



Banco BPI

Consolidated results

3 February 2020

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BPI consolidated results in 2019

Net income in Portugal and in the consolidated

- Recurrent net profit in Portugal of **231 M.€** in 2019, up 6% yoy
- Consolidated net profit of **328 M.€** in 2019 (-33%⁽¹⁾ yoy)

Growth in customer resources and loans

- Customer deposits increased **1 599 M.€ (+7.6% yoy)**
- Loan portfolio increased **1 033 M.€ (+4.4% yoy)**; Loans to companies up 4.7% yoy

High asset quality

- BPI sold **221 M.€ of non-performing loans (NPL) and real estate assets** in the 4th quarter, with a pre-tax gain of 24 M.€
- Non-performing exposures ratio – NPE (EBA definition) of **2.5%** in Dec. 2019, decreased 1.0 p.p. yoy
- Coverage by impairments and collateral of non-performing exposures (NPE) of **124%**

Strong capitalisation

- Capital ratios (fully loaded): CET1 of **13.4%**, T1 of **14.9%** and total capital of **16.6%**
- Fully loaded leverage ratio of **8.4%**
- Proposal of Banco BPI Board of Directors for a **dividend distribution of 117 M.€**, corresponding to a 36% payout ratio of consolidated net profit

(1) When comparing the consolidated net profit with 2018, it should be taken into account that significant positive non-recurrent impacts were booked in 2018 (+178 M.€) in the Activity in Portugal.

Consolidated net profit of 328 M.€ in 2019

Recurrent net profit in the activity in Portugal up 6% to 231 M.€

Resultado consolidado

In M.€	Dec 18	Dec 19	Δ%
Activity in Portugal			
Recurrent net profit	218.3	231.3	6%
Non-recurrent impacts ¹⁾	178.0	(1.1)	
Net profit in Portugal	396.3	230.2	-42%
BFA contribution	73.2	78.9	8%
BCI contribution	21.1	18.7	-11%
Consolidated net profit	490.6	327.9	-33%

	Δ yoy
▪ Commercial banking gross income ²⁾	+8.3 M.€
▪ Impairment on financial assets and assets received from loan recoveries	+7.2 M.€
▪ Other	-2.4 M.€
	+13.0 M.€

Recurrent ROTE in Portugal

	2018	2019
Recurrent ROTE	8.8%	8.9%

1) Activity in Portugal: non-recurrent impacts in 2018 include gains of 193.1 M.€ from the sale of subsidiaries and the stake in Viacer.

2) Net interest income, net fee and commission income, dividend income and equity accounted income.

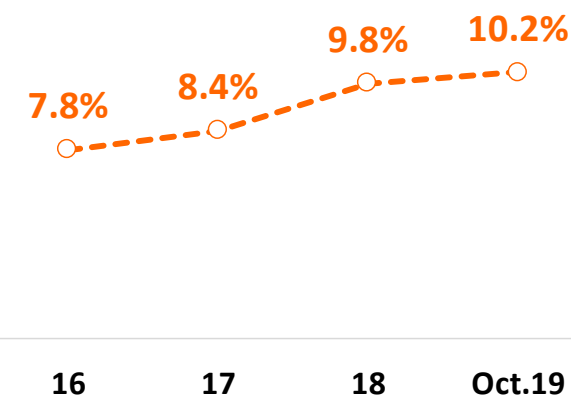
Loan portfolio increased 4.4% yoy

Loans to customers by segments

Gross portfolio, in M.€	Dec 18	Dec 19	YoY
I. Loans to individuals	12 558	12 979	3.4%
Mortgage loans	11 171	11 371	1.8%
Other loans to individuals	1 387	1 608	15.9%
II. Loans to companies and small businesses	9 289	9 722	4.7%
III. Public sector	1 544	1 714	11.0%
IV. Other	96	104	8.3%
Total loans	23 487	24 520	4.4%
Note:			
Loan portfolio net of impairments	22 949	24 126	5.1%

Market share evolution

Corporate and Small Businesses loan portfolio¹⁾

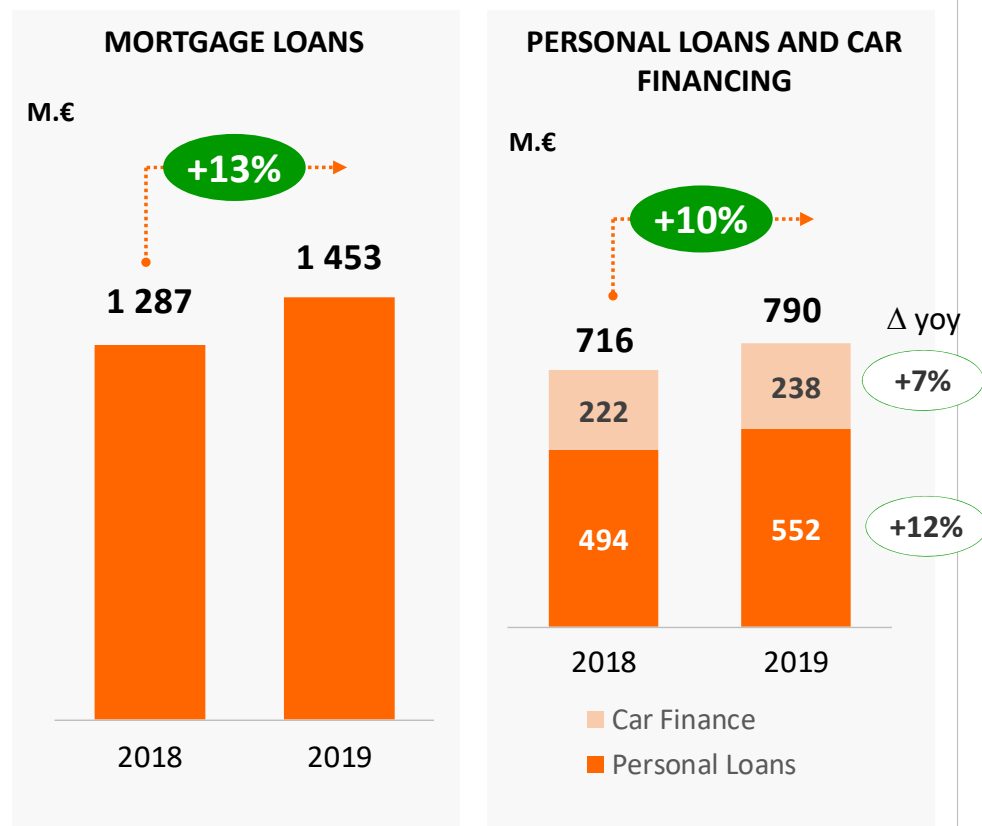


**Total loans
market share** (October 2019)

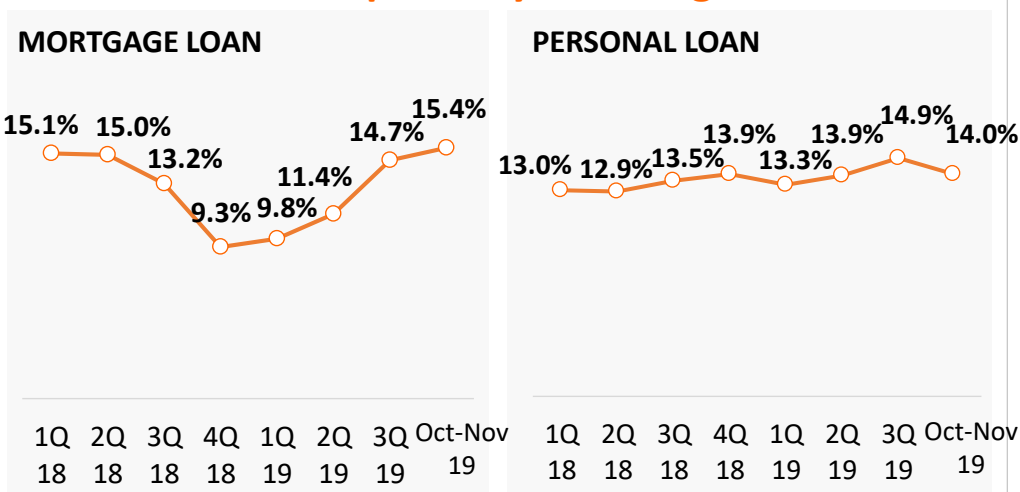
10.2%

Individual loans origination and market shares

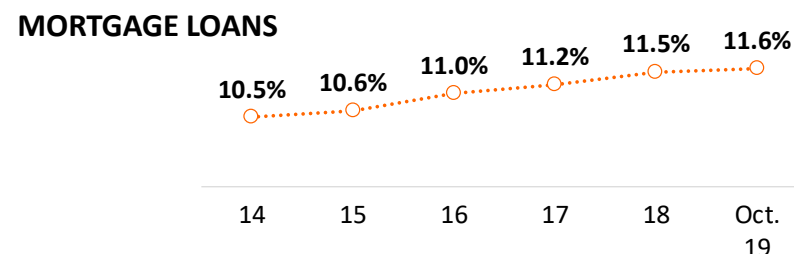
Loan origination



Market shares in quarterly loan origination



Market shares in loan portfolio



BPI, a Bank supporting the Tourism Sector



Strategic focus on the Tourism segment

- Complete solutions to support **investment, treasury** management and **risk hedging**
- Share of 15.4% by amount** in the “Linha de Apoio à Qualificação da Oferta”*



Specialist teams

- Dedicated team** to the Hotels & Tourism sector
- Structuring complex financing operations**
- Monitoring and implementation of **specific solutions**



National Tourism Award

- Launch of **1st edition - 464 applications**
- Partnership with Impresa and sponsorship of the Ministry of Economy
- To distinguish the best companies, practices and projects in the Tourism sector



Partnerships in the segment

- Official Sponsor of the main National Tourism Fair
- Founding Partner of NEST – Tourism Innovation Centre
- Training Sessions BEST – Business Education for Smart Tourism



* Turismo de Portugal (31/12/2019).

BPI, a Bank supporting the Agricultural Sector



Strategic focus on the Agriculture segment

- Complete financial solutions



Specialist teams

- Dedicated team to the sector
- Structuring complex financing operations
- Monitoring and implementation of specific offer solutions



Official sponsor of the main national fairs

- Ovibeja (Apr.)
- FNA - Feira Nacional de Agricultura (Jun.)



National Agriculture Award

- 8th edition, 1 199 applications
- Partnership with COFINA and sponsorship of the Ministry of Agriculture
- To reward success cases of national agriculture: Agriculture and Agroindustry, Forests and Livestock.



Segment Leadership

- IFAP:** by amount of credit granted
- CAP:** by number of grant advances
- Agrogarante:** by total accumulated operations since beginning of the protocol



Sources: Agrogarante - Sociedade de Garantia Mútua (30/11/2019). Confederação dos Agricultores de Portugal (30/09/2019). Instituto de Financiamento da Agricultura e Pescas (13/09/2019).



BPI, a Bank supporting companies internationalisation



Extended international network (CaixaBank Group)

- Presence in 5 continents and in 24 countries



Specialised support

- Dedicated teams at Retail Branches and Corporate Centres
- Specialists in Trade Finance
- Free in-company sessions and on-site



Offer

- Financing and risk hedging solutions throughout the entire operating cycle
- Cross Border (collaboration CaixaBank–BPI) – integrated solutions to support companies



Events

- "Business with the World"

Total customer resources increased 5.7%^(*) YoY

Customer resources

In M.€	Dec 18	Dec 19	YoY
I. On-balance sheet resources	22 052	23 015	4.4%
Customer deposits	21 107	22 707	7.6%
Institutional and financial investors deposits	945	308	-67.4%
II. Assets under management	9 191	9 797	6.6%
Mutual funds	5 083	5 245	3.2%
Capitalisation insurance	4 107	4 552	10.8%
III. Public offerings	1 952	1 569	-19.6%
Total	33 195	34 382	3.6%
Note:			
Total customer resources, excluding institutional and financial investors	32 250	34 073	5.7%

Market shares

	Nov. 19
Deposits	10.2%¹⁾
Mutual funds²⁾	11.6%
Capitalisation insurance²⁾	16.0%
Retirement savings plans²⁾	11.2%

1) In October 2019.

2) Retirement savings plans ("Planos poupança reforma"-PPR) include retirement savings plans in the form of mutual funds and capitalisation insurance. For this reason, the retirement savings plans are excluded in the calculation of the mutual funds and capitalisation insurance market shares.

Extending savings solutions for retirement

CAPITALISATION INSURANCE **+11%** yoy

- Focus on **savings solutions for Retirement**
- **New offer “PPR Destino”** with an investment strategy adjusted to the time horizon of retirement and a dynamic distribution of assets for portfolio optimisation.
- **Flexible range of BPI Capitalisation Insurance** that provides portfolio diversification adjusted to the client's risk profile - BPI Capitalização e Multisoluções.

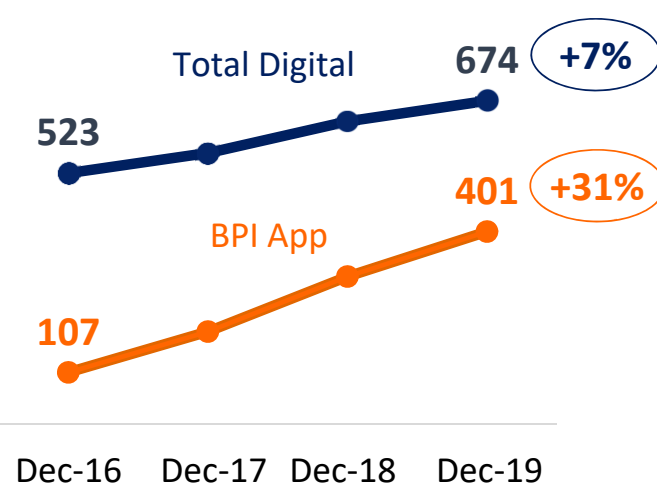


Digital transformation: increased utilisation

Regular users of digital banking

(No. thousand)

Dec. 19
vs. Dec.18



Dec-16 Dec-17 Dec-18 Dec-19

% active digital clients¹⁾

45%

Digital channels penetration ²⁾

▪ Internet and mobile Banking Individuals # 1

▪ Internet banking Companies # 2

Digital channels satisfaction index ²⁾

▪ Digital Presence Individuals # 1

▪ Internet banking Companies # 2



BPI App updated



Usability

- New modern and functional design with more direct everyday access

MB Way

- Pay with phone, transfer to phone number and withdraw money without card

Insurance

- Know the insurance that best suits

Other bank accounts

- Checking and transfer from other bank's accounts with BPI App

And so much more...

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

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

Digital transformation and improving efficiency for the benefit of customers

Better, faster and greater availability of service to customers.



Extended offer in Digital Channels



Open Banking development under PSD2



New digital solutions at the Branches

New Factoring solutions at BPI Net Empresas



Increased number of automatic means¹⁾ at the branches (+240 in 2018 and +239 in 2019) available to customers



Digitisation and simplification of customer documentation management



Optimisation of commercial processes for a more agile response to customer needs

Commercial banking gross income increased 1.2% in 2019

Gross income in the activity in Portugal

In M.€	Dec 18 ⁽¹⁾	Dec 19	Δ%
Net interest income	422.6	436.3	+ 3.2%
Dividends and equity accounted income	9.2	23.6	
Net fee and commission income	277.8 ⁽²⁾	257.9	- 7.2%
COMMERCIAL BANKING GROSS INCOME	709.5	717.8	+ 1.2%
<i>Other net income</i>	-3.1	-10.4	
<i>Recurrent gross income</i>	706.4	707.4	+ 0.1%
<i>Non recurrent items</i>	59.6 ⁽³⁾	-	
<i>Gross income as reported</i>	766.0	707.4	- 7.7%

1) In 2019, the Banking sector contribution was reclassified from "Income tax" to "Other operating income and expenses".

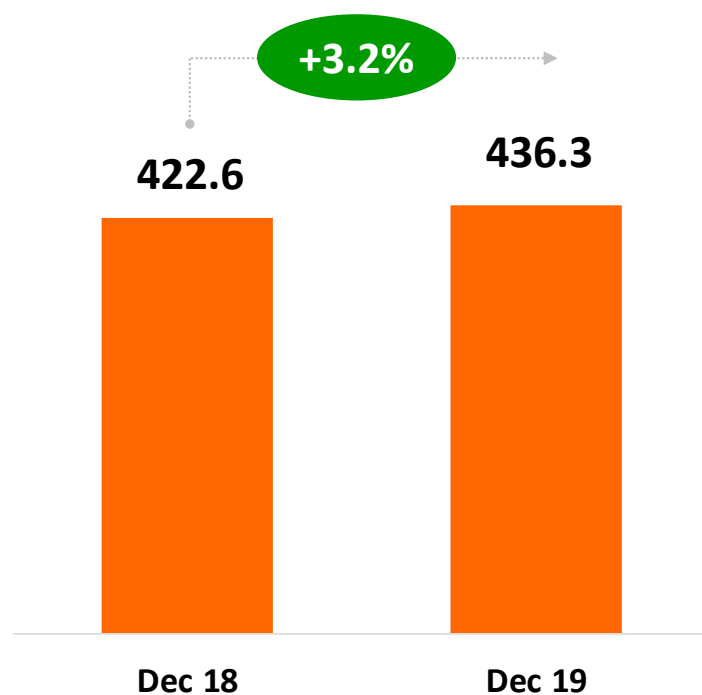
The captions of the 2018 profit and loss account presented in this document were restated to consider this reclassification.

2) In 2018, it includes commissions with cards and acquiring and investment banking businesses that were subsequently sold to CaixaBank.

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

Net interest income increased 3.2% (yoy)

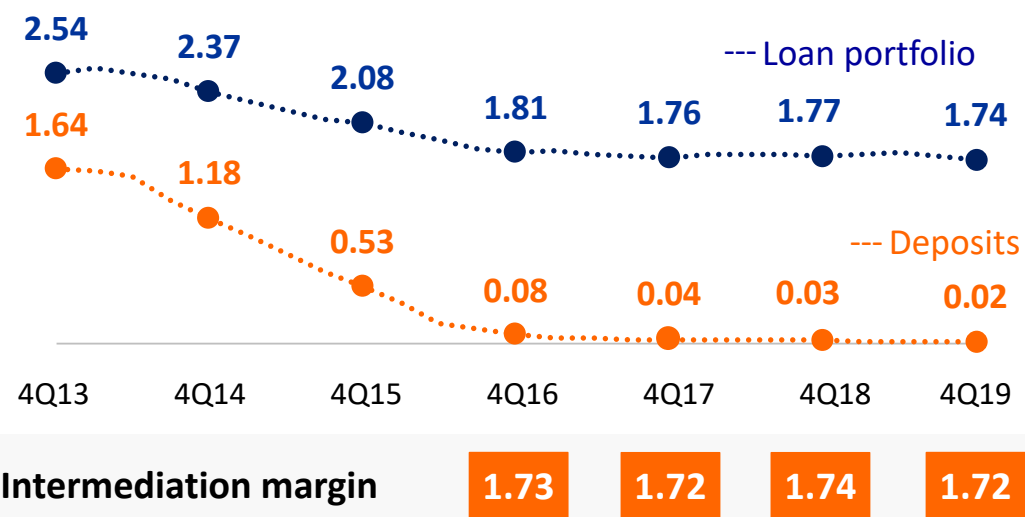
Net interest income, in M.€



Trend in net interest income:

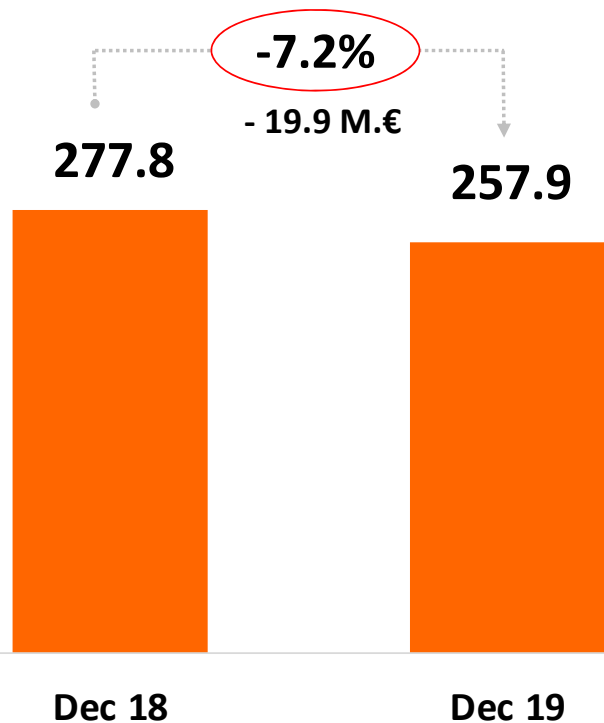
↑ Growth of loan portfolio in Portugal: +4.4% yoy

Yields on customer loans and cost of deposits



Commissions decreased 7.2% yoy

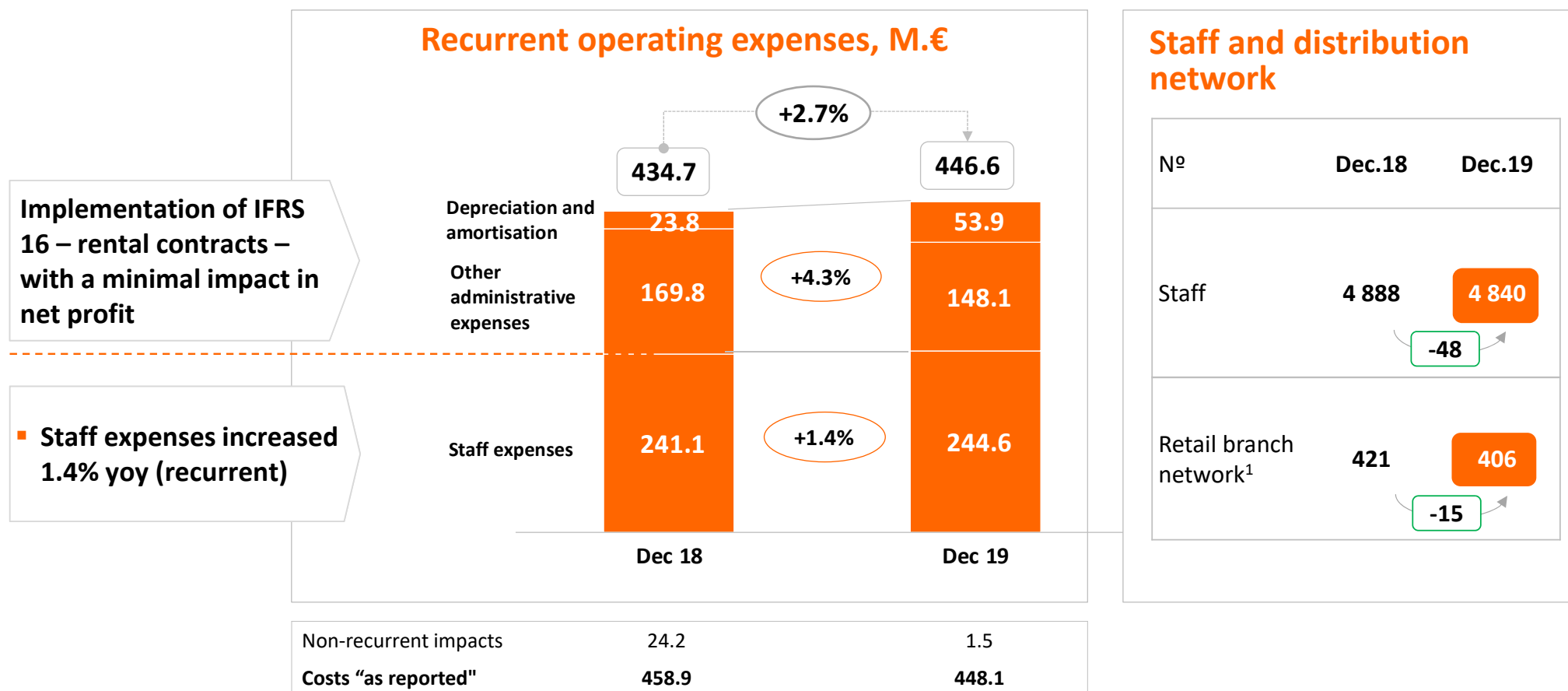
Net fee and commission income, M.€



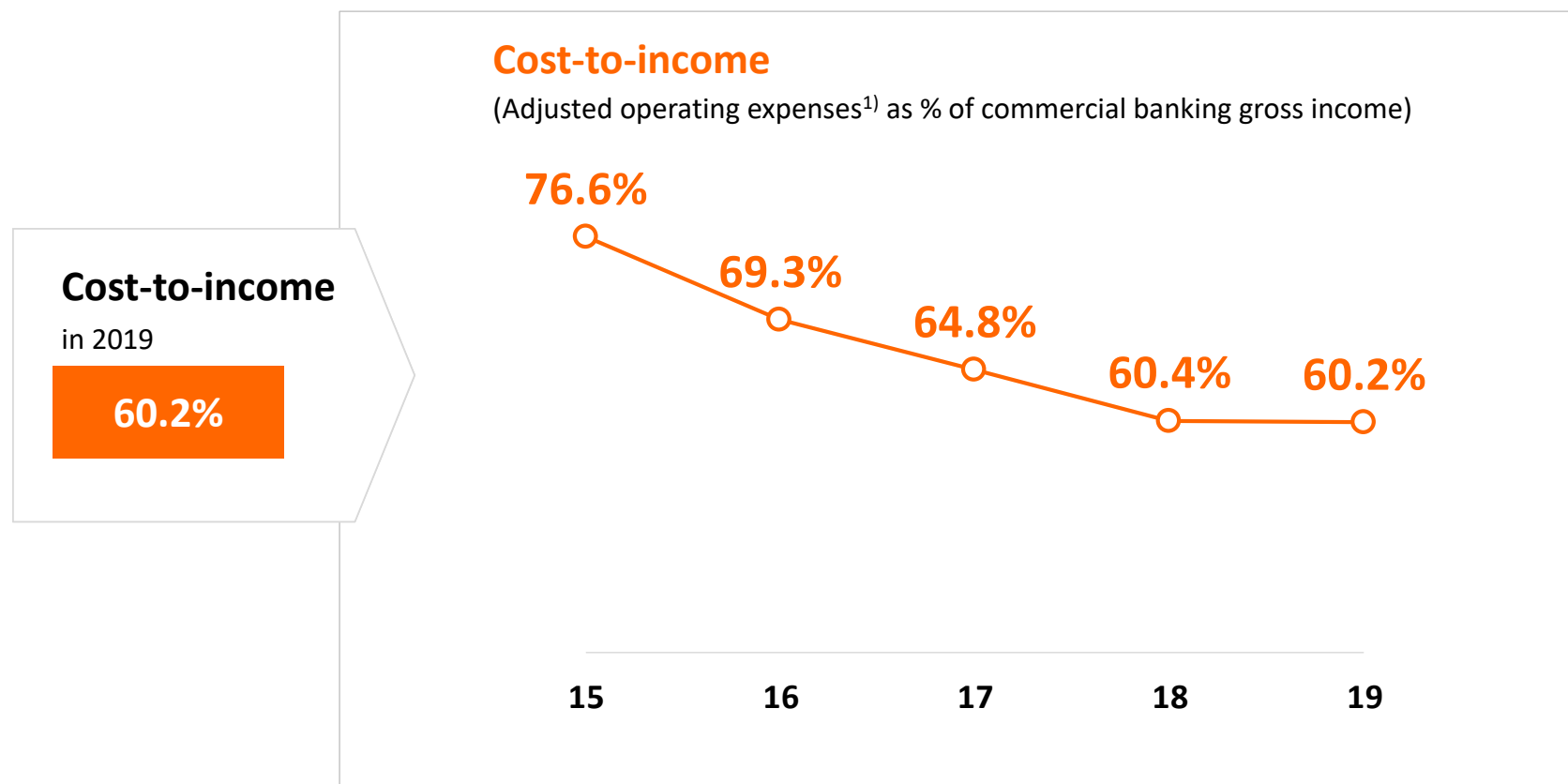
- Excluding the effect from sales of the cards, acquiring and investment banking businesses in 2018, **commissions increased (comparable perimeter) by 14.0 M.€ (+5.7% yoy).**

In M.€	Dec 18	Dec 19	YoY
Banking commissions	171.1	154.0	-10.0%
Mutual funds	40.0	36.6	-8.5%
Insurance	66.7	67.3	0.9%
Total	277.8	257.9	-7.2%

Recurrent operating expenses increased 2.7% yoy

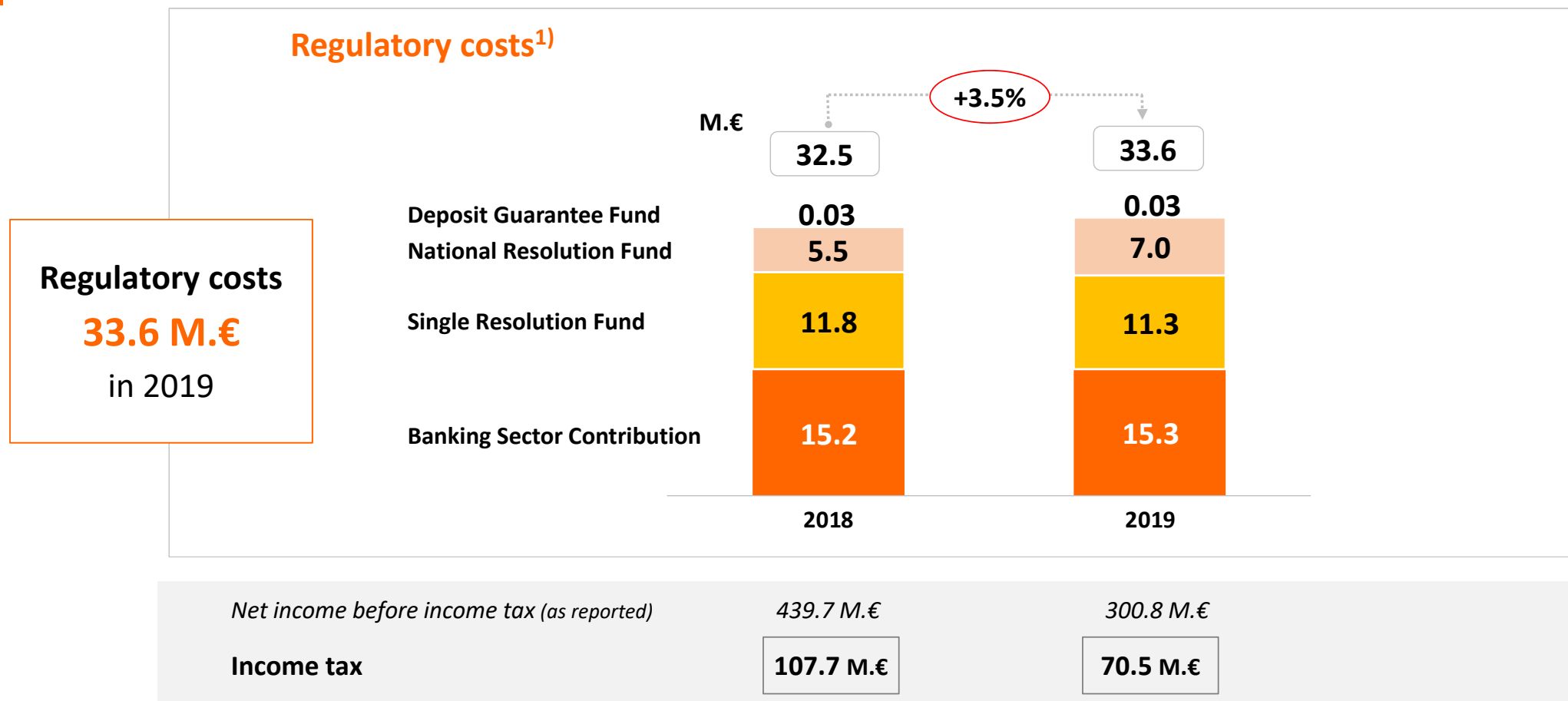


Cost-to-income of 60.2% in 2019



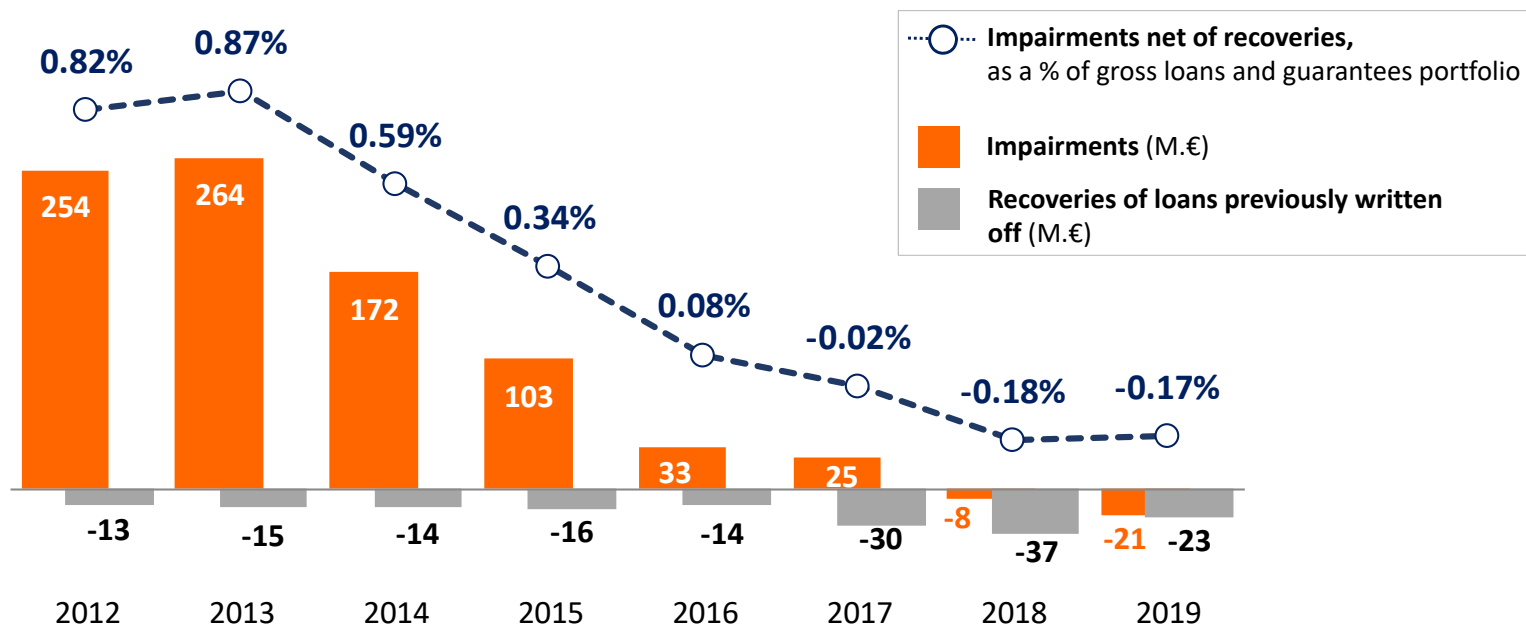
1) Recurrent operating expenses deducted of income from services rendered to CaixaBank.

Regulatory costs and income tax



Reversals of loan impairments of 20.7 M.€ and recoveries of 22.6 M.€ (2019)

Evolution of cost of credit risk, M.€



- Reversals of loan impairments of 20.7 M.€ in 2019.
- Recoveries of previously written off loans amounted to 22.6 M.€

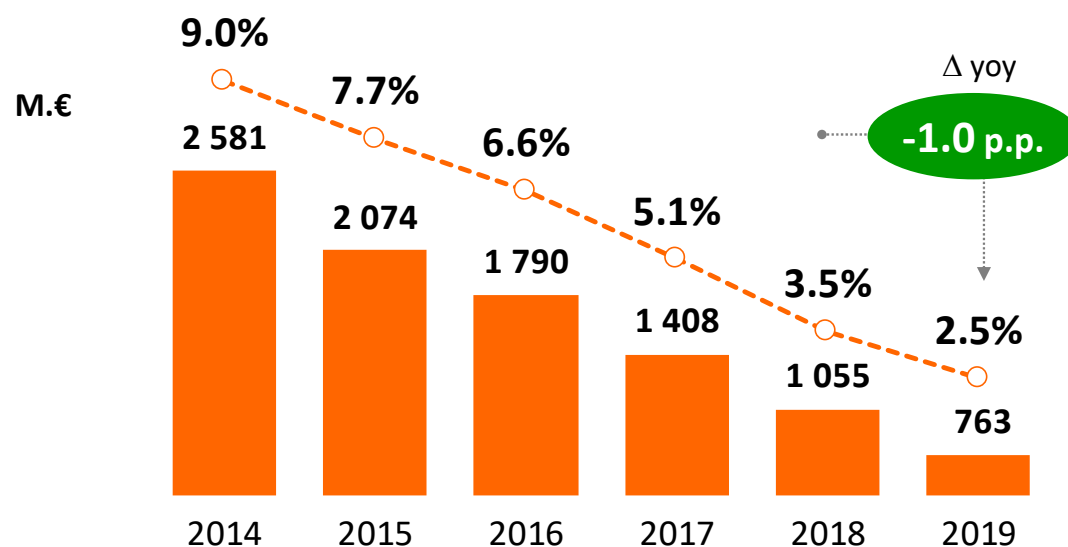
Cost of credit risk ¹⁾

2012	2013	2014	2015	2016	2017	2018	2019
242	249	158	87	19	(5)	(45)	(43)

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

NPE ratio of 2.5% in December 2019

Non-Performing Exposures - NPE (EBA criteria²)



Coverage ratio¹⁾

38%

43%

39%

43%

53%

54%

Coverage by impairments and collaterals

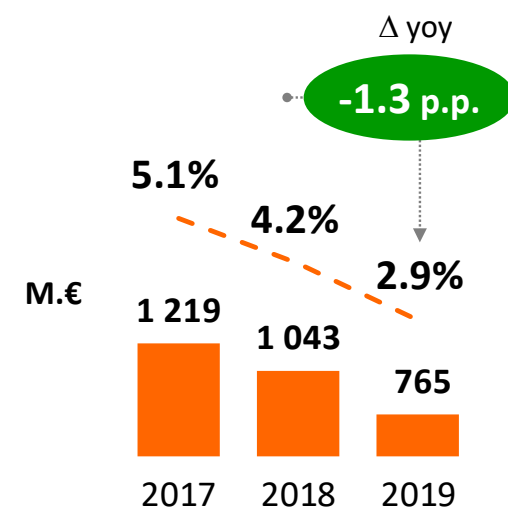
117%

127%

124%

Non-performing loans - NPL

("Crédito Duvidoso")



50%

54%

54%

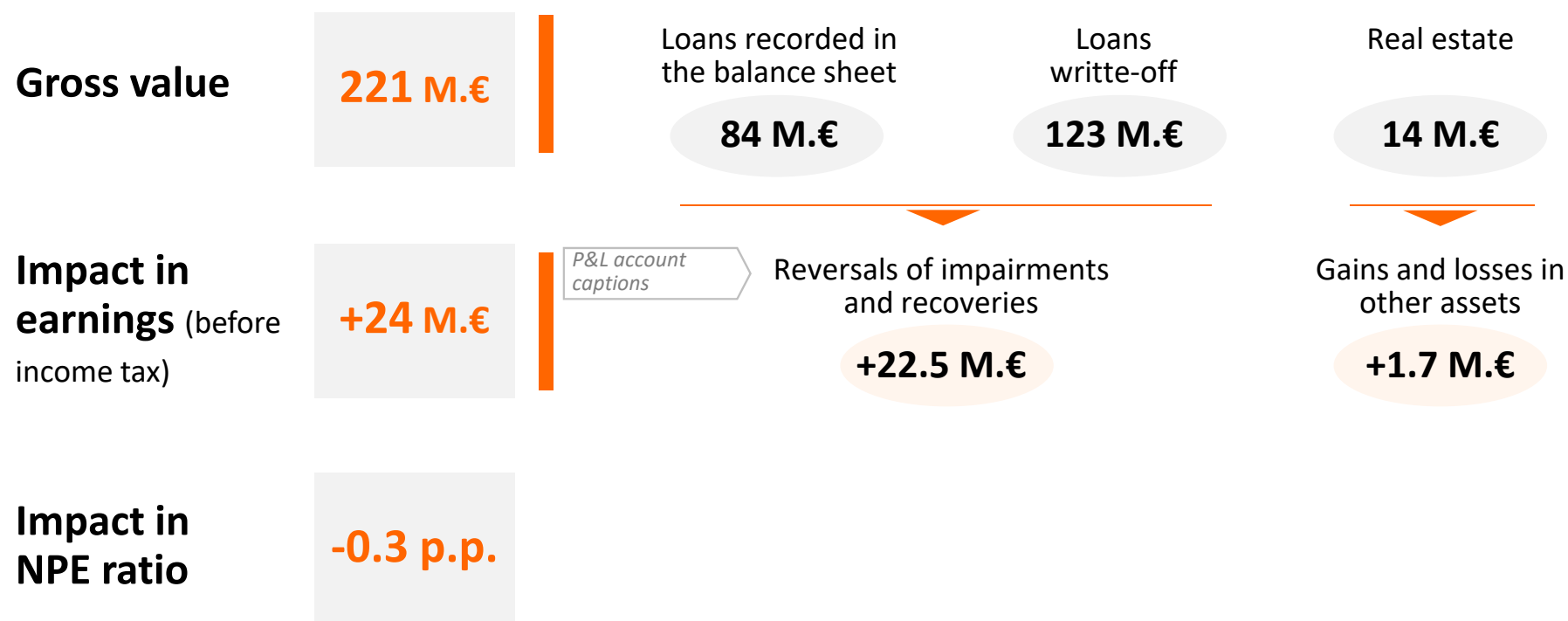
118%

120%

115%

Sale of non-performing loans (NPL) and real estate assets in the 4Q 2019

Banco BPI sold a **portfolio of 221 M.€ of non-performing loans and real estate assets** in the 4Q 2019.



Employees pension liabilities

Employees pension liabilities

M.€	Dec 18	Dec 19
Total past service liability	1 639	1 804
Net assets of the pension funds	1 613	1 767
Level of coverage of pension liabilities	98%	98%
Pension funds return	5.5%	12.6%

Actuarial assumptions

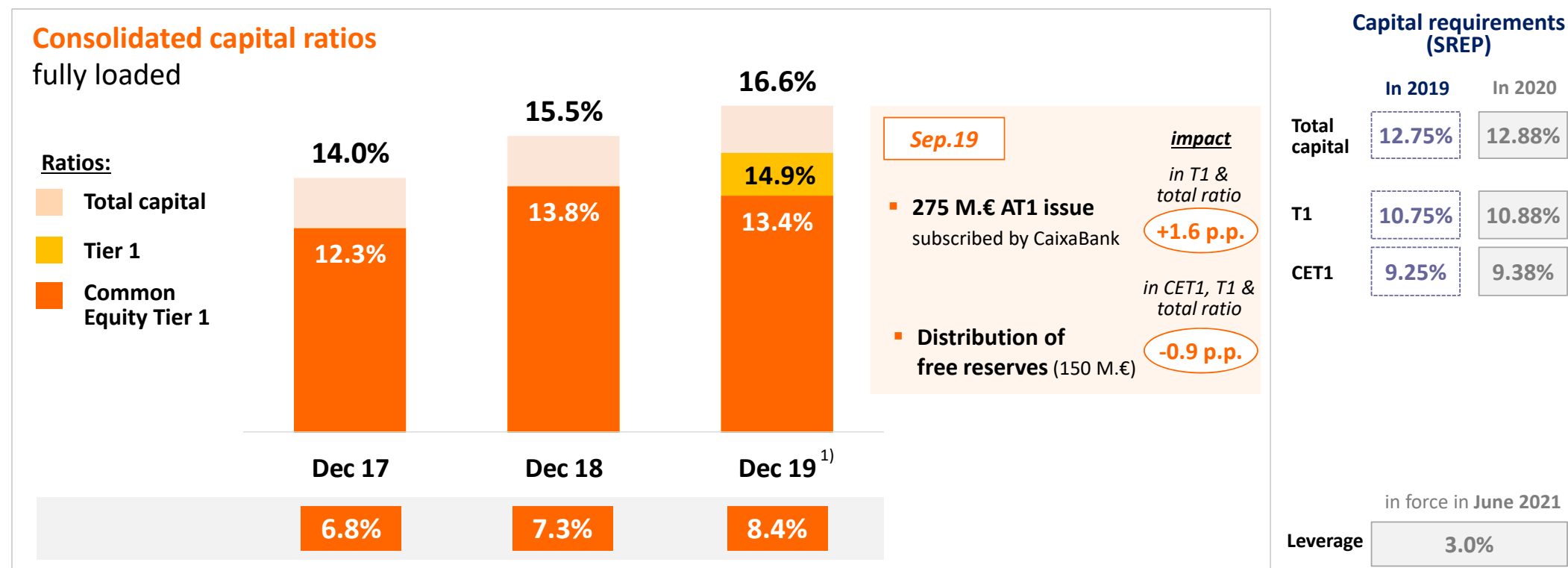
	Dec 18	Dec 19
Discount rate	2.0%	1.34%
Salary growth rate	1.0%	0.9%
Pensions growth rate	0.5%	0.4%
Mortality table: Men	TV 88/ 90	
Mortality table: Women	TV 88/ 90 – 3 years	

	2019
Pension funds return	+12.6%

Actuarial deviations¹⁾

	2019
Income from investment portfolio	+176
Change in the actuarial assumptions	(153)
Other	(43)
Actuarial deviations in 2019	(19)

Solid capital position



- Banco BPI's Board of Directors approved to propose a **distribution of 117 M.€ of dividends** in respect to 2019, which corresponds to a 36% payout ratio of consolidated net income.

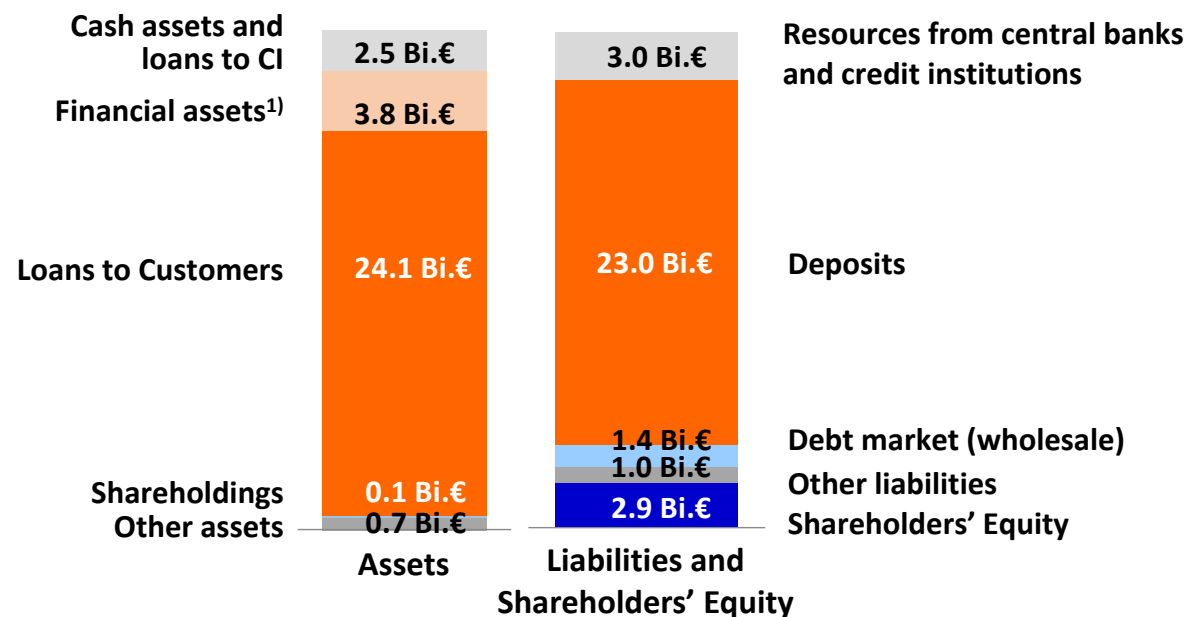
Balanced funding structure and comfortable liquidity position

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

Balance sheet of the activity in Portugal

(31 Dec. 2019)

31.3 Bi.€



Comfortable liquidity metrics

Loans / deposits	100%
Liquidity coverage ratio	173% ²⁾
Net stable funding ratio (NSFR) ³⁾	129%

Total liquid assets

Total liquid assets	8.2 Bi.€
Of which, HQLA	4.1 Bi.€
Other assets eligible as ECB collateral	4.1 Bi.€

HQLA - High Quality Liquid Assets

Financing with the ECB 1.37 Bi.€

1) Includes short-term public debt of 0.8 Bi.€ (Portugal 52% and Italy 48%), with a residual average maturity of 0.5 years, and medium and long-term debt of 2.3 Bi.€ (Portugal 30%, Spain 58% and Italy 12%) with an average residual maturity of 2.4 years.

2) Average 12 months, according to EBA guidance. Average amount (last 12 months) of LCR components calculation: Liquidity Reserves (4 368 M.€); Total net outflows (2 520 M.€).

3) In force in June 2021.

Social Responsibility



Implementation of programs of "la Caixa" Foundation in Portugal

"la Caixa" Foundation budget for 2019: 20 M.€ (12 M.€ in 2018)

Foundation own programs ←

Adaptation of "la Caixa" Foundation programs in Portugal:

- Humaniza Programme
- Incorpora Programme
- Health research, CaixaImpulse and Scholarships
- Culture and education: Creativity, Itinerant Exhibitions, Participatory and School Concerts, Desafio Empreende
- Pro-childhood
- Seniors
- Volunteering: CooperantesCaixa

Budget managed with the collaboration of BPI ←

Proximity support to projects selected by BPI

through the Social Responsibility Committee or the Decentralised Social Initiative (pilot launched in 2019)

- Natural History and Science Museum of the University of Porto
- Casa da Arquitetura
- Museum of Contemporary Art of Elvas
- Orchestra XXI
- Marvão International Music Festival
- Caramulo Museum

5 BPI "la Caixa" Awards ←

Awards to support social institutions projects:

- Solidary
- Seniors
- Capacitar
- Childhood
- Rural
- Volunteering: Award Reviewers

Special projects in Portugal and other support ←

Projects to respond to specific country challenges and other support:

- PROMOVE Contest - Promotion of border regions
- Social Equity Initiative with Nova SBE
- Rapid Response Mechanism for Higher Education in Emergencies (RRM)
- Serralves, Casa da Música and MNAA

2019 BPI "la Caixa" awards

Since 2010, more than 15 M.€ were granted to support projects of social solidarity institutions

	Projects awarded	Donations
Childhood Children and Adolescents Launched in February 2019	24	0.75 M.€
Solidary Youth and Adults Since 2016	24	0.75 M.€
Seniors People aged over 65 years Since 2013	27	0.75 M.€
Capacitar People with disabilities Since 2010	23	0.75 M.€
Rural Social activities in rural areas Launched in June 2019	22	0.75 M.€



BPI, a Bank supporting entrepreneurship and innovation



To identify, recognize and accompany young innovative companies

2019 | 3rd edition in Portugal

- ◇ 993 applications (138 in Portugal)
- ◇ More than 500 th. euro in awards and training



BPI Women's Entrepreneurial Challenge

To recognize the professional success of Portuguese Women

2019 | 2nd edition in Portugal

- ◇ IWEc Awards, initiative launched in 2007 by the Barcelona Chamber of Commerce, **with the support of CaixaBank**
- ◇ Winner: Manuela Medeiros, Founding-partner of Parfois



To distinguish innovative national SME

2019 | 15th edition

- ◇ 101 applications (1 000 since it was launched)
- ◇ Winner: Inovafil



BPI, a Bank committed to sustainable financing

Signature of commitment letter
Guidelines for accelerating the sustainable finance in Portugal

- Promotion of **sustainable investment practices in Portugal**, contributing to carbon neutrality by 2050



New credit line of 100 M.€
Decarbonisation and Circular Economy

- Support to companies modernisation and to enhance competitiveness by **implementing measures that reduce energy consumption** and promote the shift from fossil to renewable energy sources.



Conference “Towards a Sustainable Tourism Industry”

- **BPI participation in the “Financial Support Instruments” panel discussion**, presenting BPI industry-specific offering solutions



Sustainable tourism on debate at BPI meetings with Companies

- Debate on **"Sustainable tourism, attracting new markets and combating seasonality"**, at the BPI meeting with Companies in Vilamoura



Public recognition in 2019

Excellence in Leadership 2019

BPI Board of Directors Chairman
Distinction by Exame magazine



Best Large Bank 2020

Banco BPI
Consumer Choice for the 1st time



Best Large Bank 2020

Banco BPI
Award 5 Stars for the 1st time



Trusted Brand in Banking 2019

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



Superbrands 2019

Brand of Excellence in Portugal for the 6th consecutive year



Rankia

Best Payroll Deposit (Conta Valor)



Rankia

Best Housing Loan



Rankia

Best National Equities Mutual Fund



Best Mutual Funds

Best Domestic Equities Manager















Best Mutual Funds APFIPP

(Associação Portuguesa de Fundos de Investimento, Pensões e Patrimónios)













BPI Brasil – Best Flexible Fund

Public recognition in 2019

BPI Digital Solutions

<p>2019</p>  <p>Best Technology Initiative - Europe</p> <p>BPI GoNow</p> 	<p>2019</p>  <p>Change Team of the year</p> <p>Digital Banking</p> 	<p>2019</p>  <p>Best Digital Strategic Tool</p> <p>BPI GoNow</p> 	<p>2019</p>  <p>Winner in Digital Banking category</p> <p>Digital Banking</p> 	<p>2019</p>  <p>Best Private Bank for digitally empowering relationship managers</p> <p>BPI Private Banking</p> 	<p>2019</p>  <p>PayTech Team of the Year</p> <p>Digital Banking</p> 
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MENÇÕES HONROSAS

<p>2019</p>  <p>Best Use of IT in Retail Banking</p> <p>BPI SignNow</p> 	<p>2019</p>  <p>Tech Team of the Year</p> <p>Digital Banking</p> 	<p>2019</p>  <p>Best Use of Data</p> <p>BPI GoNow</p> 	<p>2019</p>  <p>Best Digital Platform</p> <p>BPI OpenBanking All-in-one</p> 	<p>2019</p>  <p>Best Digital Workplace</p> <p>BPI SignNow</p> 	<p>2019</p>  <p>Best Digital Product & Customer Experience</p> <p>BPI Credit CardEcosystem</p> 
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Public recognition in 2019



NYSE Euronext Lisbon Awards

Most Active Research
House, for the
7th consecutive year



Global Finance

Best Treasury and Cash
Management Provider,
for the 3rd consecutive year



The Covered Bond Investor Conference

Excellence Award –
Mortgage Covered Bonds
Issue



Refinitiv

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

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+ e AAA

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

... CCC, CCC-, CC, C e D

MOODY'S (Long Term Debt / Issuer rating)

... Aa2, Aa1 e 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
Caa1 Bank 4
Caa2 Bank 5

... Caa3, Ca e C

FitchRatings (Long-Term Debt / Issuer Default Rating)

... AA-, AA, AA+ e AAA

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

... CCC, CCC-, CC, C e D

DBRS (Long-Term Debt / Issuer Rating)

... AA, AA (high), AAA

AA (low) BPI Mortgage bonds
A (high)
A Bank 1
A (low)
BBB (high) Portugal
BBB 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

BPI (Long term debt)

Investment grade BBB

(Long term deposits)

Investment grade Baa1

(Long term debt)

Investment grade BBB

- S&P (18 Mar.19) upgraded by 1 notch BPI's long-term debt rating, from BBB- to BBB, with stable Outlook. On the 17 Sep.19, S&P reaffirmed BPI ratings (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. On the 30 Oct.19, Fitch reaffirmed BPI ratings (with stable Outlook).

Results in 2019 - Highlights

Commercial activity in Portugal	Loan portfolio +1 033 M.€ +4.4% Dec. 19, yoy	Customer deposits +1 599 M.€ +7.6% Dec. 19, yoy	Total customer resources +1 186 M.€ +3.6% Dec. 19, yoy	Commercial Banking Gross Income +1.2% 2019, yoy
	NPE 2.5% Dec.19	NPE coverage 124% <small>(by impairments and collaterals)</small> Dec.19	Cost of credit risk -0.17% <small>(% of gross loans and guarantees)</small> 2019	CET1 13.4% T1 14.9% Total 16.6% Fully loaded, Dec. 19 ⁽¹⁾
Profitability and efficiency	Net profit in Portugal 231.3 M.€ +6.0% Recurrent 2019, yoy	ROTE in Portugal 8.9% Recurrent 2019	Cost-to-income in Portugal 60.2% 2019	Consolidated net profit 327.9 M.€ 2019

Results in 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

(unaudited)

Income Statement of activity in Portugal

In M.€	Dec 18 restated ¹⁾			Dec 19			Δ%
	As reported	Non recurr. ²⁾	Excl. non recurr.	As reported	Non recurr. ³⁾	Excl. non recurr.	Excl. non recurr.
Net interest income	422.6		422.6	436.3		436.3	3.2%
Dividend income	1.7		1.7	3.3		3.3	94.3%
Equity accounted income	7.5		7.5	20.3		20.3	171.9%
Net fee and commission income	277.8		277.8	257.9		257.9	-7.2%
Gains/(losses) on financial assets and liabilities and other	84.6	59.6	25.1	10.8		10.8	-57.0%
Other operating income and expenses	(28.2)		(28.2)	(21.2)		(21.2)	24.7%
Gross income	766.0	59.6	706.4	707.4		707.4	0.1%
Staff expenses	(262.2)	(21.1)	(241.1)	(246.1)	(1.5)	(244.6)	1.4%
Other administrative expenses	(172.9)	(3.1)	(169.8)	(148.1)		(148.1)	-12.8%
Depreciation and amortisation	(23.8)		(23.8)	(53.9)		(53.9)	126.2%
Operating expenses	(458.9)	(24.2)	(434.7)	(448.1)	(1.5)	(446.6)	2.7%
Net operating income	307.1	35.4	271.7	259.3	(1.5)	260.8	-4.0%
Impairment losses and other provisions	47.7		47.7	36.8		36.8	22.9%
Gains and losses in other assets	85.0	98.8	(13.9)	4.7		4.7	133.6%
Net income before income tax	439.7	134.2	305.5	300.8	(1.5)	302.3	-1.1%
Income tax	(107.7)	(20.5)	(87.2)	(70.5)	0.4	(70.9)	-18.6%
Net income from continuing operations	332.1	113.8	218.3	230.2	(1.1)	231.3	6.0%
Net income from discontinued operations	64.2	64.2	(0.0)				
Net income	396.3	178.0	218.3	230.2	(1.1)	231.3	6.0%

1) In 2019, the Banking sector contribution was reclassified from "Income tax" to "Other operating income and expenses".
The 2018 profit and loss account was restated to consider this reclassification.

2) **Non recurrent impacts in 2018:** gain of 193.1 M.€ with the sale of subsidiaries and the stake in Viacer, cost of 15.3 M.€ after taxes with early retirements (21.1 M.€ before taxes), non-recurrent other administrative expenses of 2.2 M.€ (after tax) and net income from discontinued operations of 2.5 M.€.

3) **Non recurrent impacts in 2019:** costs with early retirements.

(unaudited)

Consolidated income statement

In M.€	Dec 18 restated ¹⁾	Dec 19
Net interest income	422.6	436.3
Dividend income	1.7	49.4
Equity accounted income	271.6	40.7
Net fee and commission income	277.8	257.9
Gains/(losses) on financial assets and liabilities and other	76.9	(7.4)
Other operating income and expenses	(28.2)	(25.8)
Gross income	1 022.3	751.0
Staff expenses	(262.2)	(246.1)
Of which: Recurrent staff expenses	(241.1)	(244.6)
Non-recurrent costs ²⁾	(21.1)	(1.5)
Other administrative expenses	(172.9)	(148.1)
Depreciation and amortisation	(23.8)	(53.9)
Operating expenses	(458.9)	(448.1)
Net operating income	563.4	302.9
Impairment losses and other provisions	47.9	36.8
Gains and losses in other assets	(68.7)	4.7
Net income before income tax	542.6	344.4
Income tax	(116.2)	(16.5)
Net income from continuing operations	426.4	327.9
Net income from discontinued operations	64.2	
Net income	490.6	327.9
	Dec 18	Dec 19
Earnings per share (€)	0.34	0.23
Net income from continuing operations (€)	0.29	0.23
Net income from discontinued operations (€)	0.04	
Average weighted nr. of shares (in millions)	1 457	1 457

1) In 2019, the Banking sector contribution was reclassified from "Income tax" to "Other operating income and expenses".

The 2018 profit and loss account was restated to consider this reclassification.

2) Costs with voluntary terminations and early retirements.

Consolidated balance sheet

(unaudited)

In M.€	Dec 18	Dec 19
ASSETS		
Cash and cash balances at central banks and other demand deposits	2 452.9	1 068.3
Financial assets held for trading, at fair value through profit or loss and at fair value through other comprehensive income	2 330.5	2 326.8
Financial assets at amortised cost	25 671.9	27 439.3
Of which:		
Loans to Customers	22 949.1	24 125.7
Investments in joint ventures and associates	209.1	247.2
Tangible assets	67.3	169.6
Intangible assets	55.1	65.8
Tax assets	352.8	272.5
Non-current assets and disposal groups classified as held for sale	33.9	14.6
Other assets	394.5	207.6
Total assets	31 568.0	31 811.6
LIABILITIES		
Financial liabilities held for trading	141.3	146.2
Financial liabilities at amortised cost	27 515.7	27 640.2
Deposits - Central Banks and Credit Institutions	3 206.3	2 777.1
Deposits - Customers	22 960.3	23 231.4
Technical provisions		
Debt securities issued	1 118.2	1 358.7
Memorandum items: subordinated liabilities	304.5	304.4
Other financial liabilities	231.0	273.0
Provisions	65.5	44.4
Tax liabilities	73.8	17.2
Other liabilities	565.7	527.4
Total Liabilities	28 362.1	28 375.4
Shareholders' equity attributable to the shareholders of BPI	3 206.0	3 436.1
Non controlling interests	0.0	0.0
Total Shareholders' equity	3 206.0	3 436.1
Total liabilities and Shareholders' equity	31 568.0	31 811.6

Consolidated profitability and efficiency metrics

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

	Dec 18	Dec 19
Gross income / ATA	3.3%	2.4%
Net income before income tax and income attributable to non-controlling interests / ATA	2.0%	1.1%
Net income before income tax and income attributable to non-controlling interests / average shareholders' equity (including non-controlling interests)	19.8%	10.5%
Staff expenses / Gross income ¹	23.6%	32.6%
Operating expenses / Gross income ¹	42.5%	59.5%
Loans (net) to deposits ratio	104%	105%

1) Excluding early-retirement costs.

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

	Dec 18	Dec 19
Non-performing exposures (NPE) ratio	3.5%	2.5%
NPE cover by impairments and collaterals	127%	124%
Ratio of forbore not included in NPE ²⁾	0.8%	0.6%

2) Forbore according to EBA criteria and considering the scope of prudential supervision. On 31 Dec. 2019, the forbore was 544 M.€ (forbore ratio of 1.7%), of which 192 M.€ was performing loans (0.6% of the gross credit exposure) and 352 M.€ was included in NPE (1.1% of the gross credit exposure).

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

Profit & loss account (2019)

In millions of euro (M.€)	2019 reported by BPI	Consolidation, standardisation and net change in FV adjustments derived from the combination of businesses
Net interest income	436	(24)
Dividends	49	
Equity accounted income	41	(3)
Net fees and commissions	258	
Trading income	(7)	16
Other operating income & expenses	(26)	9
Gross income	751	(2)
Recurrent operating expenses	(447)	(16)
Extraordinary operating expenses	(1)	
Pre-impairment income	303	(18)
Pre-impairment income without extraordinary expenses	304	(18)
Impairment losses on financial assets	37	160
Other impairments and provisions		3
Gains/losses on disposals & others	4	(2)
Pre-tax income	344	143
Income tax	(16)	(44)
Profit for the period	328	99
Minority interests & other		
Net income	328	99

Loan portfolio & customer funds (Dec. 19)

Dec. 19 In millions of euro (M.€)	Reported by BPI	Adjustments	BPI contribution to CABK Group (BPI segment)
Loans and advances to customers, net	24 126	(360)	23 766
Total customer funds	34 382	(4 593)	29 789

2019 BPI contribution to CABK Group	BPI segment	Investments segment
412	416	(4)
49		49
38	21	17
258	258	
9	24	(15)
(17)	(17)	
749	702	47
(463)	(463)	
(1)	(1)	
285	238	47
286	239	47
197	197	
3	3	
2	2	
487	440	47
(60)	(108)	48
427	332	95
427	332	95

The difference between the earnings released by BPI and the earnings attributable to CaixaBank Group is largely a result of consolidation adjustments, standardisation adjustments and the net change in the fair value adjustments generated from the business combination.

Additionally, the BPI contribution to CaixaBank Group results is broken down into BPI segment and Investments segment contributions, the latter including the contributions from BFA and BCI.

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 December 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 31 December 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

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

Units, conventional signs and abbreviations

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

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 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	Dec 19	Dec 19	Structure presented in the financial statements and respective notes
Net interest income	436.3	436.3	Net interest income
Dividend income	49.4	49.4	Dividend income
Equity accounted income	40.7	40.7	Share of profit/(loss) of entities accounted for using the equity method
Net fee and commission income	257.9	281.0	Fee and commission income
		(23.1)	Fee and commission expenses
Gains/(losses) on financial assets and liabilities and other	(7.4)	(0.1)	Gains/(losses) on derecognition of financial assets and liabilities not measured at fair value through profit or loss, net
		5.0	Gains/(losses) on financial assets and liabilities held for trading, net
		(9.8)	Gains/(losses) on financial assets not designated for trading compulsorily measured at fair value through profit or loss, net
		3.1	Gains/(losses) from hedge accounting, net
		(5.7)	Exchange differences (gain/loss), net
Other operating income and expenses	(25.8)	32.8	Other operating income
		(58.6)	Other operating expenses
Gross income	751.0	751.0	GROSS INCOME
Staff expenses	(246.1)	(246.1)	Staff expenses
Other administrative expenses	(148.1)	(148.1)	Other administrative expenses
Depreciation and amortisation	(53.9)	(53.9)	Depreciation and amortisation
Operating expenses	(448.1)	(448.1)	Administrative expenses, depreciation and amortisation
Net operating income	302.9	302.9	
Impairment losses and other provisions	36.8	(2.3)	Provisions or reversal of provisions
		39.1	Impairment/(reversal) of impairment losses on financial assets not measured at fair value through profit or loss
Gains and losses in other assets	4.7	1.0	Impairment (reversal) of impairment in subsidiaries joint ventures and associates
		1.7	Impairment/(reversal) of impairment on non-financial assets
		(1.4)	Gains/(losses) on derecognition of non-financial assets, net
		3.4	Profit/(loss) from non-current assets and disposal groups classified as held for sale not qualifying as discontinued operations
Net income before income tax	344.4	344.4	PROFIT/(LOSS) BEFORE TAX FROM CONTINUING OPERATIONS
Income tax	(16.5)	(16.5)	Tax expense or income related to profit or loss from continuing operations
Net income from continuing operations	327.9	327.9	PROFIT/(LOSS) AFTER TAX FROM CONTINUING OPERATIONS
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
Net income	327.9	327.9	PROFIT/(LOSS) FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE PARENT

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 (recurrent) + Depreciation and amortisation - Income from services rendered to CaixaBank Group (recorded in "Other operating income and expenses")

Net operating income = Gross income - Operating expenses

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

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

Adjusted Operating expenses-to-commercial banking gross income¹⁾ = Operating expenses, excluding costs with early-retirements and voluntary terminations and (only in 2016) gains with the revision of the Collective Labour Agreement (ACT) - Income from services rendered to CaixaBank Group (recorded in "Other operating income and expenses") / Commercial banking gross income

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

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

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

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

BALANCE SHEET AND FUNDING INDICATORS

On-balance sheet Customer resources²⁾ = 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 rate bonds placed with Customers: 18.3 M.€ in Dec.2018 and 6.5 M.€ in Dec.2019))

▪ 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)

Assets under management³⁾ = 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 Insurance⁴⁾ = Third-party capitalisation insurance placed with Customers

▪ Pension plans⁴⁾ = pension plans under BPI management (includes pension plans of BPI Group)

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.

2) 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.

3) 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.

4) 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.

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 amortised cost), excluding other assets (guarantee accounts and others) + Gross debt securities issued by Customers (financial assets at amortised 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 ¹⁾ = (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 dudoso"; Bank of Spain criteria) = Non performing loans (Bank of Spain criteria) / (Gross customer loans + guarantees)

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

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

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

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



Grupo  CaixaBank

BANCO BPI, S.A.

Registered office: Rua Tenente Valadim, 284, Porto

Share capital: € 1 293 063 324.98

Registered at Commercial Registry of Porto
under registration number PTIRNMJ 501 214 534
and tax identification number 501 214 534