 490.6 M.€

- Consolidated net profit of 490.6 M.€ in 2018
- Activity in Portugal contributes 81% to consolidated profit
- Recurring net profit in Portugal of 218.3 M.€, increases 28.5% yoy

Consolidated net income

In M.€	2017	2018	Δ%
Activity in Portugal			
Recurring net profit	169.9	218.3	+28.5%
Non-recurring impacts ¹⁾	(46.2)	178.0	
Net profit in Portugal	123.7	396.3	+220%
BFA and BCI contribution	(113.5)	94.4	
Consolidated net profit	10.2	490.6	

ROTE

ACTIVITY IN PORTUGAL

	2017	2018
Recurrent ROTE	8.3%	8.8%

Target - 2021 ~ 11%

(Excl. shareholdings in BFA and BCI)

CONSOLIDATED

	2017	2018
ROTE	0.4%	16.3%

1) Non recurring impacts in the activity in Portugal:

In 2017 – costs of 76.8 M.€ (105.8 before taxes) with early retirements and voluntary terminations, gain of 8.6 M.€ after taxes with the sale of BPI Vida e Pensões and net income from discontinued operations (BPI Vida e Pensões, BPI Gestão de Ativos and BPI GIF) of 22.0 M.€.

In 2018 – gain of 59.6 M.€ with the sale of the stake in Viacer, gain of 61.8 M.€ with the sale of subsidiaries (BPI Gestão de Ativos and BPI GIF), gain of 71.7 M.€ with the sale of acquiring / POS businesses, cost of 15.3 M.€ (after taxes) with early retirements, other non recurring administrative expenses of 2.2 M.€ (after taxes) and net income from discontinued operations of 2.5 M.€.

BFA and BCI contribution

In M.€	2017	2018
[1.] BFA contribution	(119.5)	73.2
Of which,		
Impact from the sale of 2% of BFA and deconsolidation	(211.6)	
Impact from BFA reclassification		(138.6)
[2.] BCI contribution	8.1	20.5
[3.] Other	(2.1)	0.6
[4.] Total [=1+2+3]	(113.5)	94.4

- **BFA's contribution of 73.2 M.€ in 2018** includes the negative impact of -139 M.€ resulting from the change of the accounting classification of the investment in BFA, from "associated company", consolidated by the equity method, to financial investment, recorded under "investments at fair value through other comprehensive income".
- **No impact on consolidated capital ratios**

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Annexes

Loans to Customers increase by 5.7% yoy

Loans to
companies in
Portugal

+ 1 136 M.€

- Companies in Portugal (+16.1%)
- Mortgages (+0.8%)
- Consumer (+4.8%)
- Total loan portfolio goes up 5.7%
- Market share (oct.18) 10.1%

Loans to customers by segments

Gross portfolio, in M.€	dec.17	dec.18	YoY
I. Loans to individuals¹⁾	12 408	12 558	1.2%
Mortgage loans	11 084	11 171	0.8%
Other loans to individuals ¹⁾	1 324	1 387	4.8%
II. Loans to Companies	8 387	9 286	10.7%
Large and medium-sized companies and Corporate & Investment Banking	5 051	6 004	18.9%
Small businesses	1 990	2 173	9.2%
Total Companies in Portugal	7 041	8 177	16.1%
Project finance	1 347	1 109	(17.6%)
III. Public sector	1 305	1 544	18.3%
IV. Other	123	100	(18.9%)
Total	22 223	23 487	5.7%
Note:			
Loan portfolio net of impairments	21 638	22 949	6.1%

1) The evolution of the segment "Other loans to individuals" was influenced by the transfer of the balance related to credit cards (144 M. €) following the sale of the cards business to CaixaBank Payments in the 4th quarter 18.

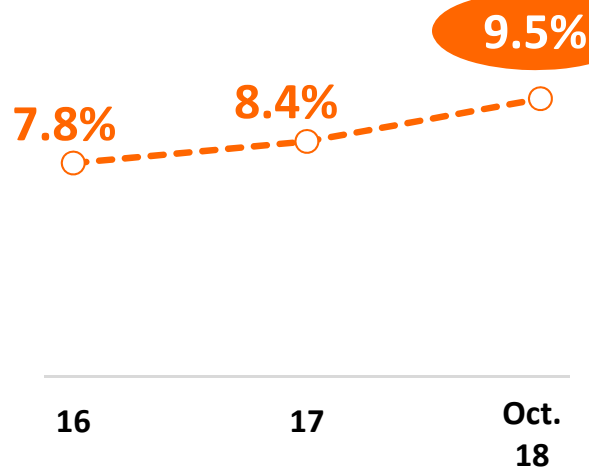
Corporate and small businesses loan growth

Loan portfolio growth

Dec.18, chg. yoy **+ 16%**

Increase in market share

Loan portfolio to corporates and small businesses¹⁾



Main segments of offer to corporates



AGRICULTURE

- ✓ Strengthening BPI's position as **Bank for Agriculture**

Market share

Linha IFAP Curto Prazo

65%
Oct.18 ²⁾



TOURISM

- ✓ Strengthening BPI's position as **Bank for Tourism**

Market share

Linha de Qualificação da Oferta 2018

23 %
Dec.18 ³⁾

BPI meetings with corporates



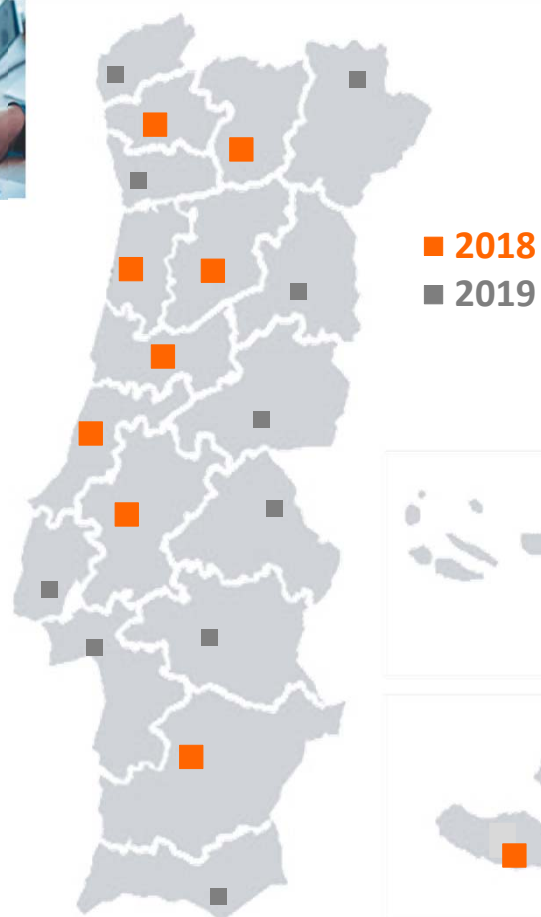
✓ Proximity

10 events in district capitals, including autonomous regions

✓ More than **1 200 guests** attended the meetings

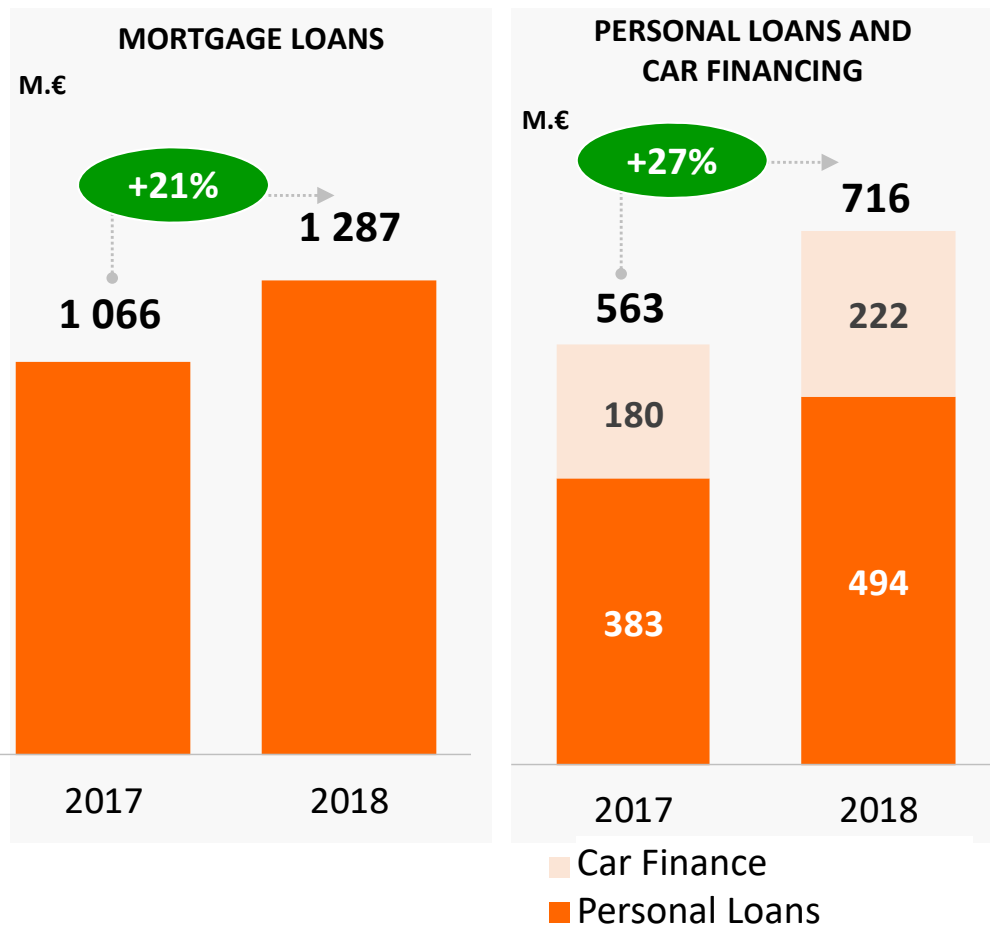
with the presence of reference speakers

✓ Participants' interaction with **BPI experts' network**

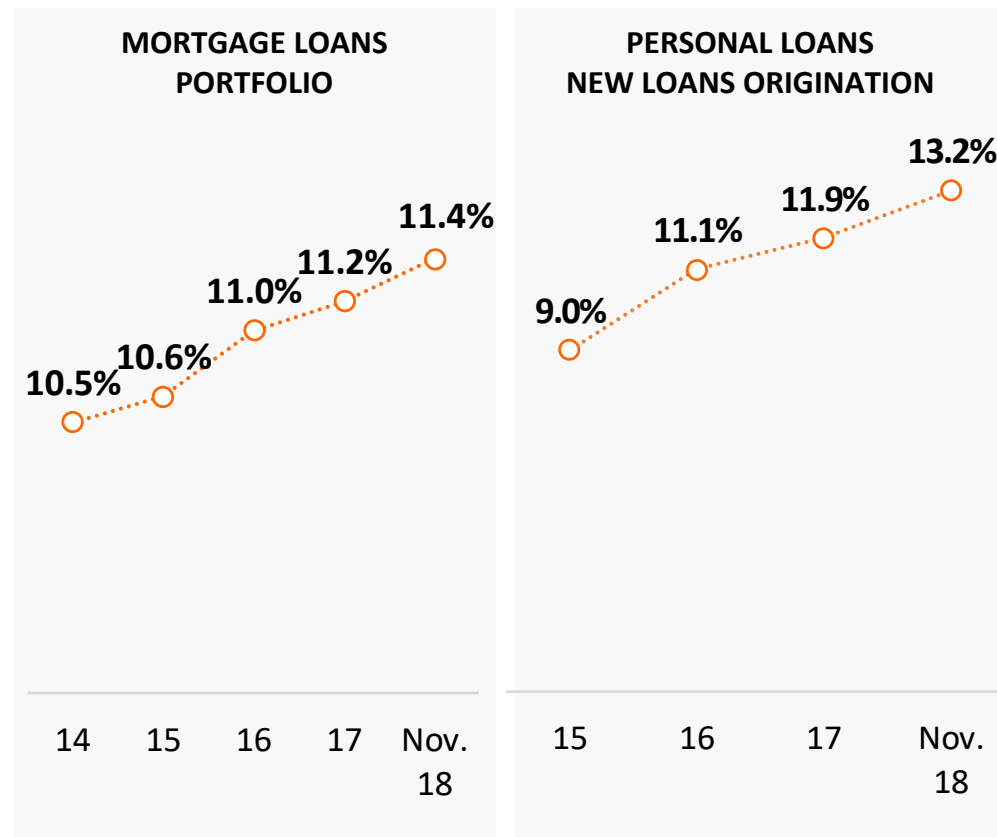


Growth of loans to Individuals, with market share gains

New loans origination



Market shares



Offering new loan solutions to individuals

Mortgage Loans

Launch of Fixed Rate Mortgage Loans, a solution for Customers looking for security, with a fixed payment until the end of the loan.

Available for 10, 15, 20, 25 or 30 years.



Instant Loan BPI

A 100% online Personal Loan, available to BPI Net and APP Customers, for a financing amount up to 5 000 € for 60 months



10 thousand loans

19% of total Personal Loans

Renting

Launch of Renting for Individuals and Companies, with a single-product offer.



Customer deposits increase 9.3% YoY

- Customer deposits increase by 1.8 Bi.€ (+9.3% yoy)

Market shares	31 Dec. 17	31 Oct. 18
Total deposits ³	9.8%	9.9%
Mutual funds ⁴	16.4%	16.1%
PPR's ⁴	12.8%	10.7%
Capitalisation insurance ⁴	14.3%	15.2%

Customer resources

In M.€	dec.17 proforma ¹⁾	dec.18	YoY
I. On-balance sheet resources	20 719	22 052	6.4%
Customer deposits ²	19 368	21 160	9.3%
Institutional and financial investors deposits	1 351	892	-34%
II. Assets under management	9 754	9 191	-5.8%
Mutual funds	5 658	5 083	-10.2%
Capitalisation insurance	4 096	4 107	0.3%
III. Public offerings	2 151	1 952	-9.2%
Total	32 624	33 195	1.8%

The Bank has actively being reducing its offer of deposits to institutional investors to optimize liquidity ratios (LCR).

1) Proforma considering the sale of da BPI Gestão de Ativos and BPI GIF.

2) Includes retail bonds of 35 M. € in Dec. 17 and 18 M. € in Dec. 18.

3) Does not include the effect of securitization operations (BPI calculation).

4) In Nov. 2018. The PPR's include PPR in the form of mutual funds and capitalization insurance. For this reason, these PPRs are excluded in the calculation of the mutual funds and Capitalization Insurance market shares.

Improving Customer Experience

Progress in digital transformation with benefits for Customers, increase in commercial capacity and improvement of commercial efficiency

Redesign of main Customer Journeys

- ✓ Personal loans origination
- ✓ Origination and increased limits of Credit Cards
- ✓ Savings / Investments

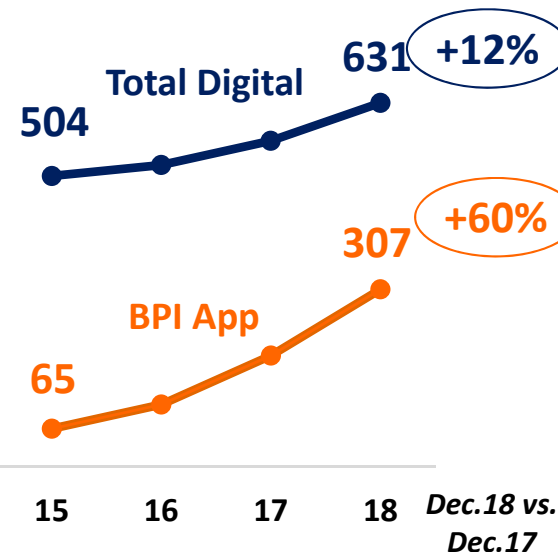
Increase usage, improve service and sales

- ✓ Increase Sales in Digital Channels
- ✓ New transfer solutions
- ✓ More information to the Clients

Improvement of the digital solutions and Efficiency of the Commercial Network

- ✓ 1 300 Employees at Commercial Network with SmartPCs (+60%) and 100% with SmartPhones
- ✓ Digital signature solution for most transactions

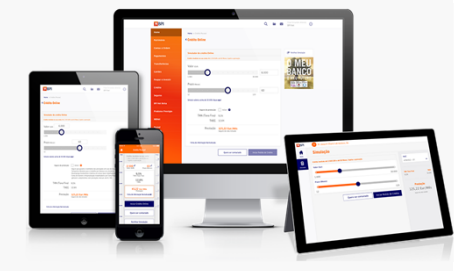
Regular users of Digital Banking



% active digital clients¹⁾ **42%** +4 pp

Internet and mobile banking penetration²⁾

- Internet banking Individuals **# 1**
- Internet banking Corporates **# 1**
- Mobile Banking **# 2**



1) Active customers 1st holders, individuals and companies.

2) Individuals BASEF (Dec.18 accumulated), Empresas DATAE (2018).

Public recognition

BPI was elected, for the first time, "The Best Bank in Portugal" in the awards for excellence of Euromoney magazine

Best Bank in Portugal



Awarded for the first time at
the Euromoney Awards for
Excellence Country 2018

Trusted Brand in Banking



Seleções do Reader's Digest
for the 5th consecutive year

Excellence Brand in Portugal



Superbrands 2018
for the 5th consecutive year

Award 5 Stars 2019



Winner in the
digital category

Best Digital team



Digital transformation



outsystems

Digital Transformation in
Financial Services

Public recognition

Senior Choice



Consumer Choice 2018,
Category Banking Products for
Seniors, for the 3rd consecutive
year

Corporate International Global Awards



Awarded at the category
Factoring and Receivables
Finance Provider of the Year

Service Quality Improvement as Export Factor



Best Research Company in Spain



CaixaBank BPI

Most Active Research House



For the 6th consecutive year

Nº 1 Corporate Bond House



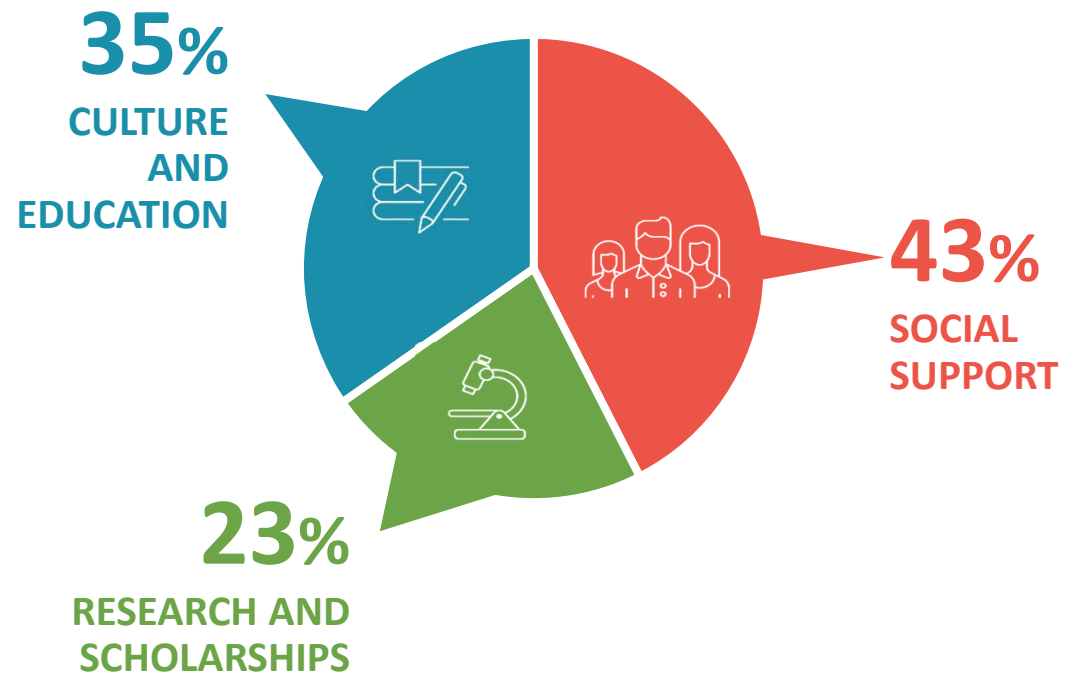
Social Responsibility: 15.16 M. € of support granted in 2018

Joint intervention BPI and "la Caixa" Foundation



15.16 M.€

Breakdown of the Social
Responsibility budget in
2018



Social solidarity awards

BPI CAPACITAR

Improving the quality of life and social inclusion of people with disabilities



Since 2010

BPI SENIORES

Promoting social inclusion and active aging of people over 65



Since 2013

BPI SOLIDÁRIO

Improving the living conditions of people living in poverty and social exclusion



Since 2016

Awarded (no.):

168

167

53

Beneficiaries (no.):

39 929

52 258

13 132

Donations (M.€):

5.4 M.€

3.75 M.€

2.15 M.€

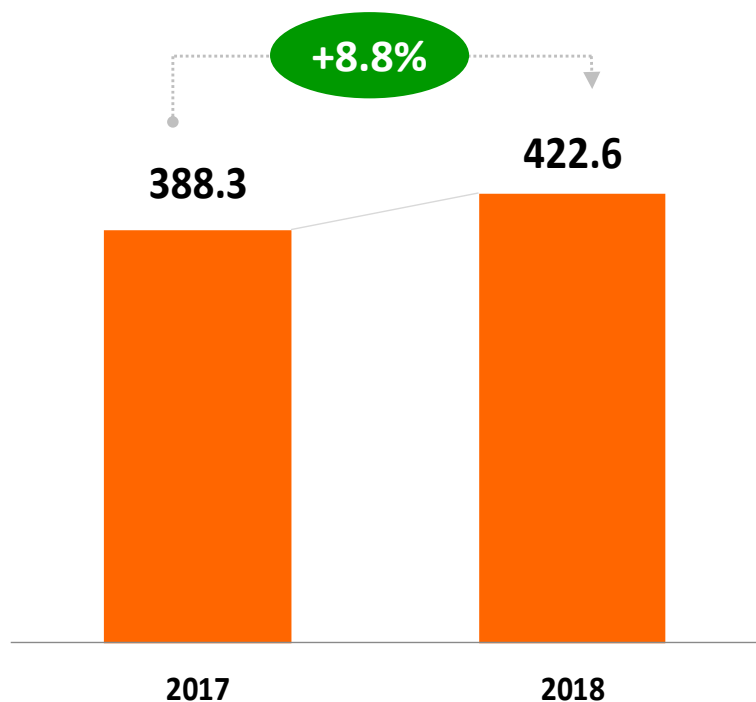
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Annexes

Net interest income increases 8.8% (yoy)

Net interest income, in M.€



Trends in net interest income evolution:

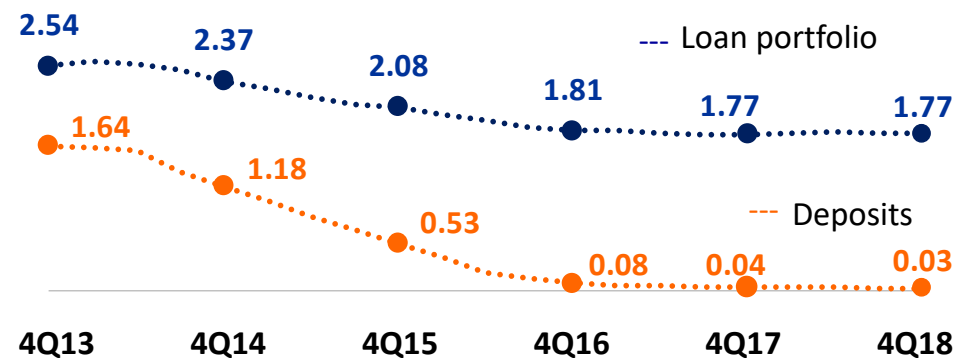


Growth of loan portfolio in Portugal



Reduction in the average cost of term deposits (in euro) from 0.10% in 2017 to 0.07% in 2018

Customer Loans and Deposits' portfolio remuneration



Intermediation
margin

1.73

1.73

1.74

Commissions grow 5.6% yoy

Net fee and commission income, M.€

Net fee and
commission
increase

+5.6% yoy

+5.6%

263.0

277.8

2017

2018

Commissions with
OTRV²⁾ placement

11.5

2.3

2) OTRV - Obrigações do Tesouro de Rendimento Variável (Portuguese government floating rate bonds)

Em M.€	2017	2018	YoY
Banking commissions	160.5	171.1	6.5%
Mutual funds	37.6	40.0	6.6%
Insurance	64.9	66.7	2.7%
Total ¹⁾	263.0	277.8	5.6%

1) BPI Alternative Fund ceased to be consolidated in Banco BPI accounts from March 2017 onwards. In the consolidation of that fund, net commissions paid by the BPI Alternative Fund of 2.2 M.€ in the 1Q17 were recorded.

Recurring Gross income increases 9.0% yoy

■ Recurring Gross income

+9.0% yoy

driven by **growth in net interest income and commissions**

■ Gross income as reported

+18.0% yoy

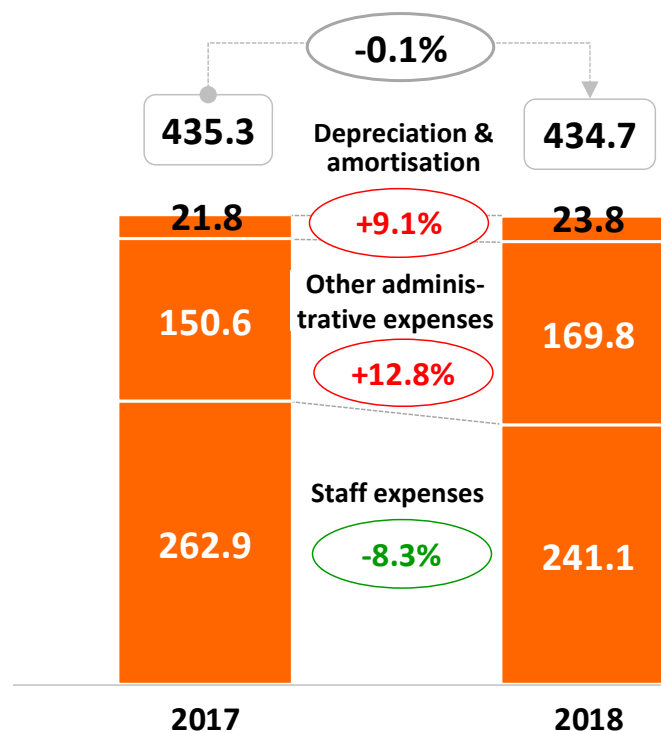
Gross income, M.€

In M.€	2017	2018	Δ%
Recurring Gross income			
Net interest income	388.3	422.6	+ 8.8%
Net fee and commission income	263.0	277.8	+ 5.6%
Equity accounted income and dividend income	20.0	9.2	- 54.0%
Gains/(losses) on financial assets and liabilities and Other operating income and expenses	-9.1	12.1	+ 233.7%
Recurring Gross income	662.1	721.6	+ 9.0%
Non recurring items	0.0	59.6	
Gross income as reported	662.1	781.2	+ 18.0%

Recurring Operating expenses decrease 0.1% yoy

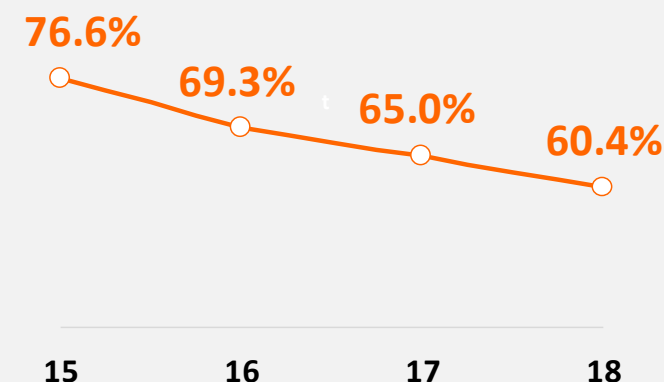
- Staff expenses (excluding non-recurring) drop 21.7 M.€ (-8.3%) yoy
- Other administrative expenses, depreciation & amortisation in line with budget forecast

Recurring operating expenses, M.€



Cost-to-income

(Adjusted operating expenses as % of commercial banking gross income)



Staff and Distribution Network

No.	Dec. 17		Dec.18
Staff	4 930	- 42	4 888
Branch network ¹	431	- 10	421

Target Portugal - 2021

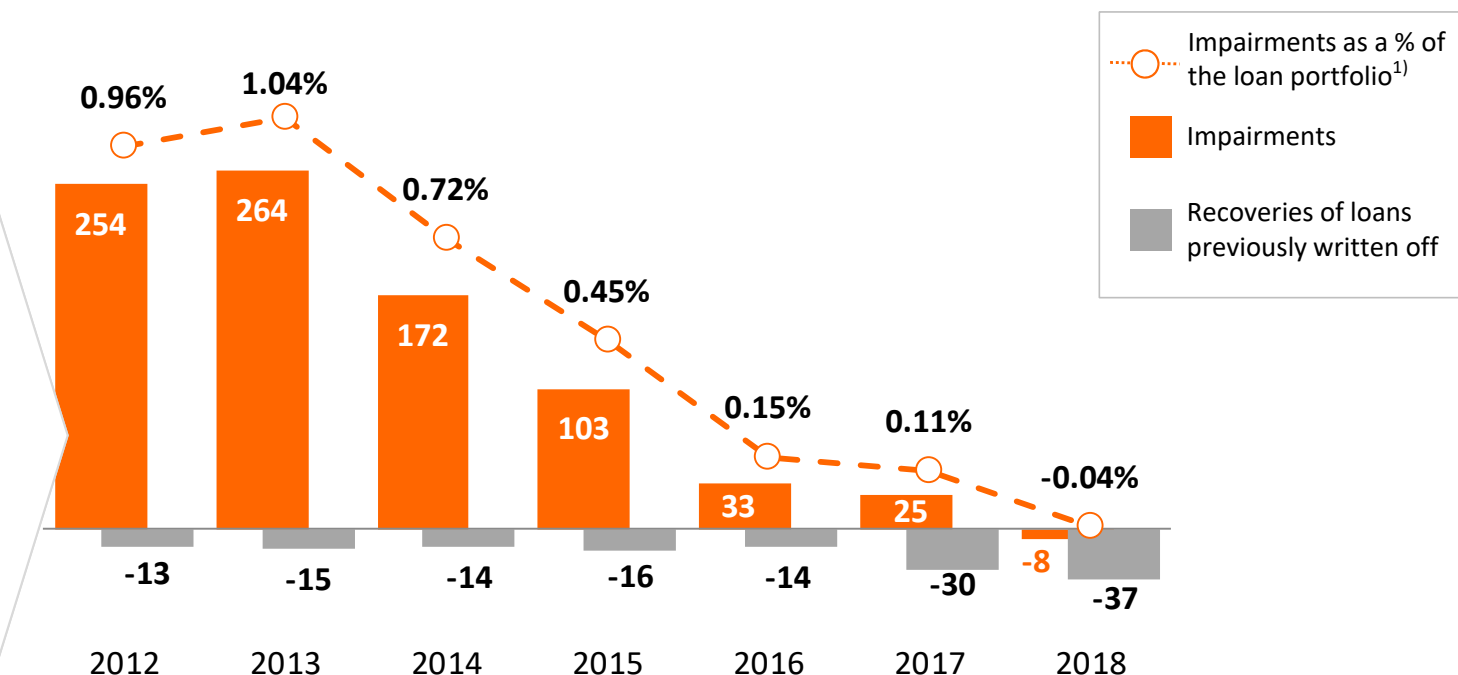
Cost-to-income
≈ 50%

1) Additionally, at Dec.18, BPI had 39 premier centres, 1 mobile branch and 34 corporate centres in Portugal, thus totalling 495 business units.

Loan impairment reversals of 8 M.€ and recoveries of 37 M.€ in 2018

- Impairment reversals of 8 M.€ in 2018
- Loan recoveries previously written off amounted to 37 M.€
- The application of IFRS 9 led to an increase of 35 M.€ in loan impairments, which was directly recognized in shareholders' equity, and an impact in shareholders' equity of -26 M.€.

YoY evolution of cost of credit risk, M.€



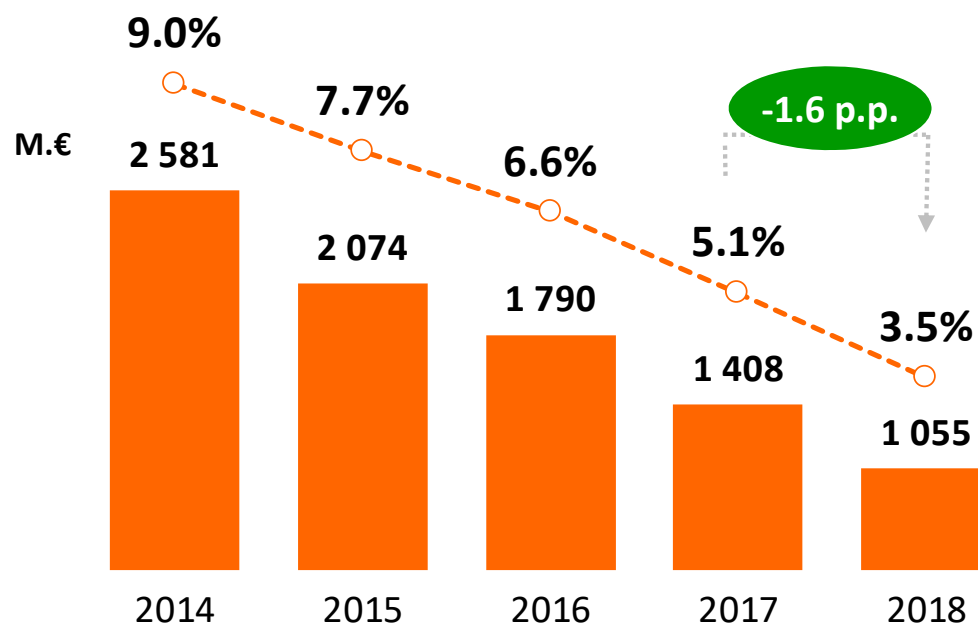
Cost of credit risk¹⁾

2012	2013	2014	2015	2016	2017	2018	
242	249	158	87	19	(5)	(45)	
0.91%	0.98%	0.66%	0.38%	0.09%	(0.02%)	(0.20%)	% loan portfolio

1) Impairments after deducting recoveries of loans previously written off.

NPE ratio of 3.5% in December 2018

Non-Performing Exposures - NPE (EBA Criteria²)



Coverage ratio¹⁾

38%

43%

39%

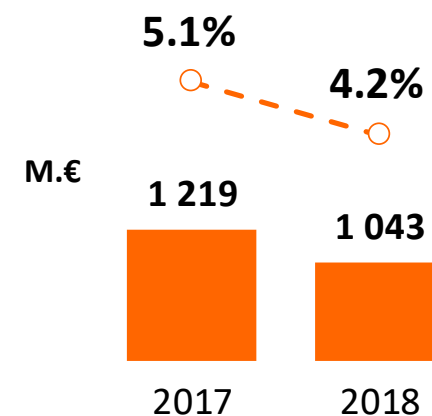
43%

53%

Coverage by impairments and collaterals

127%

Non-performing loans – NPL (“Crédito Duvidoso”)



50%

54%

120%

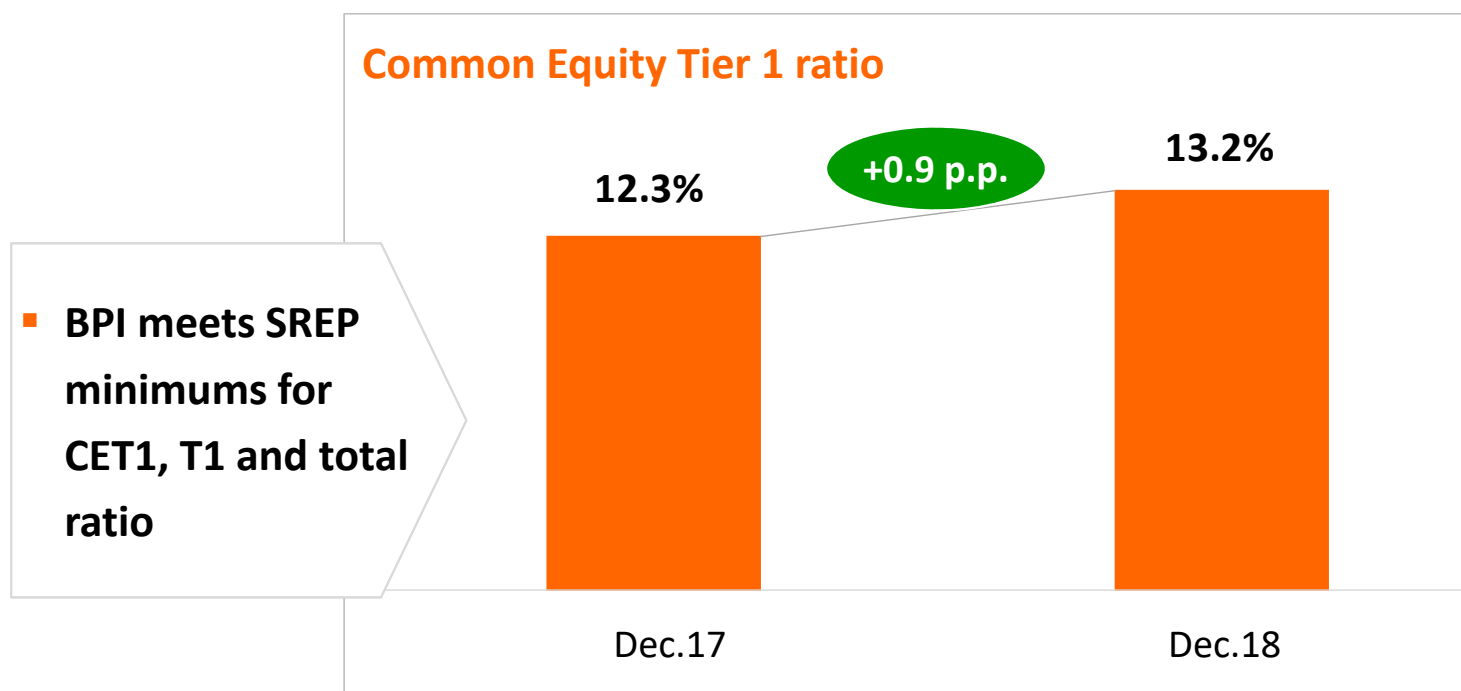
1) Coverage by impairments accumulated in the balance sheet for loans and guarantees; does not consider collaterals.

2) NPE ratio considering the prudential supervision perimeter.

Solid capital position

Consolidated ratios

Common Equity Tier 1 ratio



Capital requirements (SREP)

In 2018

8.75%

Tier 1 ratio

12.3%

13.2%

10.25%

Total capital ratio

14.0%

15.0%

12.25%

Leverage ratio

6.8%

7.0%

3.0%¹⁾

1) Minimum value in calibration.

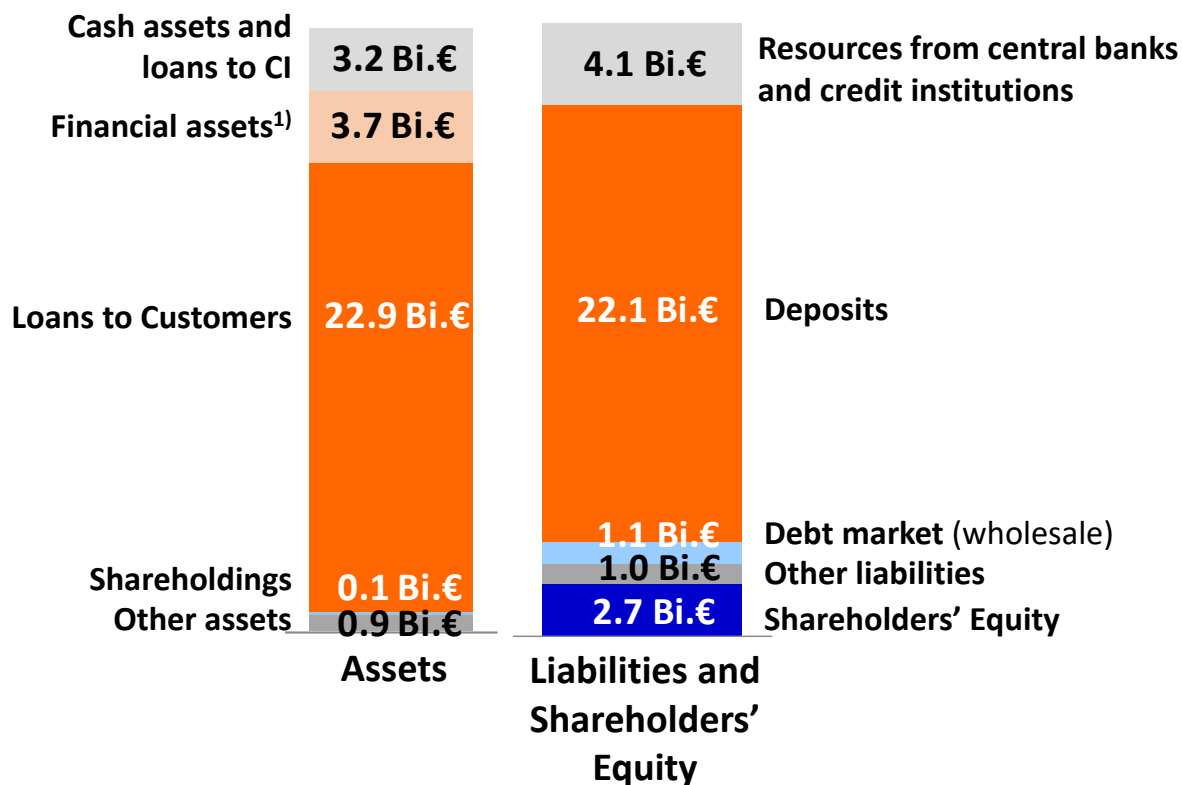
Balanced funding structure and comfortable liquidity position

- Customer resources constitute the main source of financing of the balance sheet (71% of the assets)

Balance sheet of the activity in Portugal

(31 Dec. 18)

30.9 Bi.€



Comfortable liquidity metrics

Loans / deposits **100%** CaixaBank criteria

Liquidity coverage ratio **167%²⁾** Average 12 months, according to EBA guidance

Total liquid assets

Total liquid assets **9.5 Bi.€**

Of which,

HQLA **3.9 Bi.€** High Quality Liquid Assets

Other assets **5.6 Bi.€** Other assets eligible as ECB collateral

Financing with the ECB **1.4 Bi.€**

¹⁾Includes short-term public debt of 0.5 Bi.€ (Portugal), with a residual average maturity of 0.5 years, and medium and long-term debt of 2.6 Bi.€ (Portugal 34%, Spain 40% and Italy 27%) with an average residual maturity of 2.0 years.

²⁾Average amount (last 12 months) of LCR components calculation: Liquidity Reserves (3 930 M.€); Total net outflows (2 348 M.€).

BPI has investment grade long-term credit rating from Fitch, Moody's and S&P

S&P Global

MOODY'S

FitchRatings



Investment Grade

Non-Investment grade

... AA-, AA, AA+ and AAA

A+
A
A-
BBB+
BBB
BBB-   Bank 1
BB+
BB Bank 2
BB-
B+
B
B-
CCC+



... CCC, CCC-, CC, C and D

... Aa2, Aa1 and Aaa

Aa3 
A1
A2
A3
Baa1
Baa2 
Baa3  Bank 1
Ba1 Bank 3
Ba2
Ba3 Bank 2
B1
B2
B3 Bank 4
Caa1
Caa2 Bank 5


... Caa3, Ca and C

... AA-, AA, AA+ and AAA

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

... CCC, CCC-, CC, C and D

... AA, AA (high), AAA

AA (low) 
A (high)
A Bank 1
A (low)
BBB (high)
BBB 
BBB (low) Bank 3
BB (high) Bank 2
BB Bank 4
BB (low)
B (high)
B Bank 5
B (low)
CCC (high)

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

 **Investment grade BBB -**

Investment grade Baa2

Investment grade BBB

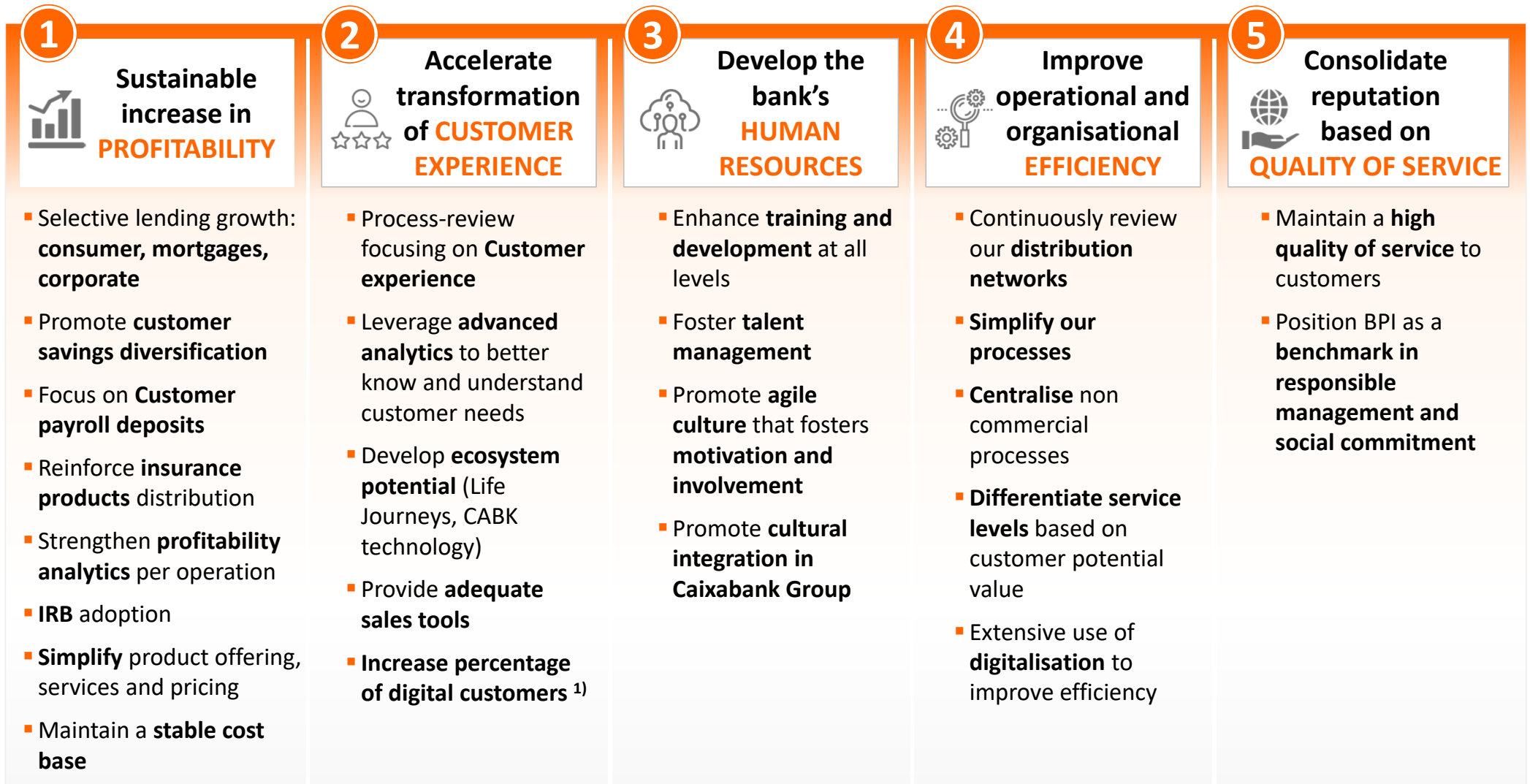
- Moody's** (16 Oct.) **upgraded by 2 notches** BPI's **long-term debt** rating from **Ba1 to Baa2** and the rating of **long-term deposits** from **Baa3 to Baa1**. The outlook of the long-term debt rating is negative and the outlook of deposits is stable.
- Fitch** (11 Oct.) upgraded by **1 notch** BPI's **long-term debt** rating, **from BBB- to BBB**, with stable Outlook
- S&P** (9 Oct.) upgraded by 2 notches BPI's standalone rating, from **bb- to bb+**, and **reaffirmed the BBB- long-term debt rating**, with a positive Outlook

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BPI Strategic lines for 2019-21: Overview



1) Percentage calculated with no age restrictions.

BPI Strategic lines: Business targets for 2019^E-2021^E

To grow the loan book above the market

Keep advancing in digital channels and expertise in long-term savings products

Volume growth 2019E-21E CAGR

Customer loans

~ 5%



Consumer lending

~ 8%



Loans to companies and small businesses

~ 5%

Market shares in %



Residential mortgages
(+ 1 p.p.)

12.5%

2021E
vs. 11.4% Nov.18



New personal loans
(+ 2 p.p.) (origination)

15.0%

2021E
vs. 13.2% Jan-Nov.18



Payroll deposits

~ 6%

CAGR
2019E-21E



Digital customers ¹⁾

> 50%

2021E
vs. 42% Dec.18



Customer satisfaction ²⁾

Top 3

2019E-21E



Diversification ³⁾

~ 6%

CAGR
2019E-21E

Customer resources

~ 3%

CAGR
2019E-21E

1) Percentage calculated with no age restrictions. | 2) For individuals and companies, overall, internet banking and digital channel satisfaction indexes from independent market research companies.

3) Excluding real estate, money market investment funds and products with guaranteed capital. Includes public offerings.

BPI Strategic lines: financial targets for 2019^E-2021^E

Net income improvement underpinned by revenue growth, stable expenses and low CoR

Core revenues ¹⁾	~ 7%	CAGR 2019E-21E
Recurrent expenses	~ 0%	CAGR 2019E-21E
NPL ratio	< 3%	2021E
Core cost-to-income ratio ²⁾	~ 50%	2021E vs. 60% 2018
Recurrent ROTE	~ 11%	2021E vs. 8.8% 2018

1) NII, dividends, fees, equity accounted income (Allianz, Unicre and Cosec) and services paid by the businesses sold to CaixaBank.

2) Recurrent operating expenses as % of core revenues.

Results in 2018

- 1 Highlights
- 2 Commercial activity
- 3 Results and Balance Sheet
- 4 Strategic Plan 2019-2021
- 5 Closing remarks**

Annexes

Results in 2018 - Highlights

Good results
from
commercial
activity in
Portugal

**Loans to
companies**
+ 1 136 M.€
+16.1%
Dec. 18, yoy

**Customer
deposits**
+1 792 M.€
+9.3%
Dec. 18, yoy

**Net interest
income**
+ 8.8%
2018, yoy

Commissions
+ 5.6%
2018, yoy

Improved
efficiency, risk
and
capitalisation

**Recurring
costs**
-0.1%
2018, yoy

**Cost-to-
income**
60.4%

NPE ratio
3.5%
Dec. 18

CET1 FL
13.2%
Total FL
15.0%

Profit
increases in
Portugal and
in
consolidated

**Consolidated
profit**
490.6 M.€
2018

**Profit in
Portugal**
396.3 M.€
2018

**Targets
Portugal –
2021**
(Excl. shareholdings
in BFA and BCI)

Cost-to-income
≈ 50%
ROTE
≈ 11%

Results in 2018



Annexes

- **Income Statements and Balance sheet in accordance with IAS / IFRS**
- **Profitability and efficiency
as in the Bank of Portugal's Instruction no. 16/2004**
- **Alternative Performance Measures**

Discontinued operations in accordance with IFRS 5

In accordance with IFRS 5 - Non-current assets held for sale and discontinued operations, BPI Vida e Pensões, BPI Gestão de Activos and BPI GIF were classified as discontinued operations on December 31, 2017, following the signature of the sale contracts disclosed to the market on November 23, 2017.

Consequently, the assets and liabilities of these units are presented in the consolidated balance sheet of Banco BPI under the captions "Non-current assets / liabilities held for sale and discontinued operations" and the respective contribution to consolidated results is presented under the caption "Net income from discontinued operations".

Adoption of a new structure of the financial statements

With the entry into force of IFRS 9, in the beginning of 2018, Banco BPI decided to adopt a structure of the individual and consolidated financial statements in line with the guidelines of Regulation (EU) 2017/1443 of June 29, 2017 and with the structure of the financial statements presented by CaixaBank (the consolidating entity of Banco BPI).

Reclassification of costs from Other administrative expenses to Commissions paid

Until 31 December 2017, Banco BPI followed the Chart of Accounts of Banco of Portugal defined in Instruction 9/2005, which specified the inclusion of some costs in Other administrative expenses. Taking into account the revocation of the instruction and the integration / alignment of accounting policies with CaixaBank, costs that depend on the evolution of the business and which have as a counterpart a benefit charged to the clients, were reclassified from Other administrative expenses to Commissions paid.

Profit and loss account for 2017 restated

The items in the profit and loss account of 2017 (and respective quarters) were restated (Proforma figures) recognizing the contribution of BPI Vida e Pensões, BPI Gestão de Ativos and BPI GIF to the consolidated results in accordance with IFRS 5, the adoption of a new structure of the financial statements, with the entry into force of IFRS 9, as well as the reclassification of costs from Other administrative expenses to Commissions paid as mentioned above.

Acronyms and designations adopted

ytd	Year-to-date
yoy	Year-on-year
qoq	quarter-on-quarter
RCL	Reclassified
ECB	European Central Bank
BoP	Bank of Portugal
CMVM	<i>Comissão do Mercado of Valores Mobiliários</i> (Securities Market Commission)
APM	Alternative Performance Measures
IMM	Interbank Money Market
T1	Tier 1
CET1	Common Equity Tier 1
RWA	Risk weighted assets
TLTRO	Targeted longer-term refinancing operations
LCR	Liquidity coverage ratio

Units, conventional signs and abbreviations

€, Euros, EUR	euros
M.€, M. euros	million euros
th.€, th. euros	thousand euros
Δ	change
n.a.	not available
0, –	null or irrelevant
Liq.	liquid
vs.	versus
b.p.	basis points
p.p.	percentage point
E	Estimate
F	Forecast

Income Statement of activity in Portugal

In M.€	2017 restated			2018			Δ%
	As reported	Non recurr. ²⁾	Excl. non recurr.	As reported	Non recurr. ¹⁾	Excl. non recurr.	Excl. non recurr.
Net interest income	388.3		388.3	422.6		422.6	8.8%
Dividend income	6.5		6.5	1.7		1.7	-73.6%
Equity accounted income	13.4		13.4	7.5		7.5	-44.5%
Net fee and commission income	263.0		263.0	277.8		277.8	5.6%
Gains/(losses) on financial assets and liabilities and other	14.5		14.5	84.6	59.6	25.1	73.4%
Other operating income and expenses	(23.5)		(23.5)	(12.9)		(12.9)	45.0%
Gross income	662.1		662.1	781.2	59.6	721.6	9.0%
Staff expenses	(368.7)	(105.8)	(262.9)	(262.2)	(21.1)	(241.1)	-8.3%
Other administrative expenses	(150.6)		(150.6)	(172.9)	(3.1)	(169.8)	12.8%
Depreciation and amortisation	(21.8)		(21.8)	(23.8)		(23.8)	9.1%
Operating expenses	(541.1)	(105.8)	(435.3)	(458.9)	(24.2)	(434.7)	-0.1%
Net operating income	121.1	(105.8)	226.9	322.3	35.4	286.9	26.5%
Impairment losses and other provisions	0.5		0.5	47.7		47.7	
Gains and losses in other assets	12.2		12.2	85.0	98.8	(13.8)	-213.3%
Net income before income tax	133.8	(105.8)	239.6	455.0	134.2	320.8	33.9%
Income tax	(40.7)	29.0	(69.7)	(122.9)	(20.4)	(102.5)	47.0%
Net income from continuing operations	93.1	(76.8)	169.9	332.1	113.7	218.3	28.5%
Net income from discontinued operations	30.6	30.6		64.2	64.2		
Income attributable to non-controlling interests	(0.0)		(0.0)				
Net income	123.7	(46.2)	169.9	396.3	178.0	218.3	28.5%

Non recurring impacts:

In 2017 – costs of 76.8 M.€ (105.8 before taxes) with early retirements and voluntary terminations, gain of 8.6 M.€ after taxes with the sale of BPI Vida e Pensões (recorded in the caption “Net income from discontinued operations”) and net income from discontinued operations (BPI Vida e Pensões, BPI Gestão de Ativos and BPI GIF) of 22.0 M.€.

In 2018 – gain of 59.6 M.€ with the sale of the stake in Viacer, gain of 61.8 M.€ with the sale of subsidiaries (BPI Gestão de Ativos and BPI GIF), gain of 71.7 M.€ with the sale of acquiring / POS businesses, cost of 15.3 M.€ (after taxes) with early retirements, other non recurring administrative expenses of 2.2 M.€ (after taxes) and net income from discontinued operations of 2.5 M.€.

Note: The 2017 income statement restated reflects the restatement of the contribution of BPI Vida e Pensões, BPI Gestão de Activos and BPI GIF to the consolidated results in accordance with IFRS 5, the adoption of a new income statement structure following the entry into force of IFRS 9, and the reclassification of some costs from Other administrative expenses to Commissions paid.

Consolidated income statement

In M.€	2017 restated ¹⁾	2018
Net interest income	388.1	422.6
Dividend income	6.5	1.7
Equity accounted income	124.8	271.6
Net fee and commission income	264.0	277.8
Gains/(losses) on financial assets and liabilities and other	14.4	76.9
Other operating income and expenses	(24.3)	(12.9)
Gross income	773.5	1 037.6
Staff expenses	(369.7)	(262.2)
Of which: Recurring staff expenses	(263.9)	(241.1)
Non-recurring costs ²⁾	(105.8)	(21.1)
Other administrative expenses	(150.9)	(172.9)
Depreciation and amortisation	(21.9)	(23.8)
Operating expenses	(542.5)	(458.9)
Net operating income	231.0	578.6
Impairment losses and other provisions	(0.1)	47.9
Gains and losses in other assets	12.2	(68.7)
Net income before income tax	243.0	557.9
Income tax	(51.8)	(131.4)
Net income from continuing operations	191.3	426.4
Net income from discontinued operations	(181.0)	64.2
Income attributable to non-controlling interests	(0.0)	
Net income	10.2	490.6

EARNINGS PER SHARE

	2017 restated ¹⁾	2018
Earnings per share (€)	0.01	0.34
Net income from continuing operations (€)	0.13	0.29
Net income from discontinued operations (€)	-0.12	0.04
Average weighted nr. of shares (in millions)	1 456	1 457

The 2017 income statement restated reflects the restatement of the contribution of BPI Vida e Pensões, BPI Gestão de Activos and BPI GIF to the consolidated results in accordance with IFRS 5, the adoption of a new income statement structure following the entry into force of IFRS 9, and the reclassification of some costs from Other administrative expenses to Commissions paid.

1) Costs with voluntary terminations and early retirements.

Consolidated balance sheet

With the entry into force of IFRS 9, Banco BPI decided to adopt a structure of the individual and consolidated financial statements in line with the guidelines of Regulation (EU) 2017/1443 of June 29, 2017 and with the structure of the financial statements presented by CaixaBank (the consolidating entity of Banco BPI).

In M.€	31 Dec. 17	31 Dec. 18
ASSETS		
Cash and cash balances at central banks and other demand deposits	1 094.1	2 452.9
Financial assets held for trading, at fair value through profit or loss and at fair value through other comprehensive income	4 175.9	2 330.5
Financial assets at amortised cost	22 506.7	25 671.9
Of which:		
Loans to Customers	21 638.2	22 949.1
Investments in joint ventures and associates	794.5	209.1
Tangible assets	45.3	67.3
Intangible assets	42.3	55.1
Tax assets	453.2	352.8
Non-current assets and disposal groups classified as held for sale	73.3	33.9
Other assets	454.9	394.5
Total assets	29 640.2	31 568.0
LIABILITIES		
Financial liabilities held for trading	170.0	141.3
Financial liabilities at amortised cost	25 961.4	27 515.7
Deposits - Central Banks and Credit Institutions	3 978.0	3 206.3
Deposits - Customers	20 713.6	22 960.3
Technical provisions		
Debt securities issued	1 020.0	1 118.2
Memorandum items: subordinated liabilities	305.1	304.5
Other financial liabilities	249.8	231.0
Provisions	64.2	65.5
Tax liabilities	70.6	73.8
Liabilities included in disposal groups classified as held for sale	4.5	0.0
Other liabilities	545.8	565.7
Total Liabilities	26 816.6	28 362.1
Shareholders' equity attributable to the shareholders of BPI	2 823.6	3 206.0
Non controlling interests	0.0	0.0
Total Shareholders' equity	2 823.6	3 206.0
Total liabilities and Shareholders' equity	29 640.2	31 568.0

Consolidated profitability and efficiency metrics

According to Bank of Portugal Instruction no. 16/2004 with the amendments of Instruction 6/2018

	2017 restated ¹⁾	2018
Gross income and equity accounted income / ATA	2.3%	3.4%
Net income before income tax and income attributable to non-controlling interests / ATA	0.2%	2.0%
Net income before income tax and income attributable to non-controlling interests / average shareholders' equity (including non-controlling interests)	2.4%	20.3%
Staff expenses / Gross income and equity accounted income ²⁾	34.1%	23.2%
Operating expenses / Gross income and equity accounted income ²⁾	56.5%	41.9%
Loans (net) to deposits ratio	105%	104%

1) Considering the "restated" financial statements of 2017 which reflect the restatement of the contribution of BPI Vida e Pensões, BPI Gestão de Activos and BPI GIF for the consolidated net income in conformity with IFRS 5 rules, and the adoption of a new format for the Income Statement, following the entry into force of IFRS9, and the reclassification of certain "Other administrative expenses" to Comissions paid.

2) Excluding early-retirement costs.

NPE ratio and forborne (prudential perimeter; according to the EBA criteria)

	Dec.17	Dec.18
Non-performing exposures (NPE) ratio	5.1%	3.5%
NPE cover by impairments and collaterals	117%	127%
Ratio of forborne not included in NPE ¹⁾	1.9%	0.8%

1) Forborne according to EBA criteria and considering the scope of prudential supervision. On 31 December 2018, the forborne was 813 M. € (forborne ratio of 2.5%), of which 254 M.€ was performing loans (0.8% of the gross credit exposure) and 559 M.€ was included in NPE (1.7% of the gross credit exposure).

Alternative Performance Measures – reconciliation of the income statement

Consolidated income statement

The following table presents, for the consolidated income statement, the reconciliation of the structure used in the current document (Banco BPI Consolidated results in 2018) with the structure used in the financial statements and respective notes of the 1st Half 2018 Report.

Structure used in the Results' Presentation	2018	2018	New structure presented in the financial statements and respective notes
Net interest income	422.6	422.6	Net interest income
Dividend income	1.7	1.7	Dividend income
Equity accounted income	271.6	271.6	Share of profit/(loss) of entities accounted for using the equity method
Net fee and commission income	277.8	319.0	Fee and commission income
		(41.2)	Fee and commission expenses
Gains/(losses) on financial assets and liabilities and other	76.9	1.5	Gains/(losses) on derecognition of financial assets and liabilities not measured at fair value through profit or loss, net
		39.0	Gains/(losses) on financial assets and liabilities held for trading, net
		60.3	Gains/(losses) on financial assets not designated for trading compulsorily measured at fair value through profit or loss, net
		1.4	Gains/(losses) from hedge accounting, net
		(25.3)	Exchange differences (gain/loss), net
Other operating income and expenses	(12.9)	11.5	Other operating income
		(24.4)	Other operating expenses
Gross income	1 037.6	1037.6	GROSS INCOME
Staff expenses	(262.2)	(262.2)	Staff expenses
Other administrative expenses	(172.9)	(172.9)	Other administrative expenses
Depreciation and amortisation	(23.8)	(23.8)	Depreciation and amortisation
Operating expenses	(458.9)	(458.9)	Administrative expenses, depreciation and amortisation
Net operating income	578.6	578.6	NET OPERATING INCOME
Impairment losses and other provisions	47.9	(1.1)	Provisions or reversal of provisions
		49.0	Impairment/(reversal) of impairment losses on financial assets not measured at fair value through profit or loss
Gains and losses in other assets	(68.7)	(6.7)	Impairment or (-) reversal of impairment on entities accounted for using the equity method
		(1.7)	Impairment/(reversal) of impairment on non-financial assets
		(55.2)	Gains/(losses) on derecognition of non-financial assets, net
		(5.1)	Profit/(loss) from non-current assets and disposal groups classified as held for sale not qualifying as discontinued operations (net)
Net income before income tax	557.9	557.9	PROFIT/(LOSS) BEFORE TAX FROM CONTINUING OPERATIONS
Income tax	(131.4)	(131.4)	Tax expense or income related to profit or loss from continuing operations
Net income from continuing operations	426.4	426.4	PROFIT/(LOSS) AFTER TAX FROM CONTINUING OPERATIONS
Net income from discontinued operations	64.2	64.2	Profit/(loss) after tax from discontinued operations
Income attributable to non-controlling interests	0.0	0.0	Profit/(loss) for the period attributable to non-controlling interests
Net income	490.6	490.6	PROFIT/(LOSS) FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE PARENT

The European Securities and Markets Authority (ESMA) published on 5 October 2015 a set of guidelines relating to the disclosure of Alternative Performance Measures by entities (ESMA / 2015 / 1415). These guidelines are to be obligatorily applied with effect from 3 July 2016. In addition to the financial information prepared in accordance with the International Financial Reporting Standards (IFRS), BPI uses a set of indicators for the analysis of performance and financial position, which are classified as Alternative Performance Measures, in accordance with the abovementioned ESMA guidelines. The information relating to those indicators has already been the object of disclosure, as required by the ESMA guidelines. In the current presentation, the information previously disclosed is inserted by way of cross-reference. A summarized list of the Alternative Performance Measures is presented next.

Alternative Performance Measures

EARNINGS, EFFICIENCY AND PROFITABILITY INDICATORS

The following earnings, efficiency and profitability indicators are defined by reference to the above structure of the profit and loss account used in this document.

Gross income = net interest income + Dividend income + Net fee and commission income + Equity accounted income + Gains/(losses on financial assets and liabilities and other + Other operating income and expenses

Commercial banking gross income = net interest income + Dividend income + Net fee and commission income + Equity accounted income excluding the contribution of stakes in African banks

Operating expenses = Staff expenses + Other administrative expenses + Depreciation and amortisation

Adjusted Operating expenses = Staff expenses excluding cost with early retirements and voluntary terminations and (only in 2016) gains with the revision of the Collective Labour Agreement (ACT) + Other administrative expenses (recurring) + Depreciation and amortisation

Net operating income = Gross income - Operating expenses

Net income before income tax = Net operating income + Impairment losses and other provisions + Gains and losses in other assets

Cost-to-income ratio (efficiency ratio)¹⁾ = Operating expenses / Gross income

Adjusted Operating expenses-to-commercial banking gross income¹⁾ = Operating expenses, excluding costs with early-retirements and voluntary terminations and (only in 2016) gains with the revision of the Collective Labour Agreement (ACT) / Commercial banking gross income

Return on Equity (ROE)¹⁾ = Net income for the period / Average value in the period of shareholders' equity attributable to BPI shareholders after deduction of the fair value reserve (net of deferred taxes) related to financial assets available for sale

Return on Tangible Equity (ROTE)¹⁾ = Net income for the period / Average value in the period of shareholders' equity attributable to BPI shareholders after deduction of intangible net assets and other comprehensive income (reserves).

Return on Assets (ROA)¹⁾ = (Net income attributable to BPI shareholders + Income attributable to non-controlling interests - preference shares dividends paid) / Average value in the period of net total assets

Unitary intermediation margin = Loan portfolio average interest rate, excluding loans to Employees - Deposits average interest rate

BALANCE SHEET AND FUNDING INDICATORS

On-balance sheet Customer resources = Deposits + Capitalisation insurance of fully consolidated subsidiaries + Participating units in consolidated mutual funds

- Deposits = Sight and other deposits + Term and savings deposits + Accrued interest + Retail bonds (Fixed / variable rate bonds and structured products placed with Customers + Deposits certificates + Subordinated bonds placed with Customers)
- Capitalisation insurance of fully consolidated subsidiaries (BPI Vida e Pensões sold on Dec.17) = Unit links capitalisation insurance and "Aforro" capitalisation insurance and others (Technical provisions + Guaranteed rate and guaranteed retirement capitalisation insurance)

Note: The amount of on-balance sheet Customer resources is not deducted from the applications of off-balance sheets products (mutual funds and pension plans) in on-balance sheet products.

Assets under management = Mutual funds + Capitalisation insurance + Pension plans

- Mutual funds = Unit trust funds + Real estate investment funds + Retirement-savings and equity-savings plans (PPR and PPA) + Hedge funds + Assets from the funds under BPI Suisse management + Third-party unit trust funds placed with Customers
- Capitalisation Insurance = Third-party capitalisation insurance placed with Customers
- Pension plans = pension plans under BPI management (includes pension plans of BPI Group)

(i) Amounts deducted from participating units in the Group banks' portfolios and from off-balance sheet products investments (mutual funds and pension plans) in other off-balance sheet products.

(ii) Following the sale of BPI Vida e Pensões in Dec.17, the capitalisation insurance placed with BPI's Customers are recorded off balance sheet, as "third-party capitalisation insurance placed with Customers", and pension funds management is excluded from BPI's consolidation perimeter.

1) Ratio referring to the last 12 months, except when indicated otherwise. The ratio can be computed for the cumulative period since the beginning of the year, in annualised terms, the cases in which it will be clearly marked.

Alternative Performance Measures

BALANCE SHEET AND FUNDING INDICATORS (continuation)

Subscriptions in public offerings = Customers subscriptions in third parties' public offerings

Total Customer Resources = On-balance sheet Customer Resources + Assets under management + Subscriptions in public offerings

Gross loans to customers = Gross loans and advances to customers (financial assets at amortized cost), excluding other assets (guarantee accounts and others) + Gross debt securities issued by Customers (financial assets at amortized cost)

Note: gross loans = performing loans + loans in arrears + receivable interests

Net loans to Customers = Gross loans to customers – Impairments for loans to customers

Loan-to-deposit ratio (CaixaBank criteria) = (Net loans to Customers - Funding obtained from the EIB, which is used to provide credit) / Deposits and retail bonds

ASSET QUALITY INDICATORS

Impairments for loans and guarantees as % of the loan portfolio¹⁾ = Impairment losses and provisions for loans and guarantees / Average value in the period of the performing loan portfolio

Being:

- Impairment losses and provisions for loans and guarantees = Impairments or impairments reversal from financial assets not measures at fair value through profit or loss relating to loans and advances to customers and debt securities issued by Customers (financial assets at amortised cost), before deducting recovery of loans, interest and expenses + provisions or provisions reversals for commitments and guarantees

Cost of credit risk as % of the loan portfolio¹⁾ = (Impairment losses and provisions for loans and guarantees, net - Recovery of loans, interest and expenses) / Average value in the period of the performing loan portfolio

Being:

- Impairment losses and provisions for loans and guarantees = Impairments or impairments reversal from financial assets not measures at fair value through profit or loss relating to loans and advances to customers and debt securities issued by Customers (financial assets at amortised cost), before deducting recovery of loans, interest and expenses + provisions or provisions reversals for commitments and guarantees

Performing loans portfolio = Gross customer loans - (Overdue loans and interest + Receivable interests and other)

NPE ratio = Ratio of non-performing exposures (NPE) according to EBA criteria (prudential perimeter)

Coverage of NPE = [Impairments for loans and advances to customers (financial assets at amortised cost) + Impairments for debt securities issued by Customers (financial assets at amortised cost) + Impairments and provisions for guarantees and commitments] / Non-performing exposures (NPE)

Coverage of NPE by impairments and associated collateral = [Impairments for loans and advances to customers (financial assets at amortised cost) + Impairments for debt securities issued by Customers (financial assets at amortised cost) + Impairments and provisions for guarantees and commitments] + Collateral associated to NPE] / Non-performing exposures (NPE)

Non performing loans ratio ("crédito dudoso"; Bank of Spain criteria) = Non performing loans (Bank of Spain criteria) / (Gross customer loans + guarantees)

Non performing loans (Bank of Spain criteria) coverage ratio = [Impairments for loans and advances to customers (financial assets at amortised cost) + Impairments for debt securities issued by Customers (financial assets at amortised cost) + Impairments and provisions for guarantees and commitments] / Non performing loans (Bank of Spain criteria)

Coverage of non performing loans (Bank of Spain criteria) by impairments and associated collateral = [Impairments for loans and advances to customers (financial assets at amortised cost) + Impairments for debt securities issued by Customers (financial assets at amortised cost) + Impairments and provisions for guarantees and commitments] + Collateral associated to credit] / Non performing loans (Bank of Spain criteria)

Impairments cover of foreclosed properties = Impairments for real estate received in settlement of defaulting loans / Gross value of real estate received in settlement of defaulting loans

1) Ratio referring to the last 12 months, except when indicated otherwise. The ratio can be computed for the cumulative period since the beginning of the year, in annualised terms, the cases in which it will be clearly marked.



Grupo  CaixaBank

Banco BPI, S.A.

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

Share capital: € 1 293 063 324.98

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