



# **Banco BPI**

## **Consolidated results**

**29 July 2019**

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## BPI consolidated results in the 1st half 2019

### Net income in Portugal and in the consolidated

- Consolidated net profit of 134.5 M.€ in the 1st half 2019 (-63%<sup>(1)</sup> yoy)
- Recurring net profit in Portugal of 86.9 M.€ in the 1st half 2019 (-17% yoy)

### Growth in Customer resources and credit in Portugal

- Customer deposits grow 1 084 M.€ (+5.1% ytd)
- Loans to companies in Portugal grow 1.5% ytd; Loan portfolio grows 336 M.€ (+1.4% ytd)

### High asset quality

- Non-performing exposures ratio – NPE (EBA definition) **of 3.3%** in June 2019
- Coverage by impairments and collateral **of non-performing exposures (NPE)** of 126%

### Strong capitalisation

- Fully loaded capital ratios: CET1 **of 13.4%**<sup>(2)</sup> and total capital of **15.2%**<sup>(2)</sup>
- Fully loaded leverage ratio **7.3%**<sup>(2)</sup>

### BPI ratings

- Rating of **long term debt at investment grade (BBB)** by Fitch and S&P
- Moodys' upgraded Banco BPI's **Baseline Credit Assessment (BCA)** to **investment grade (baa3)** and reaffirmed **deposits rating at investment grade (Baa1)**

1) When comparing the consolidated net profit with the 1<sup>st</sup> half 2018, it should be taken into account that:

- Significant positive non-recurring impacts were booked in the 1<sup>st</sup> half of 2018 (+118 M. €) in activity in Portugal;
- The consolidated net profit for the 1<sup>st</sup> half 2018 reflects the appropriation of BFA's results by equity method, whereas in the 1<sup>st</sup> half 2019 it only reflects BFA's dividends, following the change in the accounting classification of the investment in BFA at the end of 2018.

2) Includes the net income for the 1<sup>st</sup> half net of dividends according to the upper limit of the dividend policy, subject to approval by the supervisory entity.

## Consolidated net profit of 134.5 M.€ in 1H 19

**Activity in Portugal contributed with 86.9 M.€ to consolidated net profit in 1H 19**

Consolidated net income				Δ yoy
In M.€	1st H. 18	1st H. 19	Δ%	
<b>Activity in Portugal</b>				
<b>Recurring net profit</b>	<b>104.2</b>	<b>86.9</b>	-17%	
Non-recurring impacts <sup>3)</sup>	118.3	(0.0)		
<b>Net profit in Portugal</b>	<b>222.5</b>	<b>86.9</b>	-61%	
BFA contribution	136.3 <sup>1)</sup>	38.1 <sup>2)</sup>		
BCI contribution and other	7.3	9.5		
<b>Consolidated net profit</b>	<b>366.1</b>	<b>134.5</b>	-63%	

- Impairments in recovery funds -11 M.€
- Gains in financial assets / liabilities & other -5 M.€
- Net interest income +8 M.€
- Commissions -7 M.€
- Operating expenses -10 M.€
- Income tax and other +8 M.€

### Recurrent ROTE in Portugal

	Jun. 18	Jun. 19	Target 2021
<b>Recurrent ROTE</b> (Last 12 months)	8.8%	<b>7.7%</b>	~ 11%

1) In the **1H 18** reflects the **appropriation of BFA's results by equity method**.

2) In the **1H 19** reflects **BFA dividends** attributed to BPI relative to the 2018 financial year.

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.

3) In 1H 18, non-recurring impacts include a 121.3 M.€ gain with the sale of BPI Gestão de Ativos, BPI GIF and the equity holding in Viacer.

## Net interest income increases 3.7% (yoY)

### Gross income in the activity in Portugal

In M.€	1st H. 18	1st H. 19	Δ%
<b>Recurring Gross income</b>			
Net interest income	207.2	214.8	+ 3.7%
Net fee and commission income	134.6 <sup>(1)</sup>	127.2	- 5.6%
Gains/(losses) on financial assets and liabilities and other income	13.5	-2.1	- 115.5%
<b>Recurring Gross income</b>	<b>355.3</b>	<b>339.8</b>	<b>- 4.3%</b>
Non recurring items	59.6 <sup>(2)</sup>	0.0	- 100.0%
<b>Gross income as reported</b>	<b>414.9</b>	<b>339.8</b>	<b>- 18.1%</b>

1) In 1H 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.

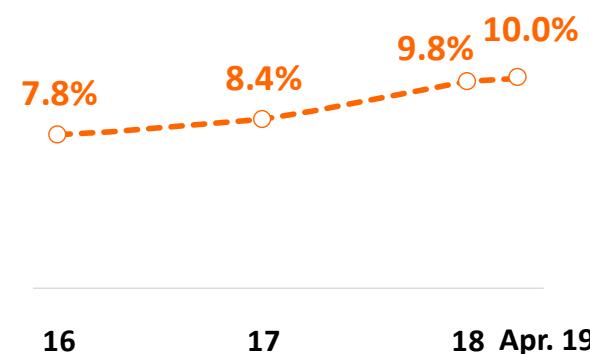
## Loan portfolio increases 1.4% ytd

### Loans to Customers by segments

	dec.18	jun.19	YtD
<b>Gross portfolio, in M.€</b>			
<b>I. Loans to individuals</b>	<b>12 558</b>	<b>12 603</b>	<b>0.4%</b>
Mortgage loans	11 171	11 112	(0.5%)
Other loans to individuals	1 387	1 491	7.5%
<b>II. Loans to Companies and Small Businesses</b>	<b>9 289</b>	<b>9 424</b>	<b>1.5%</b>
<b>III. Public sector</b>	<b>1 544</b>	<b>1 689</b>	<b>9.4%</b>
<b>IV. Other</b>	<b>96</b>	<b>106</b>	<b>10.7%</b>
<b>Total</b>	<b>23 487</b>	<b>23 823</b>	<b>1.4%</b>
<b>Note:</b>			
Loan portfolio net of impairments	22 949	23 311	1.6%

### Increase in market share

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



Growth in loans to companies and small businesses  
(portfolio as of Jun.19; Δ yoy)

+6.8%

+604 M.€

Market share in overall loan portfolio  
(Apr.2019)

10.2%

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

## Activity in strategic segments and priority businesses

### National Tourism Award

1st edition | 14 March 19

Applications in 2019  
464

45% Accommodation  
35% Restaurants  
20% Tourism Services



- Winners nomination in September

### National Agriculture Award

8th edition | 26 April 19

Applications in 2018  
1 179



- Deadline for applications 31 October

### Entrepreneur XXI Award

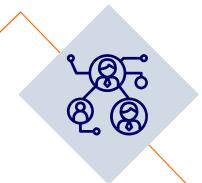
3rd edition | October 19

Applications in 2018  
300 (Portugal) + 661 (Spain)



- **9 in 37 finalists** of the 6 sector categories were **Portuguese entrepreneurs**.
- **Of the 9 Portuguese finalists, 5 were distinguished**: 2 winners (in Agro Tech and Commerce Tech sectors) and 3 finalists (Health Tech and Fin Tech)

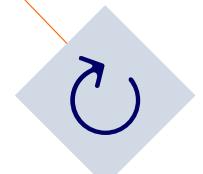
## Activity in strategic segments and priority businesses



**Extended domestic and international network** with presence in more than 20 countries



**Dedicated teams** at BPI Branches and Corporate Centres and Trade Finance **specialists**



BPI **financing and risk hedging** solutions throughout the entire operating cycle

### **Businesses with the World 2019** One-to-One meetings, 27 June, Lisbon

Morocco



Algeria



Egypt



Turkey

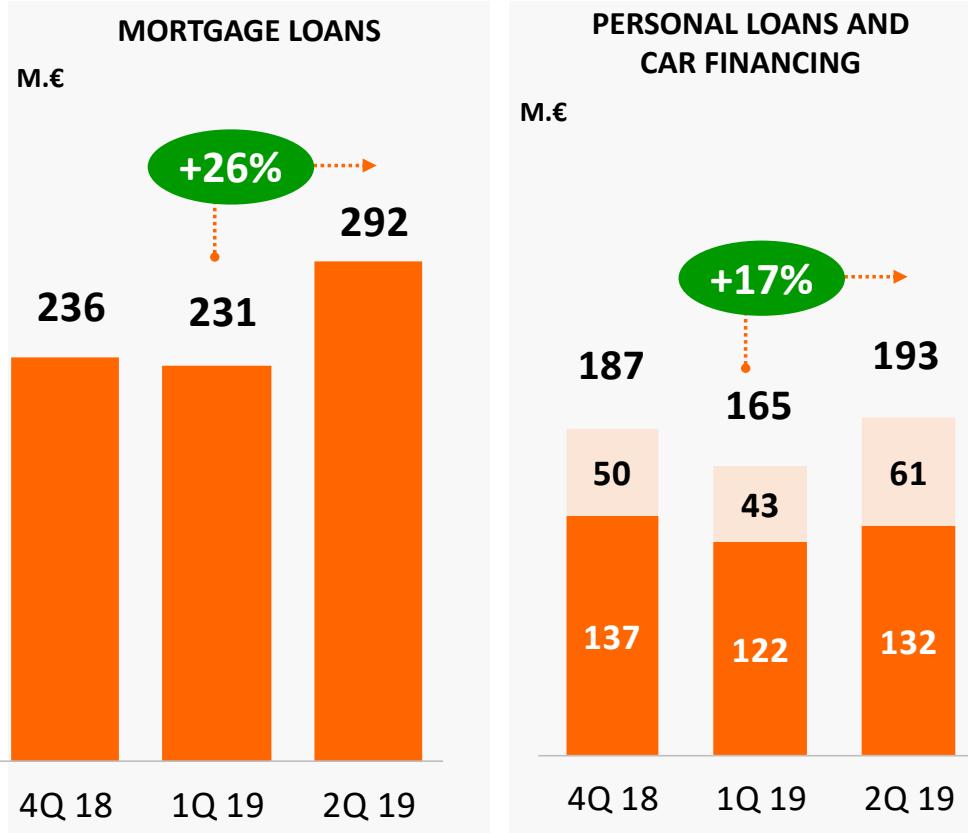


E.A.U.

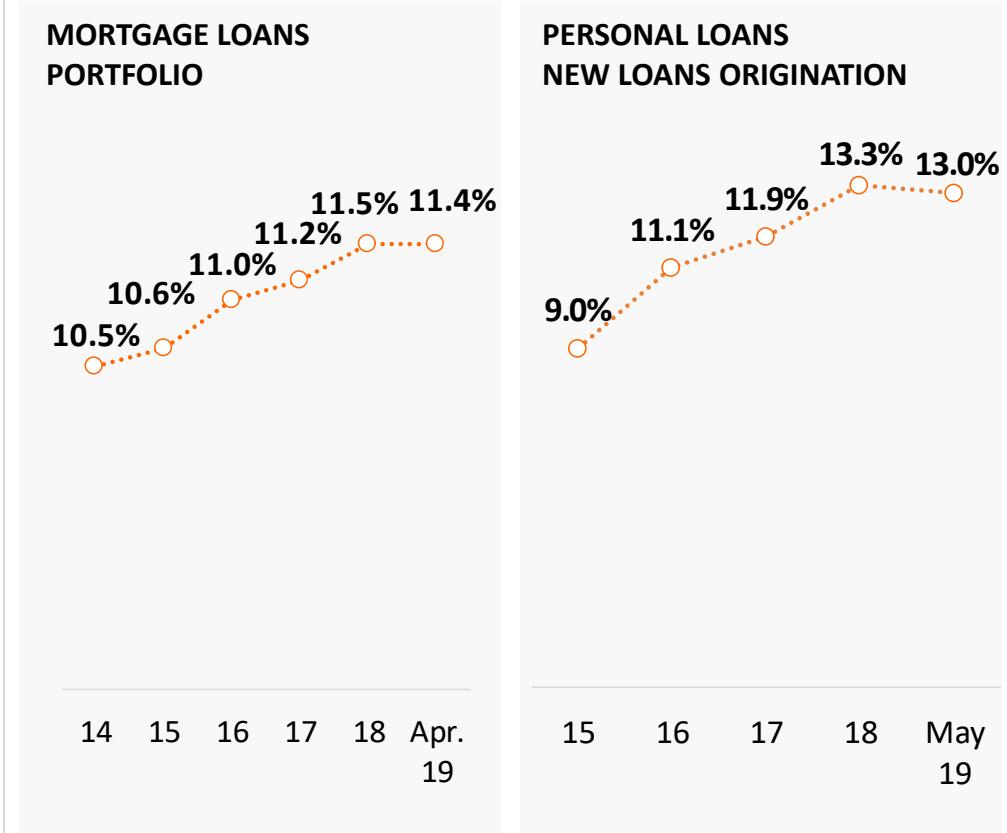


## Individuals new loans origination and market shares

### New loans origination



### Market shares



## Total Customer resources increase 2.7% YtD

### Customer resources

In M.€	dec.18	jun.19	YtD
<b>I. On-balance sheet resources</b>	<b>22 052</b>	<b>22 920</b>	<b>3.9%</b>
Customer deposits	21 107	22 192	5.1%
Institutional and financial investors deposits	945	728	-23.0%
<b>II. Assets under management</b>	<b>9 191</b>	<b>9 409</b>	<b>2.4%</b>
Mutual funds	5 083	5 068	-0.3%
Capitalisation insurance	4 107	4 341	5.7%
<b>III. Public offerings</b>	<b>1 952</b>	<b>1 772</b>	<b>-9.2%</b>
<b>Total</b>	<b>33 195</b>	<b>34 100</b>	<b>2.7%</b>

### Market shares

	May 19
<b>Deposits</b>	<b>10.3%<sup>1)</sup></b>
<b>Mutual funds<sup>2)</sup></b>	<b>14.5%</b>
<b>Capitalisation insurance<sup>2)</sup></b>	<b>15.4%</b>
<b>PPR's<sup>2)</sup></b>	<b>10.8%</b>

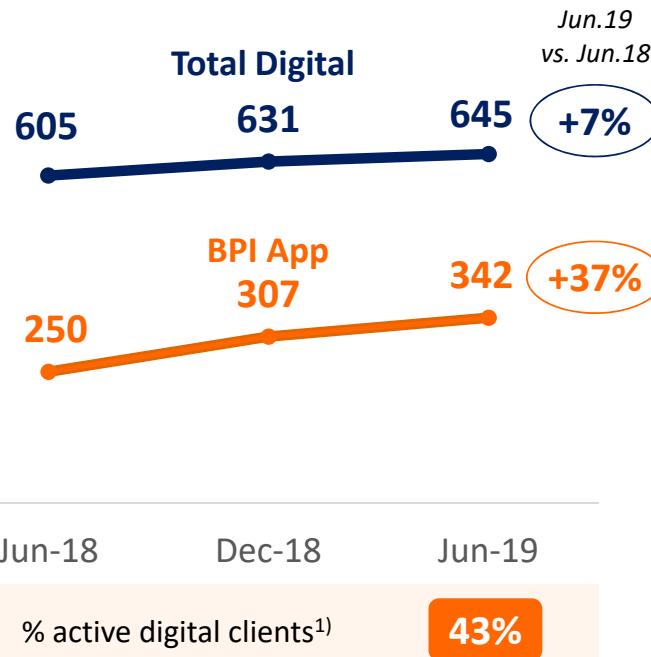
1) In April 2019.

2) 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: increasing use

### Regular users of Digital Banking

No. (thousand)



### Digital Channels penetration <sup>2)</sup>

- Internet and mobile Banking Individuals # 1
- Internet banking Companies # 2

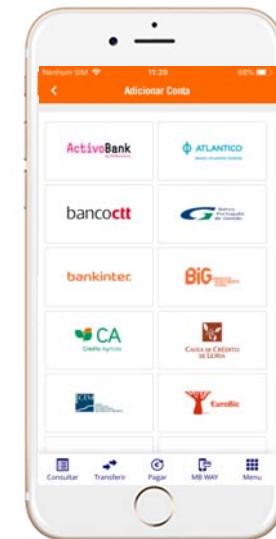
### Digital Channels Satisfaction Index <sup>2)</sup>

- Digital Presence Individuals # 1
- Internet banking Companies # 2



### Aggregation of accounts' balances and movements at other banks

 BPI 1st to launch in Portugal



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

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

## Digital Transformation: new solutions

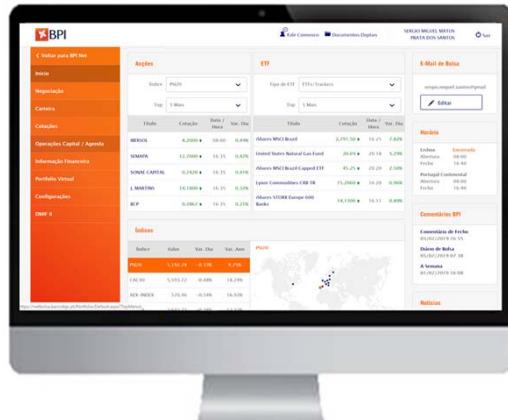
### Online Account Opening

- Account opening in a simplified way with citizen card photos upload and video call



### Online brokerage New Layout

- Redesign of the entry pages, including Stock, ETFs and Bonds Quotes
- Adaptation of orders and depth consultation pages



### MB Way New Options

- Subscription of MB WAY
- Borrow money from other users
- Notifications and Activity



### Additional Functions in Personal Loans

- Increasing the maximum amount of immediate credit
- Possibility of early repayments through BPI Net or BPI App



## BPI positioning as the Bank for businesses

# BPICommerce

- Launch of the BPI Commerce segment, which positions BPI as the Bank for businesses.
- New concept of communication and positioning with the appointment of dedicated business managers focused on tailoring the Bank's offer to the Customers' needs
- BPI Commerce encompasses new products and services, reinforcing the proximity to Clients and the long-term relationship
- With the launch of the Commerce segment, it were launched the Commerce Value Account and the Commerce TPA

21 th.

**BPI Commerce Value Accounts**

3.2 th.

**TPA's**

Production in 2nd quarter



## BPI positioning as the Bank for families

# BPI Family

- Continuation of the BPI Family Campaign, which 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 have already been launched the following campaigns:

### BPI Family Conta Valor



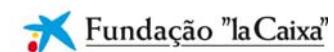
### BPI Family Seguros



### BPI Family Crédito



## Social Responsibility



### New awards BPI "la Caixa" in 2019

Two new awards were launched to support childhood and social actions in rural communities<sup>1</sup>:

#### CHILDHOOD Children and Adolescents

Launched in Feb. 2019

#### RURAL Social activities in rural areas

Launched in June 2019

**Awarded (no.)**

**24**

**Beneficiaries (no.)**

**4.131**

**Donations**

**0.75 M.€**

**CAPACITAR**  
People with disabilities  
(since 2010)

**SENIORS**  
People aging over 65 years  
(since 2013)

**SOLIDARY**  
Youth and Adults  
(since 2016)



### Social Equality Initiative

Launch of a joint initiative of BPI and "la Caixa" Foundation, in partnership with Nova SBE, which aims to boost the social sector in Portugal with a long-term perspective.

**Investment**

**2.2 M.€**  
(in 3 years)

### Execution of 9 social transformation projects in Portugal

- Annual Report "Social Balance of the Country"
- Database and Website on the Social Sector in Portugal
- Training in management control of social organizations
- Leapfrog Social Acceleration Program (valorisation and business development of social organizations)
- Chairs in Impact Intelligence and Responsible Finance
- Fintech Initiative (research and training)
- Data Science for Social Good
- Impact evaluation of the 9-years BPI Solidarity Awards

1) 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

### Trusted Brand in Banking



Seleções do Reader's Digest for the 6th consecutive year

### Award 5 Stars 2019



Winner in the digital category

### Most Active Research House



Euronext Lisbon Awards 2019

### Excellence Brand in Portugal



Superbrands 2019 for the 6th consecutive year

### Best Digital Team



Paytech Digital Awards

### Best Private Bank, digitally empowering RMs, Europe



PWM Wealth Tech Awards Winners

### Excellence Award - Peripheral emission of the year 2019



The Covered Bond Report Awards

### CaixaBank BPI 2nd place Best Equity Research Team in Spain and Portugal



Refinitiv

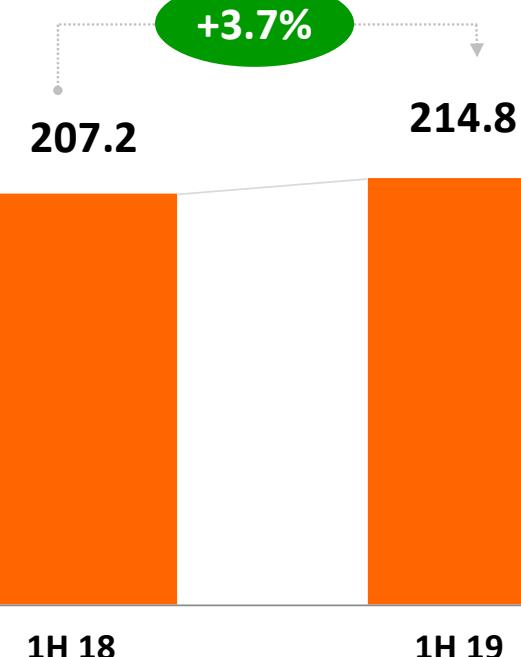
### Best Housing Loan, Best Payroll Deposit and Best National Equities Mutual Fund



Rankia

## Net interest income increases 3.7% (yoY)

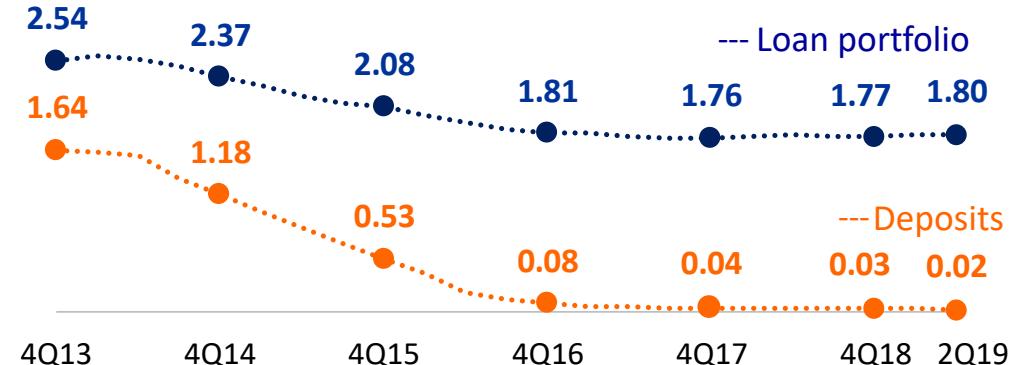
### Net interest income, in M.€



### Trend in net interest income evolution:

↑ Growth of loan portfolio in Portugal

### Customer Loans and Deposits' portfolio remuneration

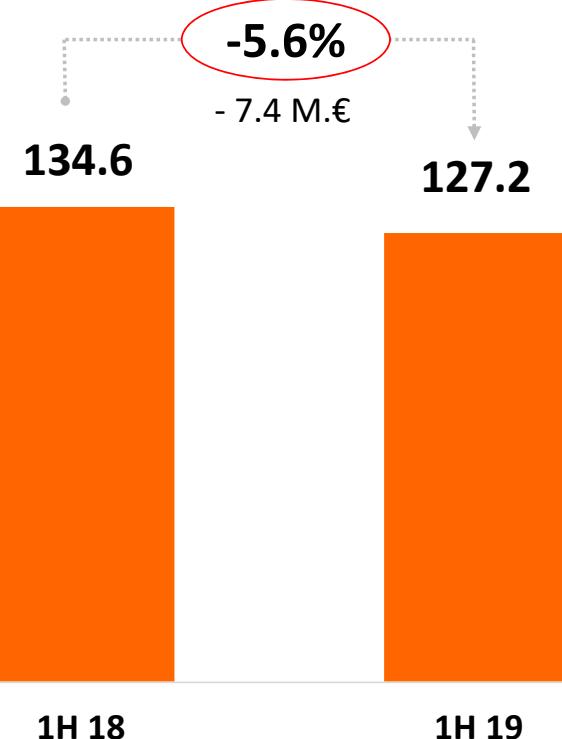


### Intermediation margin

1.73	1.72	1.74	1.78
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## Commissions decrease 5.6% yoy

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

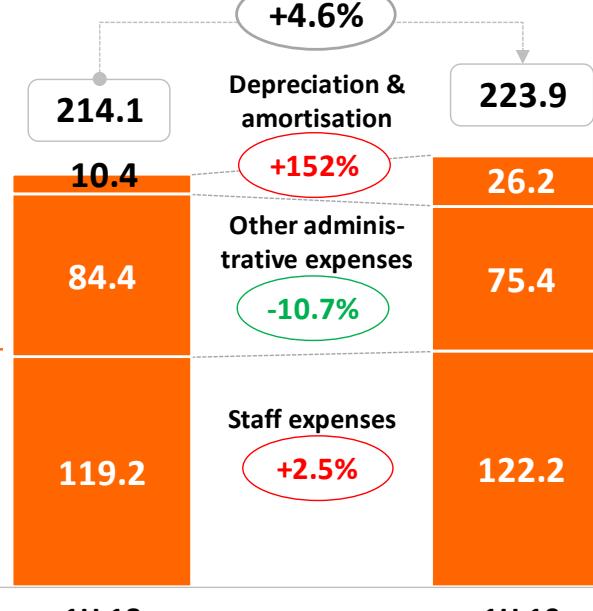


- Excluding the effect from sales of the cards, acquiring and investment banking businesses, commissions increase (comparable perimeter) by 10.6 M.€ (+9.1% yoy).

Em M.€	1H 18	1H 19	YoY
Banking commissions	82.1	75.1	-8.6%
Mutual funds	19.7	18.3	-7.0%
Insurance	32.8	33.8	3.0%
<b>Total</b>	<b>134.6</b>	<b>127.2</b>	<b>-5.6%</b>

## Recurring operating expenses increase 4.6% yoy

### Recurring operating expenses, M.€



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

▪ Staff expenses increase 2.5% yoy (recurring)

### Staff and Distribution Network

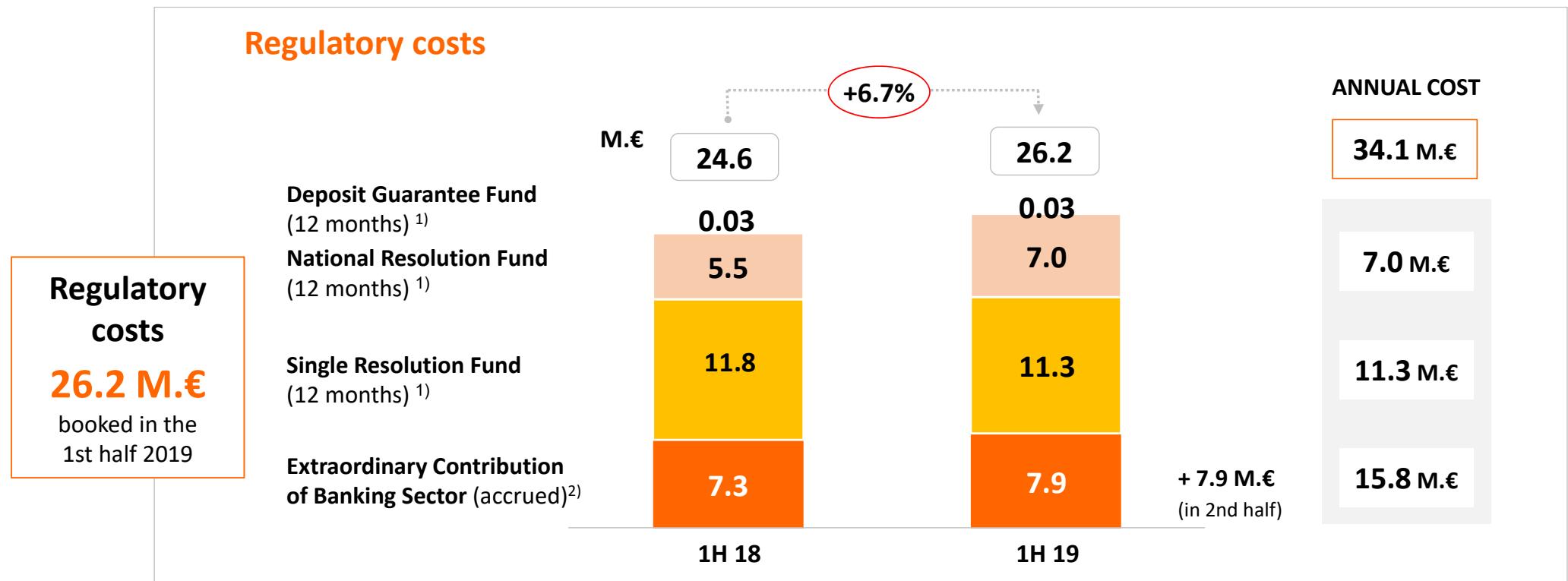
No.	Jun. 18	Dec. 18	Jun. 19
Staff	4 843	4 888	4 830
Retail branch network <sup>1</sup>	423	421	412

Changes from Jun. 18 to Jun. 19:

- Staff: -58 (Decrease of 1.2% yoy)
- Retail branch network: -9 (Decrease of 2.1% yoy)

1) Additionally, at Jun.19, BPI had 37 premier centres, 1 mobile branch and 36 corporate centres in Portugal, thus totalling 486 business units.

## Regulatory costs and income tax



**Income tax**  
(excl. extraordinary contribution)

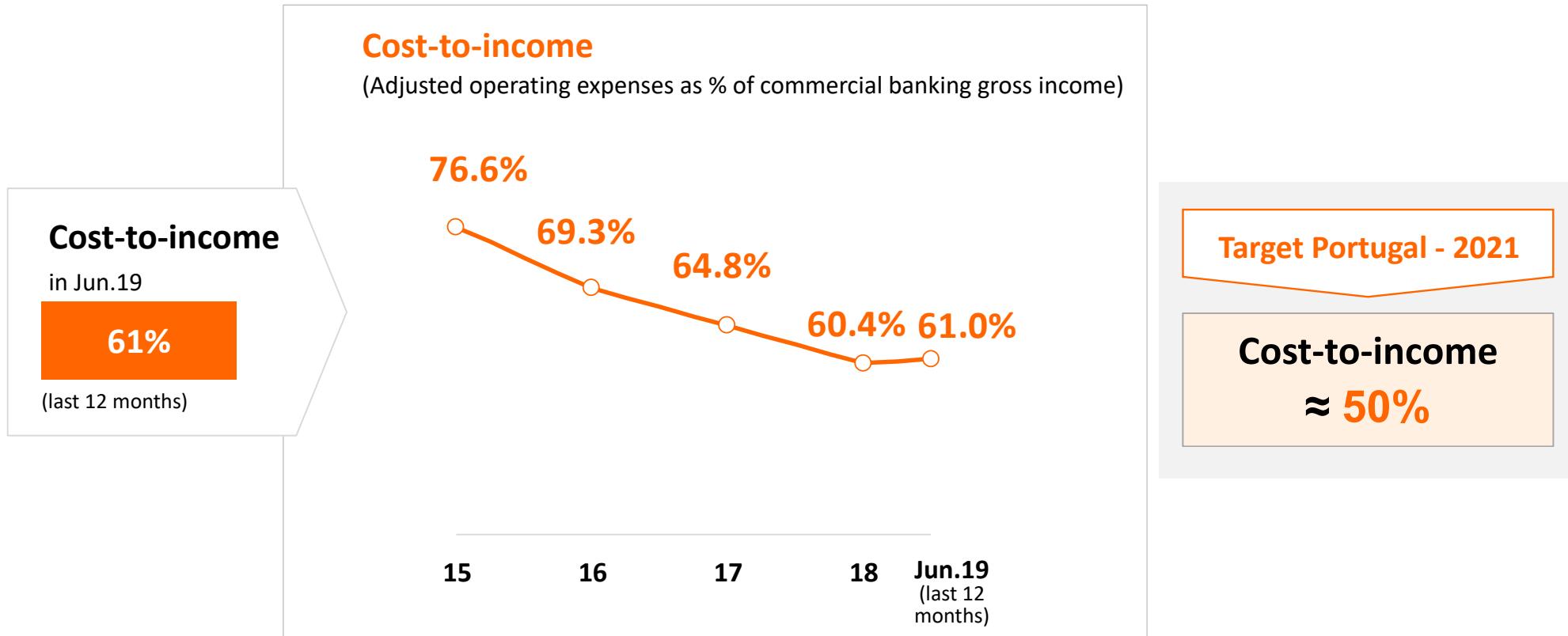
**36.6 M€**

**33.1 M€**

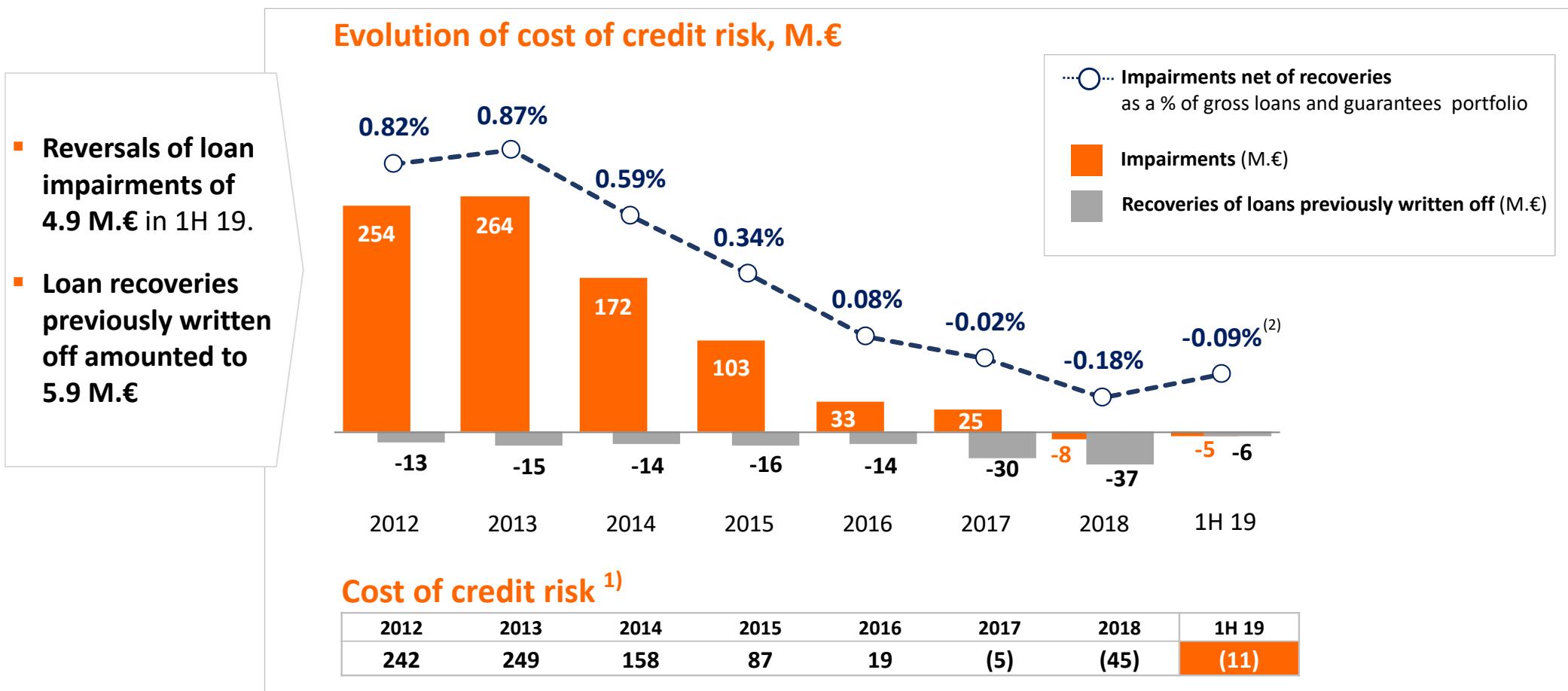
<sup>1)</sup> Annual contribution; recorded in the caption "Other operating income and expenses".

<sup>2)</sup> Recorded in the caption "Income tax".

## Cost-to-income of 61% in Jun. 19



## Reversals of loan impairments of 4.9 M.€ and recoveries of 5.9 M.€ in 1H 19

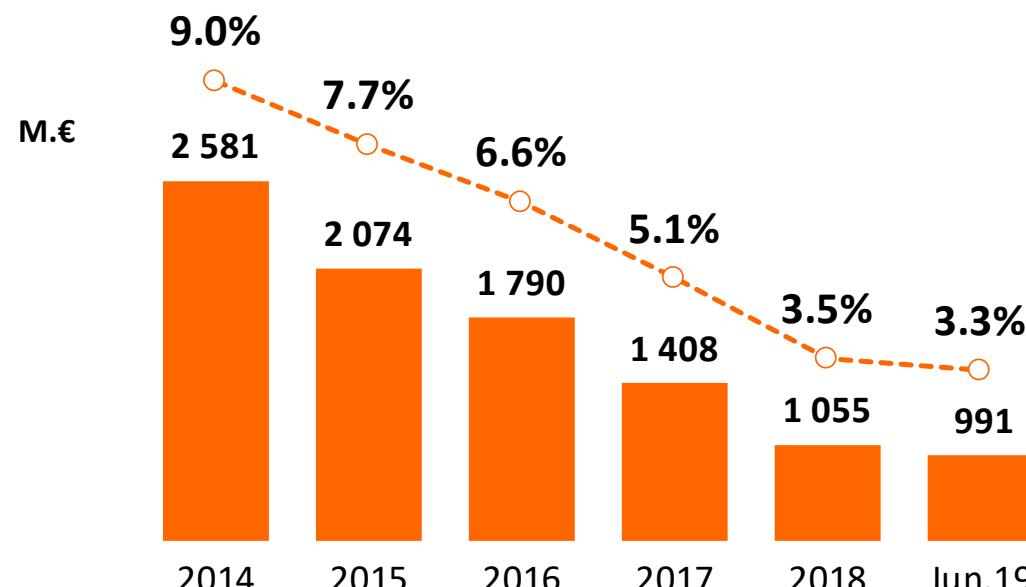


1) Impairments after deducting recoveries of loans previously written off.

2) In 1H 19 in annualised terms. In the last 12 months up to Jun.19, the cost of credit risk was -0.18% of the gross loans and guarantees portfolio.

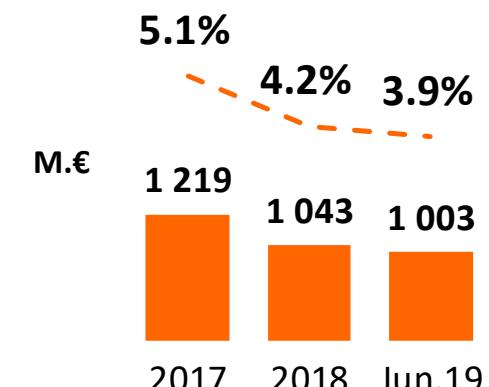
## NPE ratio of 3.3% in June 19

### 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%	126%
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118%	120%	118%
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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	30 Jun. 19
<b>Total past service liability</b>	<b>1 639</b>	<b>1 700</b>	<b>1 796</b>
<b>Net assets of the pension funds</b>	<b>1 613</b>	<b>1 658</b>	<b>1 719</b>
<b>Degree of coverage of pension liabilities</b>	<b>98%</b>	<b>98%</b>	<b>96%</b>
<b>Pension funds return<sup>1)</sup></b>	<b>5.5%</b>	<b>3.2%</b>	<b>7.9%</b>

### Actuarial assumptions

	31 Dec. 18	31 Mar. 19	30 Jun. 19
<b>Discount rate</b>	<b>2.0%</b>	<b>1.75%</b>	<b>1.45%</b>
<b>Salary growth rate</b>	<b>1.0%</b>	<b>1.0%</b>	<b>1.0%</b>
<b>Pensions growth rate</b>	<b>0.5%</b>	<b>0.5%</b>	<b>0.5%</b>
<b>Mortality table: Men</b>	TV 88/ 90		
<b>Mortality table: Women</b>	TV 88/ 90 – 3 years		

### Actuarial deviations<sup>2)</sup> in the 2<sup>nd</sup> Q. 19

M.€
Pension funds income
Change in the discount rate
Other
<b>Actuarial deviations in 2nd Quarter 2019</b>
<b>(36)</b>

 Jun.19; ytd<sup>1)</sup>

Pension funds return

+7.9%

1) Non-annualised return (ytd).

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

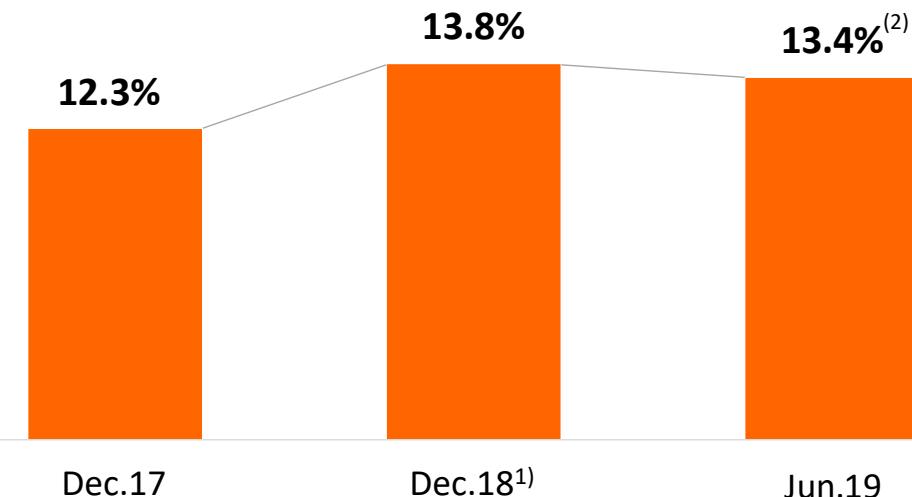
## Solid capital position

### Consolidated ratios

#### Main impacts in 1H 19:

- Organic generation **+0.39 p.p.**
- Pension funds **-0.28 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%** **13.4%<sup>(2)</sup>** **10.75%**

### Total capital ratio

**14.0%** **15.5%** **15.2%<sup>(2)</sup>** **12.75%**

### Leverage ratio

**6.8%** **7.3%** **7.3%<sup>(2)</sup>** **3.0%<sup>3)</sup>**

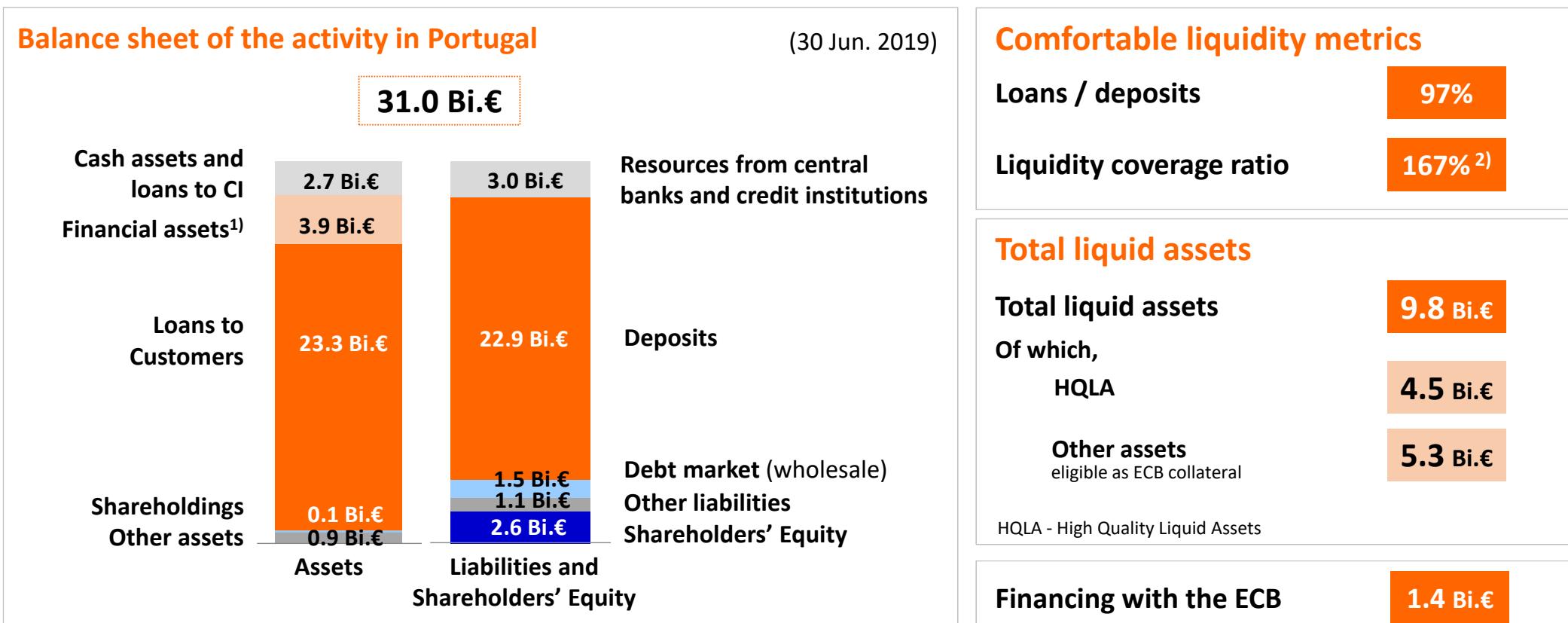
1) Considering the actual distribution of dividends relative to the 2018 financial year.

2) Includes the net income for the 1<sup>st</sup> half net of dividends according to the upper limit of the dividend policy, subject to approval by the supervisory entity.

3) Minimum value in force in June 2021.

## Balanced funding structure and comfortable liquidity position

- Customer resources constitute the main source of financing of the balance sheet (74% of assets)



<sup>1)</sup> Includes short-term public debt of 0.8 Bi.€ (Portugal), with a residual average maturity of 0.6 years, and medium and long-term debt of 2.5 Bi.€ (Portugal 27%, Spain 53% and Italy 20%) with an average residual maturity of 2.1 years.

<sup>2)</sup> Average 12 months, according to EBA guidance. Average amount (last 12 months) of LCR components calculation: Liquidity Reserves (4 082 M.€); Total net outflows (2 442 M.€).

## BPI has investment grade ratings for LT debt from Fitch and S&P and for LT deposits from Moody's

 Investment grade  
 Non-Investment grade

S&P Global		(Long Term Debt / Issuer Credit Rating)	
... 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			


 (Long term debt) Investment grade BBB

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

▪ Moody's (24 Jul.19) upgraded Banco BPI's Baseline Credit Assessment (BCA) from ba1 to baa3, reaching investment grade level, and reaffirmed long-term deposits rating at Baa1 and long-term debt rating at Ba1. The ratings' outlook is stable.

▪ Fitch (11 Oct.18) upgraded by 1 notch BPI's long-term debt rating, from BBB- to BBB, with stable Outlook

MOODY'S		(Long Term Debt / Issuer rating)	
... Aa2, Aa1 and Aaa			
Aa3	BPI	Mortgage bonds	
A1			
A2			
A3			
Baa1	BPI	Deposits	
Baa2			
Baa3	Portugal		Bank 1
Ba1	BPI	Bank 2	Bank 3
Ba2			
Ba3			
B1			
B2			
B3		Bank 4	
Caa1			
Caa2		Bank 5	
... Caa3, Ca and C			

(Long term deposits) Investment grade Baa1

Fitch Ratings		(Long-Term Debt / Issuer Default Rating)	
... AA-, AA, AA+ and AAA			
A+			
A			
A-			
BBB+		Bank 1	
BBB	Portugal	BPI	
BBB-			
BB+			
BB		Bank 2	Bank 3
BB-			
B+		Bank 4	
B			
B-			
CCC+			
... CCC, CCC-, CC, C and D			

(Long term debt) Investment grade BBB

DBRS		(Long-Term Debt / Issuer Rating)	
... AA, AA (high), AAA			
AA (low)	BPI	Mortgage bonds	
A (high)			
A		Bank 1	
A (low)			
BBB (high)			
BBB	Portugal	Bank 3	
BBB (low)		Bank 2	
BB (high)			
BB		Bank 4	
BB (low)			
B (high)		Bank 5	
B			
B (low)			
CCC (high)			
... CCC, CCC (low), CC (high), CC, CC (low), C (high), C, C (low), D			

## Results in the 1st half 2019 - Highlights

Commercial activity in Portugal

**Loan portfolio**  
**+336 M.€**  
**+1.4%**  
Jun. 19, ytd

**Customer deposits**  
**+1 084 M.€**  
**+5.1%**  
Jun. 19, ytd

**Total Customer resources**  
**+905 M.€**  
**+2.7%**  
Jun. 19, ytd

**Net interest income**  
**+3.7%**  
1H 19, yoy

Efficiency, risk and capitalisation

**ROTE Portugal**  
**7.7%**  
Recurring  
last 12 months

**Cost-to-income**  
**61.0%**  
last 12 months

**NPE ratio**  
**3.3%**  
Jun. 19

**CET1 FL**  
**13.4%<sup>(1)</sup>**  
**Total FL**  
**15.2%<sup>(1)</sup>**  
Jun. 19

Profit in Portugal and in consolidated

**Net profit Portugal**  
**86.9 M.€**  
1H 19

**Consolidated net profit**  
**134.5 M.€**  
1H 19

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

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

<sup>(1)</sup> Includes the net income for the 1<sup>st</sup> half net of dividends according to the upper limit of the dividend policy, subject to approval by the supervisory entity.

## Results in the 1st half 2019

(unaudited accounts)



### 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

(unaudited)

In M.€	1st Half 2018			1st Half 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	207.2		207.2	214.8		214.8	3.7%
Dividend income	1.5		1.5	2.3		2.3	53.2%
Equity accounted income	8.4		8.4	9.8		9.8	16.0%
Net fee and commission income	134.6		134.6	127.2		127.2	-5.6%
Gains/(losses) on financial assets and liabilities and other	78.9	59.6	19.4	(1.7)		(1.7)	-108.7%
Other operating income and expenses	(15.8)		(15.8)	(12.4)		(12.4)	21.0%
<b>Gross income</b>	<b>414.9</b>	<b>59.6</b>	<b>355.3</b>	<b>339.8</b>		<b>339.8</b>	<b>-4.3%</b>
Staff expenses	(126.8)	(7.6)	(119.2)	(122.2)	(0.0)	(122.2)	2.5%
Other administrative expenses	(84.4)		(84.4)	(75.4)		(75.4)	-10.7%
Depreciation and amortisation	(10.4)		(10.4)	(26.2)		(26.2)	151.7%
<b>Operating expenses</b>	<b>(221.7)</b>	<b>(7.6)</b>	<b>(214.1)</b>	<b>(223.9)</b>	<b>(0.0)</b>	<b>(223.9)</b>	<b>4.6%</b>
<b>Net operating income</b>	<b>193.2</b>	<b>52.0</b>	<b>141.2</b>	<b>115.9</b>	<b>(0.0)</b>	<b>116.0</b>	<b>-17.9%</b>
Impairment losses and other provisions	11.1		11.1	10.7		10.7	3.7%
Gains and losses in other assets	(0.7)		(0.7)	1.2		1.2	275.4%
<b>Net income before income tax</b>	<b>203.7</b>	<b>52.0</b>	<b>151.7</b>	<b>127.8</b>	<b>(0.0)</b>	<b>127.8</b>	<b>-15.7%</b>
Income tax	(45.4)	2.1	(47.4)	(41.0)	0.0	(41.0)	-13.7%
<b>Net income from continuing operations</b>	<b>158.3</b>	<b>54.1</b>	<b>104.2</b>	<b>86.9</b>	<b>(0.0)</b>	<b>86.9</b>	<b>-16.6%</b>
Net income from discontinued operations	64.2		64.2				
Income attributable to non-controlling interests							
<b>Net income</b>	<b>222.5</b>	<b>118.3</b>	<b>104.2</b>	<b>86.9</b>	<b>(0.0)</b>	<b>86.9</b>	<b>-16.6%</b>

1) Non recurring impacts in 1<sup>st</sup> Half 2018: gain of 59.6 M.€ with the sale of the stake in Viacer, gain of 61.8 M.€ with the sale of BPI Gestão de Ativos and BPI GIF, cost of 5.5 M.€ after taxes with early retirements (7.6 M.€ before taxes) and net income from discontinued operations of 2.5 M.€.

2) Non recurring impacts in 1<sup>st</sup> Half 2019: costs with early retirements.

## Consolidated income statement

In M.€	Jun.18	Jun.19	(unaudited)
Net interest income	207.2	214.8	
Dividend income	1.5	48.3	
Equity accounted income	171.7	20.2	
Net fee and commission income	134.6	127.2	
Gains/(losses) on financial assets and liabilities and other	73.8	(6.3)	
Other operating income and expenses	(15.8)	(17.0)	
<b>Gross income</b>	<b>573.0</b>	<b>387.1</b>	
Staff expenses	(126.8)	(122.2)	
Of which: Recurring staff expenses	(119.2)	(122.2)	
Non-recurring costs <sup>1)</sup>	(7.6)	(0.0)	
Other administrative expenses	(84.5)	(75.4)	
Depreciation and amortisation	(10.4)	(26.2)	
<b>Operating expenses</b>	<b>(221.7)</b>	<b>(223.9)</b>	
<b>Net operating income</b>	<b>351.3</b>	<b>163.2</b>	
Impairment losses and other provisions	11.4	10.7	
Gains and losses in other assets	(0.7)	1.2	
<b>Net income before income tax</b>	<b>362.0</b>	<b>175.0</b>	
Income tax	(60.2)	(40.6)	
<b>Net income from continuing operations</b>	<b>301.8</b>	<b>134.5</b>	
Net income from discontinued operations	64.2		
Income attributable to non-controlling interests			
<b>Net income</b>	<b>366.1</b>	<b>134.5</b>	
<b>Earnings per share (€)</b>	<b>Jun.18</b>	<b>Jun.19</b>	
Net income from continuing operations (€)	0.25	0.09	
Net income from discontinued operations (€)	0.21	0.09	
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	30 Jun. 19	(unaudited)
<b>ASSETS</b>			
Cash and cash balances at central banks and other demand deposits	2 452.9	2 008.5	
Financial assets held for trading, at fair value through profit or loss and at fair value through other comprehensive income	2 330.5	2 604.4	
Financial assets at amortised cost	25 671.9	25 950.9	
Of which:			
Loans to Customers	22 949.1	23 311.0	
Investments in joint ventures and associates	209.1	228.7	
Tangible assets	67.3	172.6	
Intangible assets	55.1	51.5	
Tax assets	352.8	332.7	
Non-current assets and disposal groups classified as held for sale	33.9	27.6	
Other assets	394.5	320.5	
<b>Total assets</b>	<b>31 568.0</b>	<b>31 697.5</b>	
<b>LIABILITIES</b>			
Financial liabilities held for trading	141.3	164.3	
Financial liabilities at amortised cost	27 515.7	27 674.8	
Deposits - Central Banks and Credit Institutions	3 206.3	2 749.8	
Deposits - Customers	22 960.3	23 110.7	
Technical provisions			
Debt securities issued	1 118.2	1 490.3	
Memorandum items: subordinated liabilities	304.5	304.5	
Other financial liabilities	231.0	324.0	
Provisions	65.5	43.1	
Tax liabilities	73.8	73.1	
Liabilities included in disposal groups classified as held for sale	0.0	0.0	
Other liabilities	565.7	580.6	
<b>Total Liabilities</b>	<b>28 362.1</b>	<b>28 535.9</b>	
Shareholders' equity attributable to the shareholders of BPI	3 206.0	3 161.5	
Non controlling interests	0.0	0.0	
<b>Total Shareholders' equity</b>	<b>3 206.0</b>	<b>3 161.5</b>	
<b>Total liabilities and Shareholders' equity</b>	<b>31 568.0</b>	<b>31 697.5</b>	

## Consolidated profitability and efficiency metrics

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

	Jun.18	Jun.19
Gross income / ATA	3.8%	<b>2.4%</b>
Net income before income tax and income attributable to non-controlling interests / ATA	2.8%	<b>1.1%</b>
Net income before income tax and income attributable to non-controlling interests / average shareholders' equity (including non-controlling interests)	29.1%	<b>10.9%</b>
Staff expenses / Gross income <sup>1</sup>	20.8%	<b>31.6%</b>
Operating expenses / Gross income <sup>1</sup>	37.4%	<b>57.8%</b>
Loans (net) to deposits ratio	104%	<b>102%</b>

1) Excluding early-retirement costs.

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

	Jun.18	Jun.19
Non-performing exposures (NPE) ratio	3.8%	<b>3.3%</b>
NPE cover by impairments and collaterals	125%	<b>126%</b>
Ratio of forborne not included in NPE <sup>2</sup>	1.2%	<b>0.7%</b>

2) Forborne according to EBA criteria and considering the scope of prudential supervision. On 30 Jun 2019, the forborne was 720.0 M.€ (forborne ratio of 2.2%), of which 221.3 M.€ was performing loans (0.7% of the gross credit exposure) and 498.7 M.€ was included in NPE (1.5% of the gross credit exposure).

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

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

In millions of euro (M.€)	1H 19 reported by BPI	Consolidation, standardisation and net change in FV adjustments derived from the combination of businesses	1H 19 BPI contribution to CABK Group	BPI segment	Investments segment
<b>Net interest income</b>	<b>215</b>	<b>(17)</b>	<b>198</b>	<b>200</b>	<b>(2)</b>
Dividends	48		48		48
Equity accounted income	20	(1)	19	11	8
Net fees and commissions	127		127	127	
Trading income	(6)	12	6	6	
Other operating income & expenses	(17)	(1)	(18)	(18)	
<b>Gross income</b>	<b>387</b>	<b>(7)</b>	<b>380</b>	<b>326</b>	<b>54</b>
Recurring operating expenses	(224)	(8)	(232)	(232)	
Extraordinary operating expenses					
<b>Pre-impairment income</b>	<b>163</b>	<b>(15)</b>	<b>148</b>	<b>94</b>	<b>54</b>
<b>Pre-impairment income without extraordinary expenses</b>	<b>163</b>	<b>(15)</b>	<b>148</b>	<b>94</b>	<b>54</b>
Impairment losses and other provisions	11	28	39	39	
Gains/losses on disposals & others	1	1	2	2	
<b>Pre-tax income</b>	<b>175</b>	<b>14</b>	<b>189</b>	<b>135</b>	<b>54</b>
Income tax	(41)	(1)	(42)	(37)	(5)
<b>Profit for the period</b>	<b>134</b>	<b>13</b>	<b>147</b>	<b>98</b>	<b>49</b>
Minority interests & other					
<b>Net income</b>	<b>134</b>	<b>13</b>	<b>147</b>	<b>98</b>	<b>49</b>

### Loan portfolio & customer funds (Jun19)

June 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>23 311</b>	<b>(465)</b>	<b>22 846</b>
<b>Total customer funds</b>	<b>34 100</b>	<b>(4 341)</b>	<b>29 759</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 30 June 2019 and consolidation adjustments (elimination of intra-group balances: BPI credit to CaixaBank Payments);
- in **Customer funds**, by the liabilities under insurance contracts and their fair value adjustments at 30 June 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> Half 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	Jun.19	Jun.19 Structure presented in the financial statements and respective notes
Net interest income	214.8	214.8 Net interest income
Dividend income	48.3	48.3 Dividend income
Equity accounted income	20.2	20.2 Share of profit/(loss) of entities accounted for using the equity method
Net fee and commission income	127.2	139.1 Fee and commission income (11.9) Fee and commission expenses
Gains/(losses) on financial assets and liabilities and other	(6.3)	(0.3) Gains/(losses) on derecognition of financial assets and liabilities not measured at fair value through profit or loss, net (0.8) Gains/(losses) on financial assets and liabilities held for trading, net (7.3) Gains/(losses) on financial assets not designated for trading compulsorily measured at fair value through profit or loss, net 1.0 Gains/(losses) from hedge accounting, net 1.3 Exchange differences (gain/loss), net
Other operating income and expenses	(17.0)	18.5 Other operating income (35.5) Other operating expenses
<b>Gross income</b>	<b>387.1</b>	<b>387.1 GROSS INCOME</b>
Staff expenses	(122.2)	(122.2) Staff expenses
Other administrative expenses	(75.4)	(75.4) Other administrative expenses
Depreciation and amortisation	(26.2)	(26.2) Depreciation and amortisation
<b>Operating expenses</b>	<b>(223.9)</b>	<b>(223.9) Administrative expenses, depreciation and amortisation</b>
<b>Net operating income</b>	<b>163.2</b>	
Impairment losses and other provisions	10.7	2.4 Provisions or reversal of provisions 8.3 Impairment/(reversal) of impairment losses on financial assets not measured at fair value through profit or loss
Gains and losses in other assets	1.2	1.0 Impairment (reversal) of impairment in subsidiaries joint ventures and associates 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
<b>Net income before income tax</b>	<b>175.0</b>	<b>175.0 PROFIT/(LOSS) BEFORE TAX FROM CONTINUING OPERATIONS</b>
Income tax	(40.6)	(40.6) Tax expense or income related to profit or loss from continuing operations
<b>Net income from continuing operations</b>	<b>134.5</b>	<b>134.5 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>134.5</b>	<b>134.5 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 = Demand deposits and other + Term and savings deposits + Interest payable + 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

**Impairments and provisions for loans and guarantees (in income statement)** = Impairment or reversal of impairment on financial assets not measured at fair value through profit or loss relative to loans and advances to Customers and debt securities issued by Customers (financial assets at amortised cost), before deduction of recoveries of loans previously written off from assets, interest and others + Provisions or reversal of provisions for commitments and guarantees

**Cost of credit risk** = Impairments and provisions for loans and guarantees - Recoveries of loans previously written off from assets, interest and other

**Cost of credit risk as % of the loan portfolio**<sup>1)</sup> = (Impairments and provisions for loans and guarantee - Recoveries of loans previously written off from assets, interest and other) / 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

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