



# **Banco BPI**

## **Consolidated results**

**2 May 2019**

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## BPI consolidated results in the 1st quarter 2019

### Net income in Portugal and in the consolidated

- Consolidated net profit of **49.2 M.€** in the 1st quarter 2019
- Net profit in Portugal of **45.5 M.€** in the 1st quarter 2019

### Growth in Customer resources and credit stabilisation in Portugal

- Customer deposits grow **152 M.€ (+0.7% ytd)**; Total Customer resources grow **427 M.€ (+1.3% ytd)**
- Loan portfolio stable (**+0.3% ytd**); Loans to companies in Portugal stable (**+0.6% ytd**)

### BPI issued 500 M.€ of Mortgage covered bonds, 5 years

- Return of BPI to the institutional debt market with a **500 M.€** issue of 5-year mortgage bonds: demand reached about 6 times the issue amount

### High asset quality

- Non-performing exposures ratio – **NPE<sup>1</sup>** (EBA criteria) of **3.3%** in Mar.19
- Coverage by impairments and collateral of **non-performing exposures (NPE)** of **127%**

### Strong capitalisation

- Fully loaded capital ratios: **CET1 of 13.5% and total of 15.2%**
- Fully loaded leverage ratio of **7.2%**

### Ratings continue to improve BPI's long-term debt at investment grade by Fitch, Moody's and S&P

- In Mar.19, **S&P** upgraded by 1 notch BPI's long-term debt rating to **BBB**
- **BPI** rated **BBB, Baa2 and BBB** by **Fitch, Moody's and S&P**, respectively

### BPI resumes dividend distribution

- Sole shareholder approved on 29 April the proposal of the Board of Directors for a dividend distribution of **140 M.€** with respect to 2018

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

## Consolidated net profit of 49 M.€ in 1Q 19

**Activity in Portugal** contributed with **45.5 M.€** to consolidated net profit in 1Q 19

### Consolidated net income

In M.€	1st Q. 18 adjusted	1st Q. 19	Δ%
<b>Activity in Portugal</b>			
Recurring net profit	58.3	45.7	-22%
Non-recurring impacts <sup>2)</sup>	60.1	(0.3)	
<b>Net profit in Portugal</b>	<b>118.4</b>	<b>45.5</b>	-62%
BCI contribution and other	5.5	3.7	
<b>Consolidated net profit</b>	<b>123.9 <sup>(1)</sup></b>	<b>49.2</b>	-60%

	Δ yoy
▪ Impairments & recoveries	-10 M.€
(reversals of 11 M.€ in 1Q 18 vs. reversals of 1 M.€ in 1Q 19)	
▪ Gains in financial assets / liabilities	-8 M.€
▪ Net interest income	+5 M.€
▪ Net fee & commissions	-5 M.€
▪ Operating expenses	-3 M.€
▪ Income tax and other	+8 M.€

### Recurrent ROTE in Portugal

	Mar. 18	Mar. 19	Target 2021
<b>Recurrent ROTE</b> (Last 12 months)	<b>8.6%</b>	<b>8.0%</b>	<b>~ 11%</b>

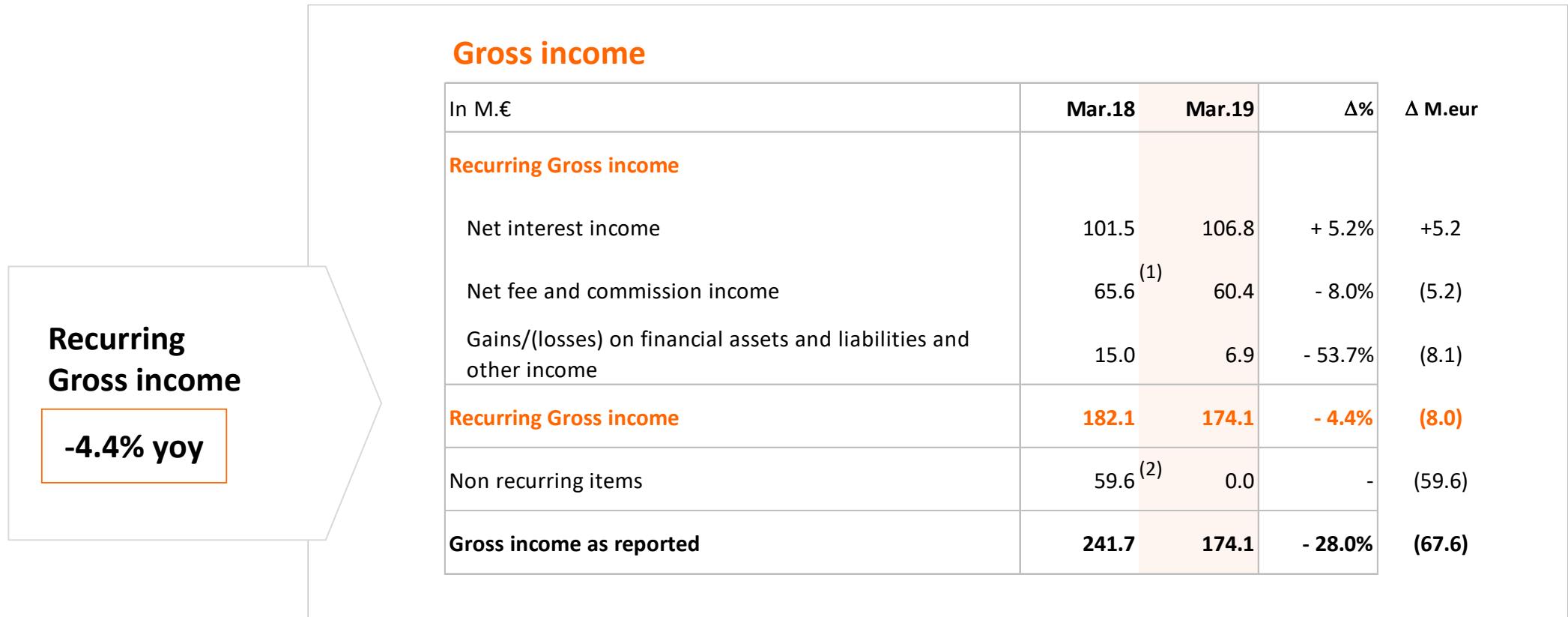
1) Consolidated net profit in 1Q 18 excluding the appropriation of BFA's results by equity method (86.0 M.€).

The consolidated net profit as reported in 1Q 18 was 209.9 M.€.

At the end of 2018, BPI changed 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". Since the 1st January 2019, consolidated net profit ceases to include (by equity method) BPI proportionate share in BFA results.

2) In 1Q 18, non-recurring impacts include a 59.6 M.€ gain with the sale of the equity holding in Viacer.

## Net interest income increases 5.2% (yoY)



**Recurring Gross income**  
**-4.4% yoy**

In M.€	Mar.18	Mar.19	Δ%	Δ M.eur
<b>Recurring Gross income</b>				
Net interest income	101.5	106.8	+ 5.2%	+5.2
Net fee and commission income	65.6 <sup>(1)</sup>	60.4	- 8.0%	(5.2)
Gains/(losses) on financial assets and liabilities and other income	15.0	6.9	- 53.7%	(8.1)
<b>Recurring Gross income</b>	<b>182.1</b>	<b>174.1</b>	<b>- 4.4%</b>	<b>(8.0)</b>
Non recurring items	59.6 <sup>(2)</sup>	0.0	-	(59.6)
<b>Gross income as reported</b>	<b>241.7</b>	<b>174.1</b>	<b>- 28.0%</b>	<b>(67.6)</b>

1) In 1Q 18, it includes commissions with cards and acquiring and investment banking businesses that were subsequently sold to CaixaBank.

2) Gain from the sale of the equity holding in Viacer.

## Loan portfolio stable (+0.3% ytd)

## Loans to Customers by segments

Gross portfolio, in M.€	dec.18	mar/19	YtD
<b>I. Loans to individuals</b>	<b>12 558</b>	<b>12 546</b>	<b>(0.1%)</b>
Mortgage loans	11 171	11 116	(0.5%)
Other loans to individuals	1 387	1 430	3.1%
<b>II. Loans to Companies</b>	<b>9 289</b>	<b>9 349</b>	<b>0.6%</b>
Companies and Corporate & Investment Banking	7 116	7 230	1.6%
Small businesses	2 173	2 119	(2.5%)
<b>III. Public sector</b>	<b>1 544</b>	<b>1 544</b>	<b>0.0%</b>
<b>IV. Other</b>	<b>96</b>	<b>107</b>	<b>12.0%</b>
<b>Total</b>	<b>23 487</b>	<b>23 546</b>	<b>0.3%</b>
<b>Note:</b>			
Loan portfolio net of impairments	22 949	23 025	0.3%

## Increase in market share

## Corporate and Small Businesses loan portfolio<sup>1)</sup>



16                    17                    18 Jan.  
    19

## Loan portfolio growth (yoY)

+8.5%

## Market share in overall loan portfolio

10.2%

(Jan.2019)

1) Loans to resident non-financial corporations. Source: BPI and Bank of Portugal.

## Increase in business with corporates and greater proximity to Customers

### BPI meetings with corporates



**10 events per year:**

**Discussion of relevant topics of each region**

**Close to 120 participants per event**

**Very positive overall assessment: 4,2/5**



## Activity in strategic segments and priority businesses



 **National  
Agriculture Award**

**Launch  
of 8th edition**

**13** awarded and  
**1 179** applications  
in the 7th edition

**170 participants** in the  
Final Ceremony

 **National  
Tourism Award**

**Launch  
of 1st edition**

**To distinguish the best companies,  
practices and projects in the  
Tourism sector.**

**Applications  
until 31 May in**  
[www.premionacionalturismo.pt](http://www.premionacionalturismo.pt)

**€ 400 Milhões para  
reabilitação urbana.**

■ Disponível para empresas e particulares  
■ Prazo de financiamento até 20 anos  
■ Condições competitivas

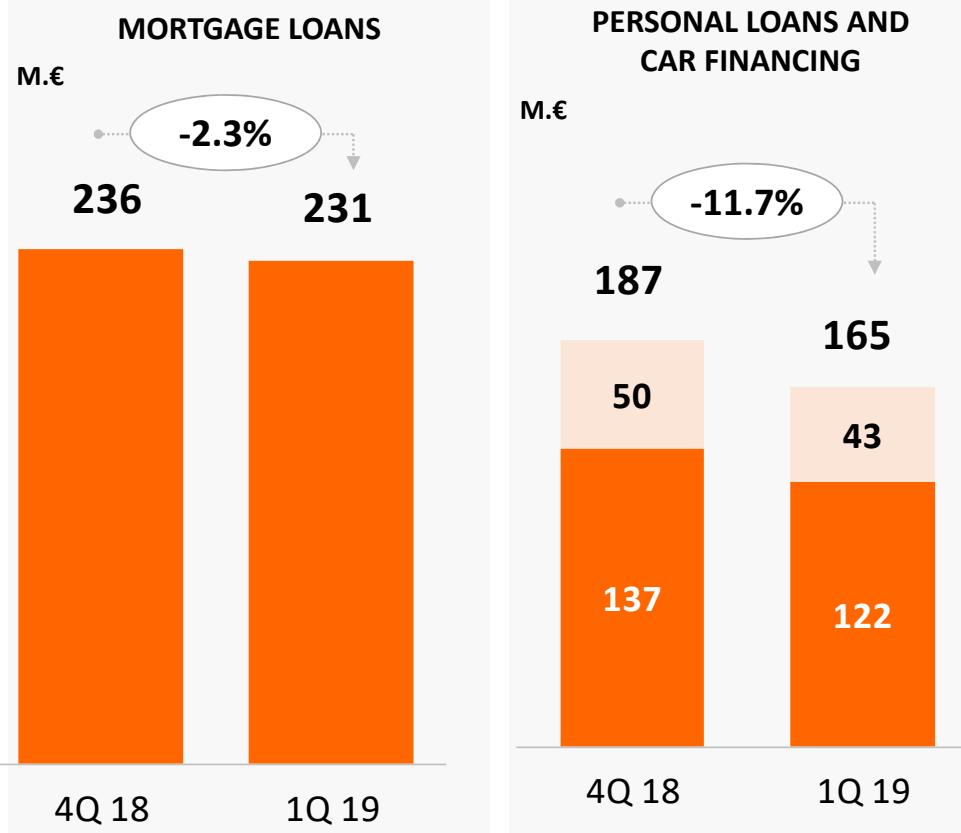
  
BPI  
2020  
CEB  
www.bpi.pt

**Market share  
56% <sup>1)</sup>**

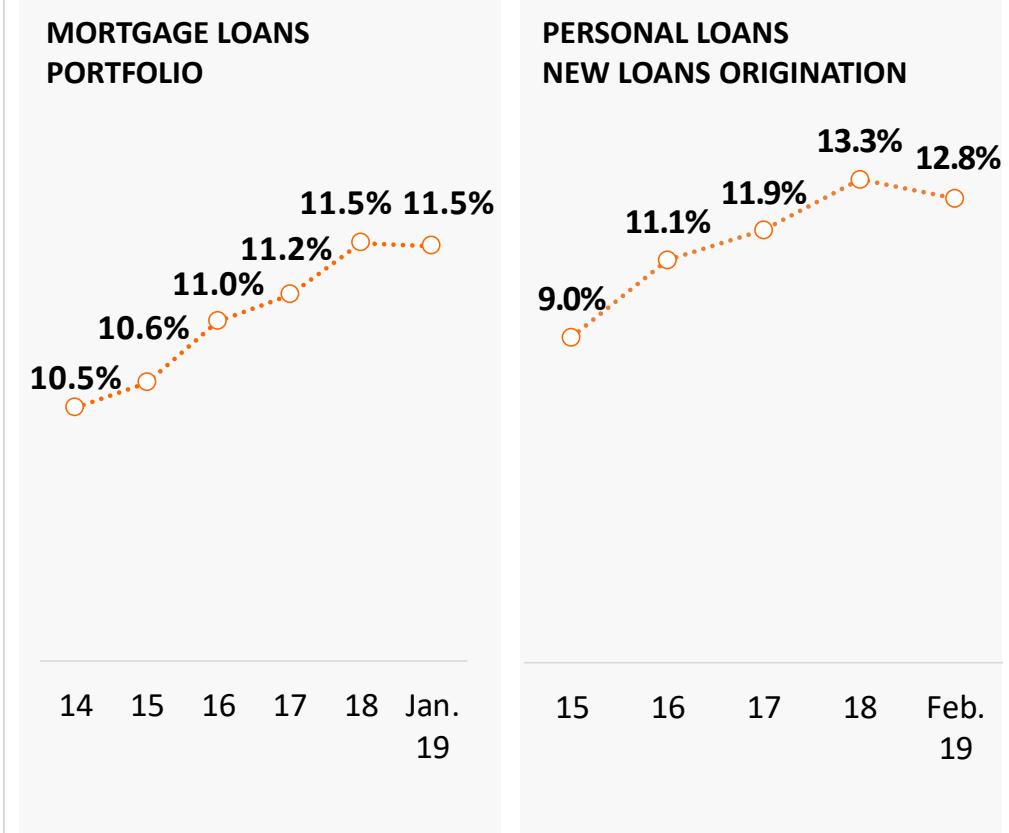
1) IFRRU (Feb. 2019): market share in origination.

## Individuals new loans origination and market shares

### New loans origination



### Market shares



■ Car Finance  
■ Personal Loans

## Total Customer resources increase 1.3% YtD

### Customer resources

In M.€	dec.18	mar.19	YtD
<b>I. On-balance sheet resources</b>	<b>22 052</b>	<b>22 292</b>	<b>1.1%</b>
Customer deposits <sup>1</sup>	21 160	21 312	0.7%
Institutional and financial investors deposits	892	980	9.8%
<b>II. Assets under management</b>	<b>9 191</b>	<b>9 419</b>	<b>2.5%</b>
Mutual funds	5 083	5 205	2.4%
Capitalisation insurance	4 107	4 214	2.6%
<b>III. Public offerings</b>	<b>1 952</b>	<b>1 911</b>	<b>-2.1%</b>
<b>Total</b>	<b>33 195</b>	<b>33 622</b>	<b>1.3%</b>

1) Includes retail bonds of 18 M.€ in Dec.18 and 12 M.€ in Mar.19.

### Market shares

	Feb. 19
<b>Deposits</b>	<b>9.9%<sup>2)</sup></b>
<b>Mutual funds<sup>3)</sup></b>	<b>15.8%</b>
<b>Capitalisation insurance<sup>3)</sup></b>	<b>15.3%</b>
<b>PPR's<sup>3)</sup></b>	<b>10.5%</b>

2) In Jan. 2019.

3) 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.

## Digital Transformation: new solutions

### Launch of "Poupar e Investir" in BPI App

- Portfolio consultation
- Additional investments, plans and mobilisation
- Catalog and subscription option



### New area for Retirement in BPI App

- PPR's portfolio consultation
- Additional investments and periodic plans options
- Reform simulator



### Solutions “Preciso de Liquidez” in BPI Net

- Access in a single menu to Cash Advance, Personal Credit, Mobilisation of savings and investment products



### Customer Data Consultation and Update

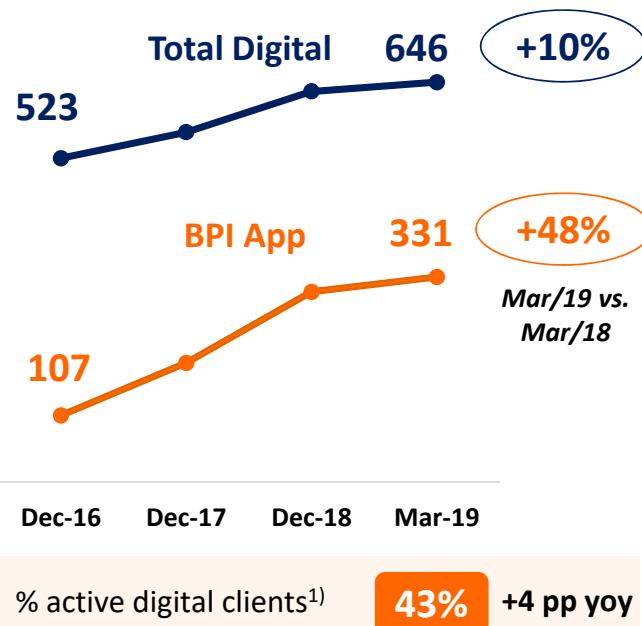
- Change of Client's data, with upload of documents through BPI App or BPI Net



## Digital Transformation: increasing use

### Regular users of Digital Banking

No. (thousand)



### Internet and mobile banking penetration<sup>2)</sup>

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



### MBWAY na BPI App



- Free transfers for all BPI Customers
- ATM card-free cash withdrawals through code created in the App

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

2) Individuals BASEF (Feb.2019, accumulated 12 months) and Companies DATAE (2018), main Banks.

## BPI positioning as the Bank for families

# BPIFamily

- Launching of the BPI Family Campaign that places BPI as "A Bank in the Lives of All Families"
- New concept of communication reflected in the different campaigns to be developed during 2019
- BPI Family encompasses the products and services of the individuals banking, strengthening the proximity to Customers and the long-term relationship



Under this concept  
campaigns have  
already been  
launched:

**BPI Family  
Conta Valor**

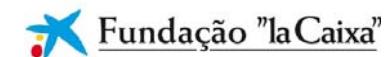


**BPI Family Seguros**



## Social Responsibility

### Awards BPI "la Caixa"



Joint initiative of BPI and the "la Caixa" Foundation. These awards are intended to support projects that promote the improvement of the quality of life and equal opportunities for people in situations of social vulnerability.

	CAPACITAR People with disabilities	SENIORS People aging over 65 years	SOLIDARY Youth and Adults	CHILDHOOD Children and Adolescents	RURAL Social activities in rural areas
<i>Awarded (no.)</i>	Since 2010 168	Since 2013 167	Since 2016 53	NEW Launched in February 2019	NEW To be launched in June 2019
<i>Beneficiaries (no)</i>	39.929	52.258	13.132		
<i>Donations</i>	5.4 M.€	3.75 M.€	2.15 M.€		

In total there are 5 BPI "la Caixa" Awards, in the amount of 3.75 M.€ corresponding to 750 thousand euros per Prize.

## Public recognition

2019

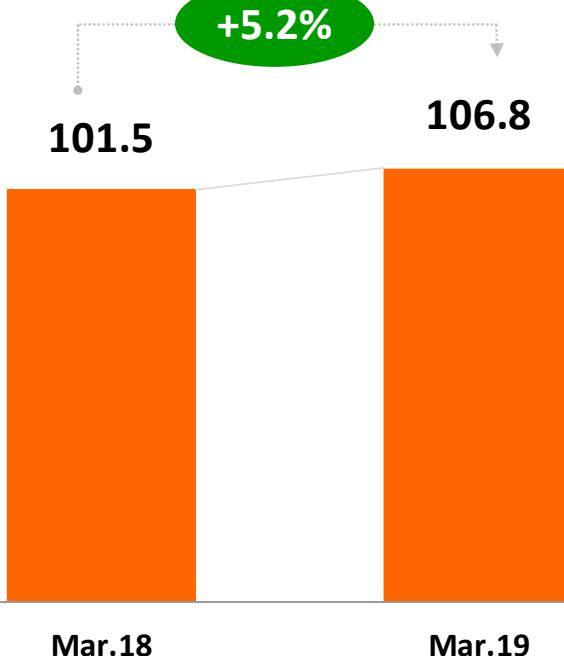


2018



## Net interest income increases 5.2% (yoY)

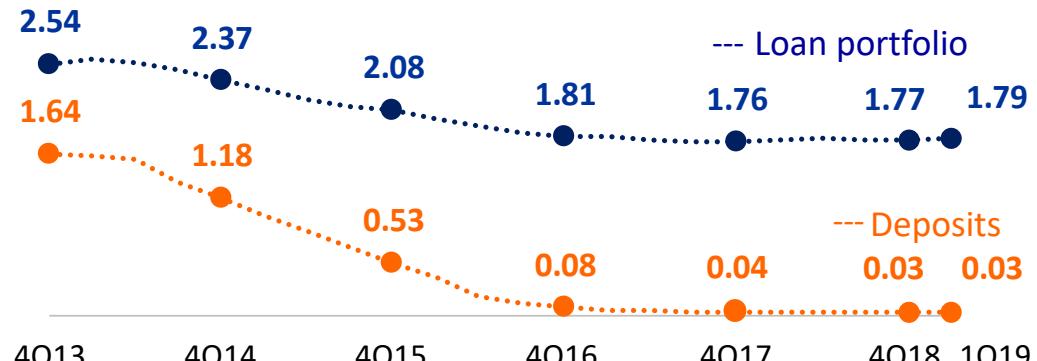
### Net interest income, M.€



### Trend in net interest income evolution:

↑ Growth of loan portfolio in Portugal

### Customer Loans and Deposits' portfolio remuneration

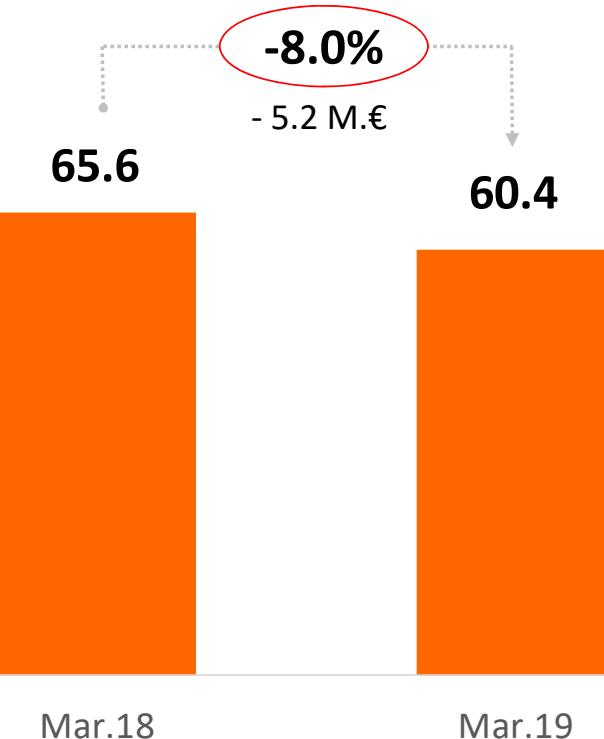


### Intermediation margin

1.73	1.72	1.74	1.76
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## Commissions decrease 8.0% yoy

### Net fee and commission income, M.€

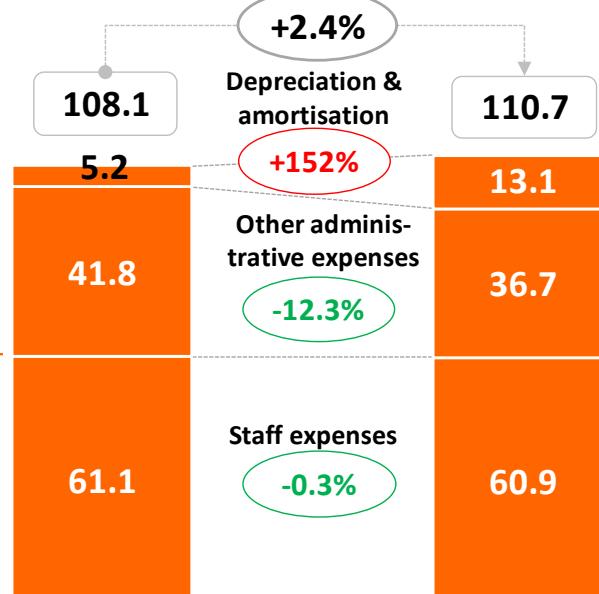


- Excluding the effect from sales of the cards, acquiring and investment banking businesses, commissions increase (comparable perimeter) by 3.3 M. €

Em M.€	Mar.18	Mar.19	YoY
Banking commissions	39.4	35.4	-10.2%
Mutual funds	10.1	8.9	-11.5%
Insurance	16.1	16.1	-0.4%
<b>Total</b>	<b>65.6</b>	<b>60.4</b>	<b>-8.0%</b>

## Recurring operating expenses increase 2.4% yoy

### Recurring operating expenses, M.€



Implementation of IFRS 16 – lease contracts – with a reduced impact in net profit

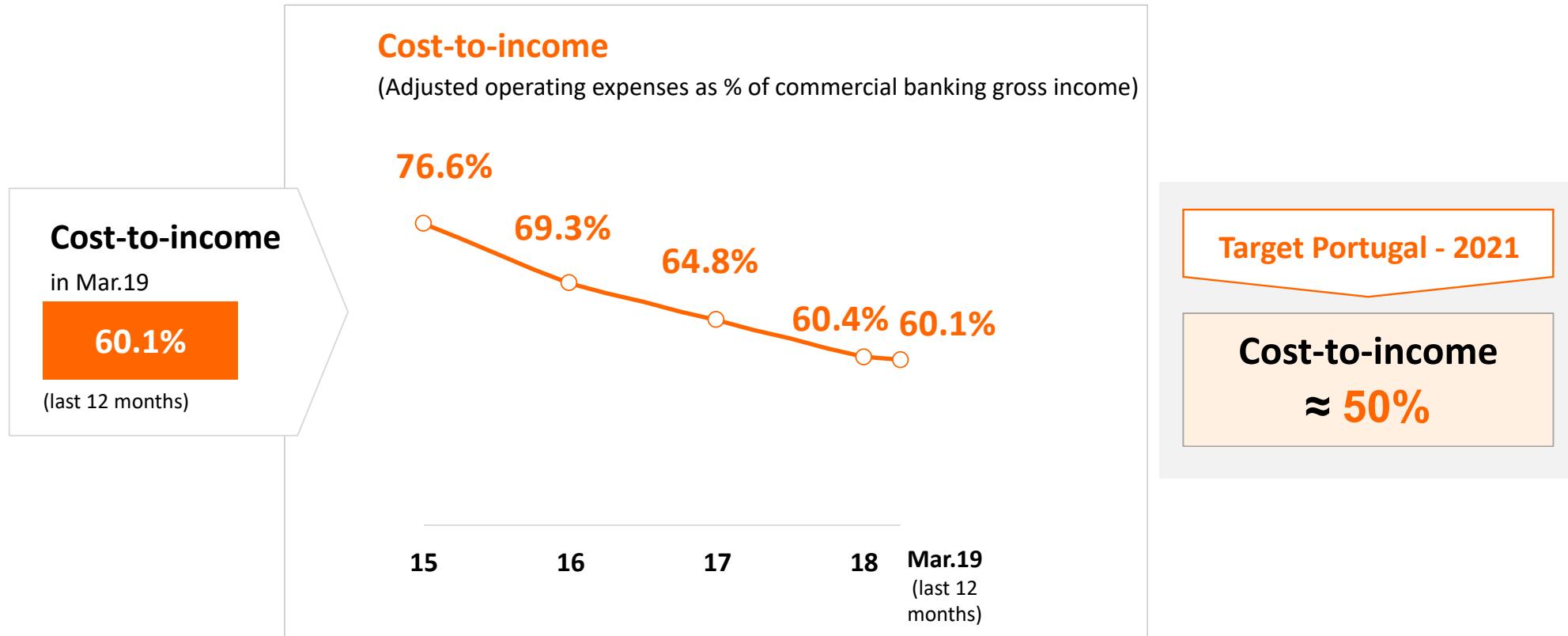
- Staff expenses drop 0.3% yoy (recurring)
- Staff expenses incorporate a salary increase of 0.5%, with effect from 1 Jan.19

### Staff and Distribution Network

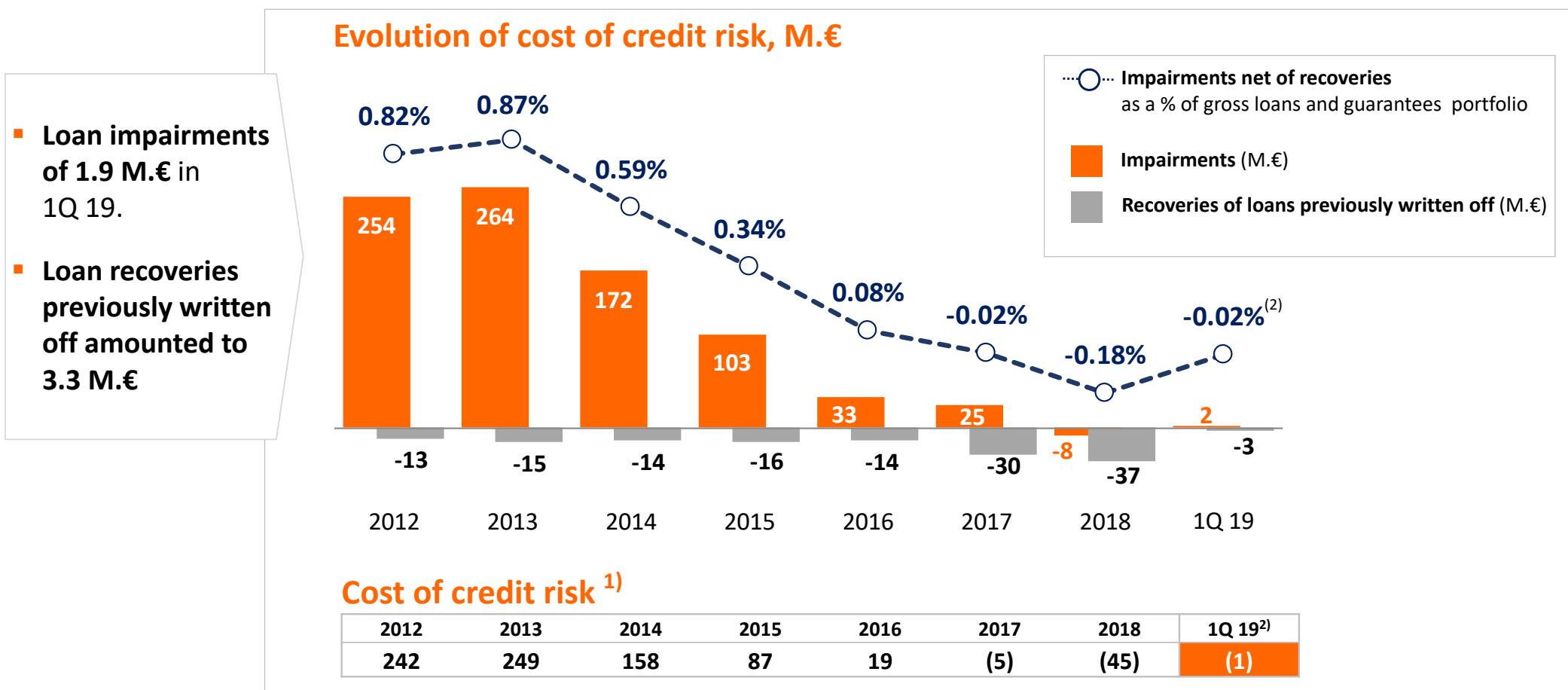
No.	Mar. 18	Dec.18	Mar.19
Staff	4 896	4 888	4 821
Retail branch network <sup>1</sup>	429	421	421

1) Additionally, at Mar.19, BPI had 39 premier centres, 1 mobile branch and 36 corporate centres in Portugal, thus totalling 497 business units.

## Cost-to-income of 60% in Mar. 19



## Loan impairments of 1.9 M.€ and recoveries of 3.3 M.€ in 1Q 19

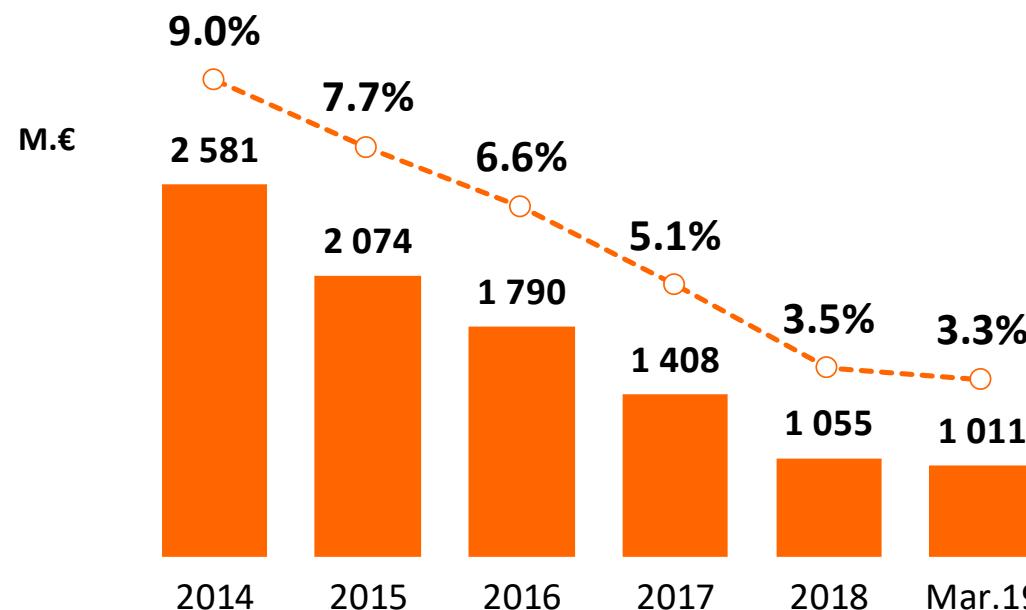


1) Impairments after deducting recoveries of loans previously written off.

2) In 1Q 19 in annualised terms. In the last 12 months up to Mar.19, the cost of credit risk was -0.14% of the gross loans and guarantees portfolio.

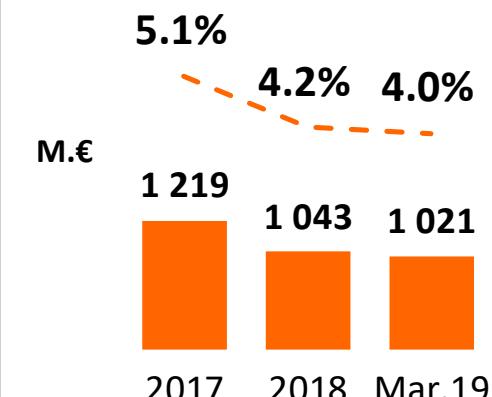
## NPE ratio of 3.3% in March 19

### Non-Performing Exposures - NPE (EBA criteria<sup>2</sup>)



### Non-performing loans – NPL

("Crédito Duvidoso")



### Coverage ratio<sup>1)</sup>

38%	43%	39%	43%	53%	54%	50%	54%	53%
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### Coverage by impairments and collaterals

117%	127%	127%
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118%	120%	119%
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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.

## Employees pension liabilities

### Employees pension liabilities

M.€	31 Dec. 18	31 Mar. 19
<b>Total past service liability</b>	<b>1 639</b>	<b>1 700</b>
Net assets of the pension funds	1 613	1 658
Degree of coverage of pension liabilities	98%	98%
Pension funds return <sup>1)</sup>	5.5%	3.2%

### Actuarial assumptions

	31 Dec. 18	31 Mar. 19
Discount rate	2.0%	1.75%
Salary growth rate	1.0%	1.0%
Pensions growth rate	0.5%	0.5%
Mortality table: Men	TV 88/ 90	
Mortality table: Women	TV 88/ 90 – 3 years	

### Actuarial deviations<sup>2)</sup> in 1<sup>st</sup> Q. 19

M.€
Pension funds income
(65)
Change in the discount rate
(1)
Actuarial deviations in 1st Q. 2019
(22)

1) Non-annualised return (ytd).

2) Recognised directly in shareholders, in accordance with IAS19.

## Solid capital position

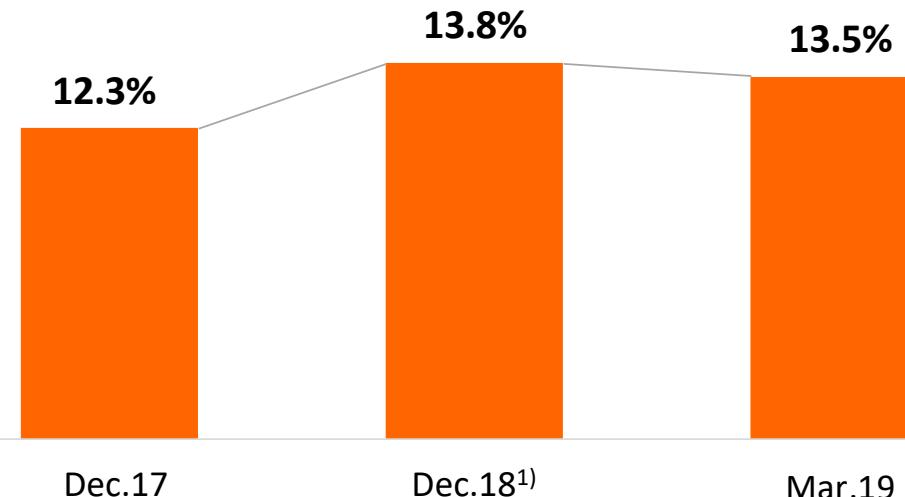
### Consolidated ratios

**BPI meets SREP for CET1, T1 and total ratio**

#### Main impacts in 1st Q. 19:

- Pension funds **-0.12 p.p.**
- Implementation of IFRS 16 **-0.10 p.p.**
- Regulatory increase of the risk weighting for real estate operations **- 0.14 p.p.**

### Common Equity Tier 1 ratio



### Capital requirements (SREP)

In 2019  
**9.25%**

### Tier 1 ratio

**12.3%** **13.8%** **13.5%** **10.75%**

### Total capital ratio

**14.0%** **15.5%** **15.2%** **12.75%**

### Leverage ratio

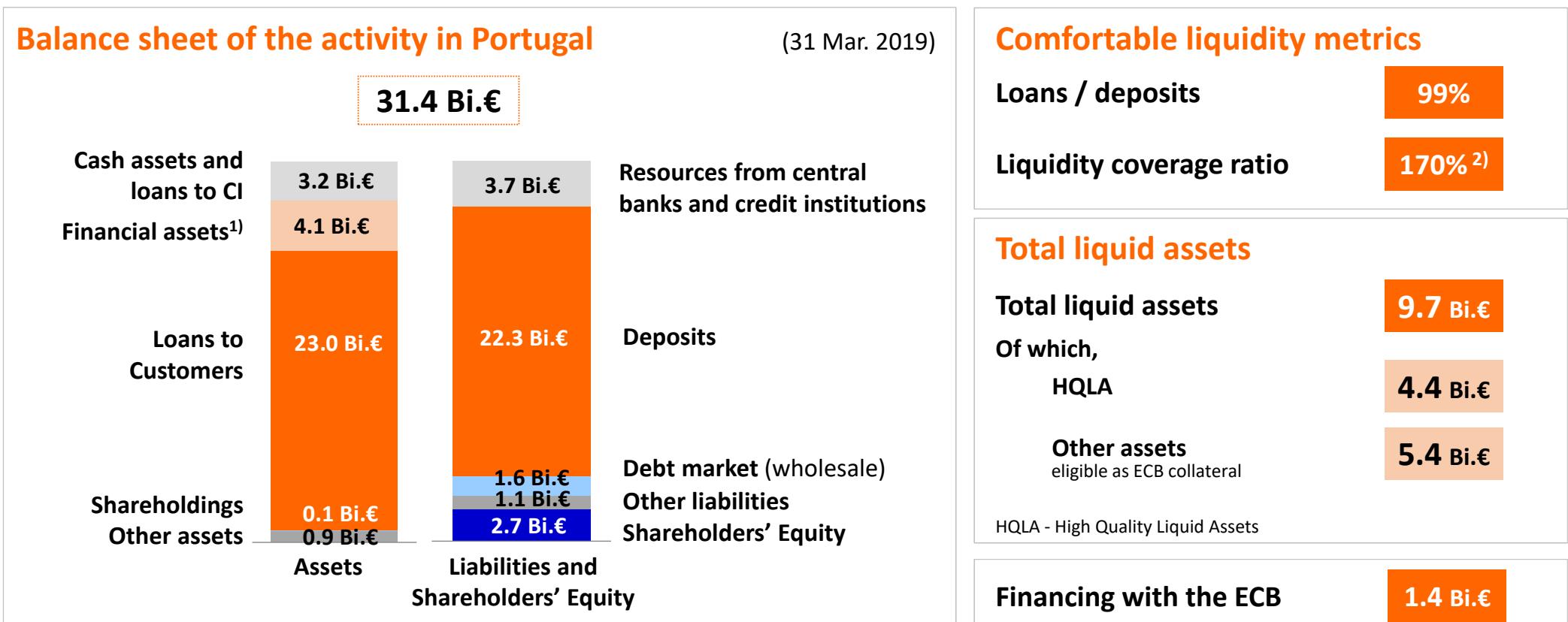
**6.8%** **7.3%** **7.2%** **3.0%<sup>2)</sup>**

1) Considering the Board of Directors' dividend distribution proposal in respect to the 2018 fiscal year.

2) 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)



1) Includes short-term public debt of 0.6 Bi.€ (Portugal), with a residual average maturity of 0.5 years, and medium and long-term debt of 2.8 Bi.€ (Portugal 35%, Spain 47% and Italy 18%) with an average residual maturity of 2.1 years.

2) Average 12 months, according to EBA guidance. Average amount (last 12 months) of LCR components calculation: Liquidity Reserves (4 018 M.€); Total net outflows (2 368 M.€).

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

Non-Investment grade  
Investment Grade

### S&P Global

... AA-, AA, AA+ and AAA			
A+			
A			
A-			
BBB+			
BBB	Portugal	BPI	Bank 1
BBB-			
BB+			
BB	Bank 2		
BB-			
B+			
B			
B-			
CCC+			
... CCC, CCC-, CC, C and D			



Investment grade BBB

### MOODY'S

... Aa2, Aa1 and Aaa
Aa3
BPI
Mortgage bonds
A1
A2
A3
Baa1
Baa2
Baa3
Portugal
BPI
Bank 1
Ba1
Bank 3
Ba2
Bank 2
Ba3
B1
B2
B3
Bank 4
Caa1
Caa2
Bank 5

... Caa3, Ca and C

Investment grade Baa2

### Fitch Ratings

... AA-, AA, AA+ and AAA
A+
A
A-
BBB+
BBB
Portugal
BPI
Bank 1
BBB-
BB+
BB
BB
BB-
B+
B
B-
CCC+

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

Investment grade BBB



... AA, AA (high), AAA

AA (low)
BPI
Mortgage bonds
A (high)
A
Bank 1
A (low)
BBB (high)
BBB
Portugal
Bank 3
BBB (low)
BB (high)
BB
Bank 4
BB (low)
B (high)
B
Bank 5
CCC (high)

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

- Moody's (16 Oct.18) 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.18) upgraded by 1 notch BPI's long-term debt rating, from BBB- to BBB, with stable Outlook
- S&P (18 Mar.19) upgraded by 1 notch BPI's long-term debt rating, from BBB- to BBB, with stable Outlook

## BPI resumes dividend distribution

- In 2018, Banco BPI reported a consolidated net profit of 490.6 M.€
- At 29 de Abril the sole shareholder approved the Board of Directors proposal for a dividend distribution of 140 M.€ with respect to the 2018 financial year, which corresponds to a **31% payout<sup>1)</sup>**
- We recall that **BPI maintains a solid capital position**, with a **total capital ratio**, after dividend distribution, **of 15.5%** in Dec.18
- The payment of this dividend reflects the **normalisation of the Bank's activity**, after 9 years without dividend distribution

1) Payout on 457.6 M.€, corresponding to the net profit reported in Banco BPI individual accounts for 2018 (914.3 M.€) and excluding the unrealised capital gain on the revaluation of the equity holding in BFA (456.7 M.€).

Banco BPI Long-Term Dividend Policy provides for the distribution of an annual dividend, tendentially between 30% and 50% of the net income reported in the individual accounts for the year to which it relates, where the exact amount to be proposed (by the Board of Directors to the General Meeting) shall be defined in light of a prudent judgement which takes into account, in view of the specific situation at the time of Banco BPI, the permanent satisfaction of adequate levels of liquidity and solvency.

## Results in the 1st quarter 2019 - Highlights

Commercial activity in Portugal

**Loans to companies**  
**+60 M.€**  
**+0.6%**  
 Mar. 19, ytd

**Customer deposits**  
**+152 M.€**  
**+0.7%**  
 Mar. 19, ytd

**Total Customer resources**  
**+427 M.€**  
**+1.3%**  
 Mar. 19, ytd

**Net interest income**  
**+5.2%**  
 1Q 19, yoy

Efficiency, risk and capitalisation

**ROTE Portugal**  
**8.0%**  
 Recurring  
 last 12 months

**Cost-to-income**  
**60.1%**

**NPE ratio**  
**3.3%**  
 Mar. 19

**CET1 FL**  
**13.5%**  
**Total capital FL**  
**15.2%**

Profit in Portugal and in consolidated

**Net profit Portugal**  
**45.5 M.€**  
 1Q 19

**Consolidated net profit**  
**49.2 M.€**  
 1Q 19

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

**Cost-to-income**  
**≈ 50%**  
**ROTE**  
**≈ 11%**

## Results in the 1st quarter 2019



### 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**
- **Reconciliation between BPI reported figures and BPI Segment contribution to CaixaBank Group**
- **Alternative Performance Measures**

## Income Statement of activity in Portugal

In M.€	1st Quarter 2018			1st Quarter 2019			Δ%
	As reported	Non recurr. <sup>1)</sup>	Excl. non recurr.	As reported	Non recurr. <sup>2)</sup>	Excl. non recurr.	
Net interest income	101.5		101.5	106.8		106.8	5.2%
Dividend income	0.0		0.0	0.1		0.1	S.S.
Equity accounted income	2.5		2.5	4.8		4.8	89.1%
Net fee and commission income	65.6		65.6	60.4		60.4	-8.0%
Gains/(losses) on financial assets and liabilities and other	72.5	59.6	12.9	(0.8)		(0.8)	-106.1%
Other operating income and expenses	(0.5)		(0.5)	2.9		2.9	S.S.
<b>Gross income</b>	<b>241.7</b>	<b>59.6</b>	<b>182.1</b>	<b>174.1</b>		<b>174.1</b>	<b>-4.4%</b>
Staff expenses	(63.8)	(2.7)	(61.1)	(60.9)	0.0	(60.9)	-0.3%
Other administrative expenses	(41.8)		(41.8)	(37.0)	(0.3)	(36.7)	-12.3%
Depreciation and amortisation	(5.2)		(5.2)	(13.1)		(13.1)	152.5%
<b>Operating expenses</b>	<b>(110.8)</b>	<b>(2.7)</b>	<b>(108.1)</b>	<b>(111.1)</b>	<b>(0.3)</b>	<b>(110.7)</b>	<b>2.4%</b>
<b>Net operating income</b>	<b>130.9</b>	<b>56.9</b>	<b>74.0</b>	<b>63.0</b>	<b>(0.3)</b>	<b>63.3</b>	<b>-14.4%</b>
Impairment losses and other provisions	11.1		11.1	1.2		1.2	88.9%
Gains and losses in other assets	(0.1)		(0.1)	1.3		1.3	S.S.
<b>Net income before income tax</b>	<b>141.9</b>	<b>56.9</b>	<b>85.0</b>	<b>65.5</b>	<b>(0.3)</b>	<b>65.9</b>	<b>-22.5%</b>
Income tax	(25.9)	0.7	(26.7)	(20.1)	0.1	(20.2)	-24.4%
<b>Net income from continuing operations</b>	<b>115.9</b>	<b>57.6</b>	<b>58.3</b>	<b>45.5</b>	<b>(0.3)</b>	<b>45.7</b>	<b>-21.6%</b>
Net income from discontinued operations	2.5	2.5					
Income attributable to non-controlling interests							
<b>Net income</b>	<b>118.4</b>	<b>60.1</b>	<b>58.3</b>	<b>45.5</b>	<b>(0.3)</b>	<b>45.7</b>	<b>-21.6%</b>

1) Non recurring impacts in 1<sup>st</sup> Quarter 2018: gain of 59.6 M.€ with the sale of the stake in Viacer, cost of 2.0 M.€ after taxes with early retirements (2.7 M.€ before taxes) and net income from discontinued operations of 2.5 M.€.

2) Non recurring impacts in 1<sup>st</sup> Quarter 2019: Other non recurring administrative expenses of 0.3 M.€ after taxes (0.3 M.€ before taxes).

## Consolidated income statement

In M.€	Mar.18	Mar.19
Net interest income	101.5	106.8
Dividend income	0.0	0.1
Equity accounted income	108.6	9.1
Net fee and commission income	65.6	60.4
Gains/(losses) on financial assets and liabilities and other	66.7	(1.1)
Other operating income and expenses	(0.5)	2.9
<b>Gross income</b>	<b>341.9</b>	<b>178.1</b>
Staff expenses	(63.8)	(60.9)
Of which: Recurring staff expenses	(61.1)	(60.9)
Non-recurring costs <sup>1)</sup>	(2.7)	0.0
Other administrative expenses	(41.8)	(37.0)
Depreciation and amortisation	(5.2)	(13.1)
<b>Operating expenses</b>	<b>(110.8)</b>	<b>(111.1)</b>
<b>Net operating income</b>	<b>231.1</b>	<b>67.0</b>
Impairment losses and other provisions	11.3	1.2
Gains and losses in other assets	(0.1)	1.3
<b>Net income before income tax</b>	<b>242.3</b>	<b>69.5</b>
Income tax	(34.8)	(20.3)
<b>Net income from continuing operations</b>	<b>207.4</b>	<b>49.2</b>
Net income from discontinued operations	2.5	
Income attributable to non-controlling interests		
<b>Net income</b>	<b>209.9</b>	<b>49.2</b>

	Mar.18	Mar.19
<b>Earnings per share (€)</b>	<b>0.14</b>	<b>0.03</b>
Net income from continuing operations (€)	0.14	0.03
Net income from discontinued operations (€)	0.00	
Average weighted nr. of shares (in millions)	1 457	1 457

1) Costs with voluntary terminations and early retirements.

## Consolidated balance sheet

In M.€	31 Dec. 18	31 Mar. 19
<b>ASSETS</b>		
Cash and cash balances at central banks and other demand deposits	2 452.9	2 238.0
Financial assets held for trading, at fair value through profit or loss and at fair value through other comprehensive income	2 330.5	2 761.2
Financial assets at amortised cost	25 671.9	25 940.6
Of which:		
Loans to Customers	22 949.1	23 024.8
Investments in joint ventures and associates	209.1	221.0
Tangible assets	67.3	178.3
Intangible assets	55.1	51.8
Tax assets	352.8	339.9
Non-current assets and disposal groups classified as held for sale	33.9	32.4
Other assets	394.5	297.7
<b>Total assets</b>	<b>31 568.0</b>	<b>32 060.9</b>
<b>LIABILITIES</b>		
Financial liabilities held for trading	141.3	149.2
Financial liabilities at amortised cost	27 515.7	27 819.4
Deposits - Central Banks and Credit Institutions	3 206.3	3 324.8
Deposits - Customers	22 960.3	22 680.3
Technical provisions		
Debt securities issued	1 118.2	1 596.8
Memorandum items: subordinated liabilities	304.5	300.3
Other financial liabilities	231.0	217.5
Provisions	65.5	65.6
Tax liabilities	73.8	78.2
Liabilities included in disposal groups classified as held for sale	0.0	0.0
Other liabilities	565.7	680.7
<b>Total Liabilities</b>	<b>28 362.1</b>	<b>28 793.1</b>
Shareholders' equity attributable to the shareholders of BPI	3 206.0	3 267.8
Non controlling interests	0.0	0.0
<b>Total Shareholders' equity</b>	<b>3 206.0</b>	<b>3 267.8</b>
<b>Total liabilities and Shareholders' equity</b>	<b>31 568.0</b>	<b>32 060.9</b>

## Consolidated profitability and efficiency metrics

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

	Mar.18	Mar.19
Gross income / ATA	4.6%	<b>2.3%</b>
Net income before income tax and income attributable to non-controlling interests / ATA	3.3%	<b>0.9%</b>
Net income before income tax and income attributable to non-controlling interests / average shareholders' equity (including non-controlling interests)	34.8%	<b>8.6%</b>
Staff expenses / Gross income <sup>1</sup>	17.9%	<b>34.2%</b>
Operating expenses / Gross income <sup>1</sup>	31.6%	<b>62.2%</b>
Loans (net) to deposits ratio	107%	<b>104%</b>

1) Excluding early-retirement costs.

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

	Mar.18	Mar.19
Non-performing exposures (NPE) ratio	4.6%	<b>3.3%</b>
NPE cover by impairments and collaterals	122%	<b>127%</b>
Ratio of forborne not included in NPE <sup>2</sup>	1.6%	<b>0.7%</b>

2) Forborne according to EBA criteria and considering the scope of prudential supervision. On 31 March 2019, the forborne was 742 M.€ (forborne ratio of 2.3%), of which 216 M.€ was performing loans (0.7% of the gross credit exposure) and 526 M.€ was included in NPE (1.6% of the gross credit exposure).

## Reconciliation between BPI reported figures and BPI Segment contribution to CaixaBank Group

### Profit & loss account (1Q 19)

In millions of euro (M.€)	1Q 19 reported by BPI	Consolidation, standardisation and net change in FV adjustments derived from the combination of businesses	1Q 19 BPI contribution to CABK Group	BPI segment	Investments segment
<b>Net interest income</b>	<b>107</b>	<b>(9)</b>	<b>98</b>	<b>99</b>	<b>(1)</b>
Dividends					
Equity accounted income	9	(1)	8	4	4
Net fees and commissions	60		60	60	
Trading income	(1)	7	6	6	
Other operating income & expenses	3	(3)			
<b>Gross income</b>	<b>178</b>	<b>(6)</b>	<b>172</b>	<b>169</b>	<b>3</b>
Recurring operating expenses	(111)	(4)	(115)	(115)	
Extraordinary operating expenses					
<b>Pre-impairment income</b>	<b>67</b>	<b>(10)</b>	<b>57</b>	<b>54</b>	<b>3</b>
<b>Pre-impairment income without extraordinary expenses</b>	<b>67</b>	<b>(10)</b>	<b>57</b>	<b>54</b>	<b>3</b>
Impairment losses and other provisions	1	22	23	23	
Gains/losses on disposals & others	1	1	2	2	
<b>Pre-tax income</b>	<b>69</b>	<b>13</b>	<b>82</b>	<b>79</b>	<b>3</b>
Income tax	(20)	(1)	(21)	(21)	
<b>Profit for the period</b>	<b>49</b>	<b>12</b>	<b>61</b>	<b>58</b>	<b>3</b>
Minority interests & other					
<b>Net income</b>	<b>49</b>	<b>12</b>	<b>61</b>	<b>58</b>	<b>3</b>

### Loan portfolio & customer funds (Mar.19)

March 19	Reported by BPI	Adjustments	BPI contribution to CABK Group (BPI segment)
In millions of euro (M.€)			
<b>Loans and advances to customers, net</b>	<b>23 025</b>	<b>(432)</b>	<b>22 593</b>
<b>Total customer funds</b>	<b>33 622</b>	<b>(4 214)</b>	<b>29 408</b>

The difference between BPI reported figures and those reported by CaixaBank for the BPI segment can largely be explained:

- in **Loans and advances to customers (net)**, by the associated fair value adjustments generated by the business combination at 31 March 2019;
- in **Customer funds**, by the liabilities under insurance contracts and their fair value adjustments at 31 March 2019, as generated by the business combination, which have been reported in the banking and insurance business segment of CaixaBank following the sale of BPI Vida to VidaCaixa de Seguros y Reaseguros.

## Alternative Performance Measures – reconciliation of the income statement

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.

### Acronyms and designations adopted

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

### Units, conventional signs and abbreviations

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

## Alternative Performance Measures – reconciliation of the income statement

### Reconciliation of the 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 the 1<sup>st</sup> quarter 2019) with the structure used in the financial statements and respective notes of the 2018 Annual Report.

### Consolidated income statement

Structure used in the Results' Presentation	Mar.19	Mar.19 Structure presented in the financial statements and respective notes
Net interest income	106.8	106.8 Net interest income
Dividend income	0.1	0.1 Dividend income
Equity accounted income	9.1	9.1 Share of profit/(loss) of entities accounted for using the equity method
Net fee and commission income	60.4	65.5 Fee and commission income (5.1) Fee and commission expenses
Gains/(losses) on financial assets and liabilities and other	(1.1)	0.0 Gains/(losses) on derecognition of financial assets and liabilities not measured at fair value through profit or loss, net (1.0) Gains/(losses) on financial assets and liabilities held for trading, net (3.5) Gains/(losses) on financial assets not designated for trading compulsorily measured at fair value through profit or loss, net 0.9 Gains/(losses) from hedge accounting, net 2.5 Exchange differences (gain/loss), net
Other operating income and expenses	2.9	7.6 Other operating income (4.8) Other operating expenses
<b>Gross income</b>	<b>178.1</b>	<b>178.1 GROSS INCOME</b>
Staff expenses	(60.9)	(60.9) Staff expenses
Other administrative expenses	(37.0)	(37.0) Other administrative expenses
Depreciation and amortisation	(13.1)	(13.1) Depreciation and amortisation
<b>Operating expenses</b>	<b>(111.1)</b>	
<b>Net operating income</b>	<b>67.0</b>	
Impairment losses and other provisions	1.2	(0.1) Provisions or reversal of provisions 1.3 Impairment/(reversal) of impairment losses on financial assets not measured at fair value through profit or loss
Gains and losses in other assets	1.3	1.0 Impairment or (-) reversal of impairment on entities accounted for using the equity method 1.7 Impairment/(reversal) of impairment on non-financial assets (1.5) Gains/(losses) on derecognition of non-financial assets, net 0.1 Profit/(loss) from non-current assets and disposal groups classified as held for sale not qualifying as discontinued operations (net)
<b>Net income before income tax</b>	<b>69.5</b>	<b>69.5 PROFIT/(LOSS) BEFORE TAX FROM CONTINUING OPERATIONS</b>
Income tax	(20.3)	(20.3) Tax expense or income related to profit or loss from continuing operations
<b>Net income from continuing operations</b>	<b>49.2</b>	<b>49.2 PROFIT/(LOSS) AFTER TAX FROM CONTINUING OPERATIONS</b>
Net income from discontinued operations	0.0	0.0 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
<b>Net income</b>	<b>49.2</b>	<b>49.2 PROFIT/(LOSS) FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE PARENT</b>

## 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)<sup>1)</sup>** = Operating expenses / Gross income

**Adjusted Operating expenses-to-commercial banking gross income<sup>1)</sup>** = 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)<sup>1)</sup>** = 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) on financial assets available for sale

**Return on Tangible Equity (ROTE)<sup>1)</sup>** = Net income for the period / Average value in the period of shareholders' equity attributable to BPI shareholders after deduction of intangible net assets and goodwill on equity holdings.

**Return on Assets (ROA)<sup>1)</sup>** = (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 sheet 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

**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** = Impairment losses and provisions for loans and guarantees, net - Recovery of loans, interest and expenses

**Cost of credit risk as % of the loan portfolio** <sup>1)</sup> = (Impairment losses and provisions for loans and guarantees, net - Recovery of loans, interest and expenses) / Average value in the period of the gross loans and guarantees portfolio

**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 duvidoso"; 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.

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Share capital: € 1 293 063 324.98

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