



Banco BPI

Consolidated results in the 1st half 2018

24 July 2018



Discontinued operations in accordance with IFRS 5

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

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

Adoption of a new structure of the financial statements

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

Reclassification of costs from General Administrative Costs to Commissions paid

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

Profit and loss account of 2017 proforma

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

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
vs.	versus
b.p.	basis points
p.p.	percentage point
E	Estimate
F	Forecast

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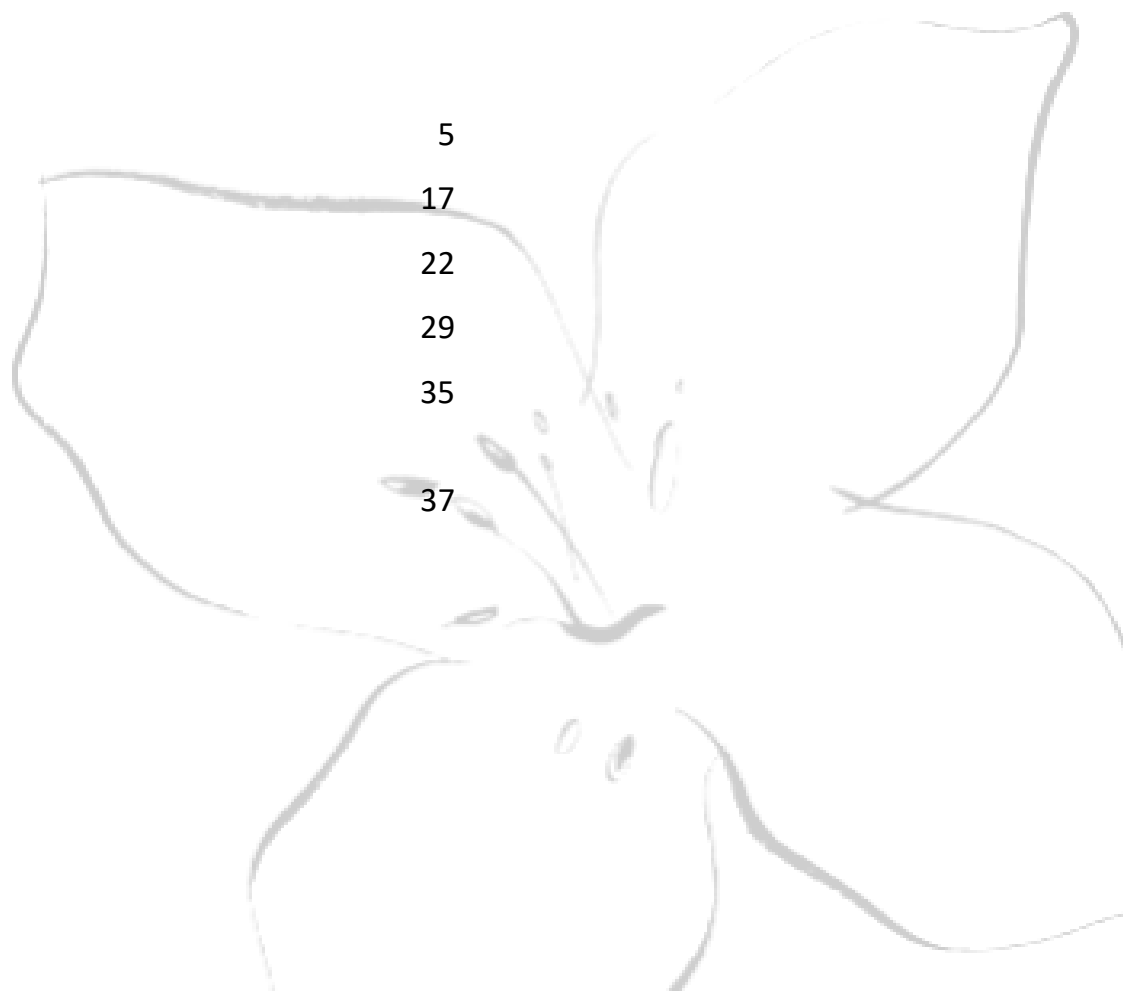
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BPI consolidated results in the 1st half 2018

Recurring net income increases in Portugal and in the consolidated

- Consolidated net profit of 366.1 M.€ in the 1st half 2018
- Net profit in Portugal of 222.5 M.€ in the 1st half 2018
- Recurring net profit in Portugal of 104.2 M.€¹⁾, increases 32% vs. the 1st half 2017

Strong growth in deposits and loans in Portugal

- Loans to companies in Portugal increase 593 M.€ (+8.3% ytd)
- Customer deposits grow 1 445 M.€ (+7.5% ytd)

High asset quality

- Non-performing exposures ratio - NPE²⁾ (EBA criteria) of 3.8% in Jun.18, improves 1.3 p.p. over Dec.17
- Coverage by impairments and collateral of non-performing exposures (NPE) of 125%

Strong capitalisation

- Fully loaded capital ratios: CET1 of 12.8% and total of 14.6%
- Fully loaded leverage ratio of 6.7%

1) Excluding non recurring gains of 118.3 M.€: gain of 60 M.€ with the sale of the stake in Viacer; gain of 62 M.€ with the sale of subsidiaries (BPI Gestão de Ativos and BPI GIF), cost of 5.5 M.€ (after taxes) with early retirements and results from discontinued operations of 2.5 M.€.

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

Recurring net income in Portugal increases 32% yoy to 104.2 M.€

NET INCOME IN THE ACTIVITY IN PORTUGAL

In M.€	1H 17	1H 18	Δ%
Net income in Portugal	10.7	222.5	
Non-recurring impacts	(68.3)	118.3	
Costs with voluntary terminations and early retirements ¹⁾	(76.3)	(5.5)	
Gains with the sale of shareholdings		121.3	
Net income from discontinued operations	8.0	2.5	
Recurring net income in Portugal	79.0	104.2	+32%

Sale of Viacer stake	59.6 M.€
Sale of BPI Gestão de Ativos and BPI GIF (2 nd quarter)	61.8 M.€

Transactions to be completed in 2018 ²⁾

- Equities and corporate finance
- Cards issuance
- Merchant acquiring

1) After taxes.

2) Estimated capital gain of 99 M.€ before taxes.

Contribution from BFA and BCI of 143.5 M.€

CONTRIBUTION FROM BFA AND BCI

In M.€	1H 17	1H 18
[1.] BFA contribution	(115.6)	136.3¹⁾
Of which,		
Impact from the sale of 2% of BFA and deconsolidation	(211.6)	
High inflation in 2018 (IAS 29)		(25.5)
[2.] BCI contribution	4.6	7.1
[3.] Other²⁾	(1.4)	0.2
[4.] Total [=1+2+3]	(112.4)	143.5

- Contribution from BFA of **136 M.€** in the 1st half 2018, includes impacts from the recognition of the stake in BFA in accordance with IAS 29 and from the depreciation of AKZ.
- In the first half 2018, the Angolan local currency (AKZ) depreciated by 36% against the Euro, and BFA recorded significant non recurring gains with financial operations, 101.5 M.€ of which were appropriated by BPI (after taxes). That amount compares with an average value appropriated by BPI in 2017 of 12 M.€ for 6 months.
- Contribution of BCI of **7 M.€** in the 1st half 2018.

1) Includes results booked in earnings of associated companies (equity method) (156 M.€), net income on financial operations (-5 M.€) and income taxes (14 M.€).

2) Contribution of BPI Moçambique and BPI Capital África.

Impact of AKZ devaluation on the evolution of the value of stake in BFA

- On 4 Jan.18, the National Bank of Angola (BNA) adopted a new exchange regime with an exchange rate fluctuation band. The exchange rate is now determined in currency auctions.
- In the 1st half 2018, AKZ devaluated about 36% against the Euro.

EVOLUTION OF THE VALUE OF THE STAKE IN BFA

	M.€
Book value of stake in BFA at 31 dec.17	576
Change from earnings generated in 2018	156
Distribution of 2017 dividends	-48
Change in foreign exchange revaluation reserves and other	-184
Book value of stake in BFA at 30 Jun.18	500

Note: amounts before deferred taxes.

BNA REFERENCE RATES

	31 Dec.17	30 Jun.18	$\Delta\%$ x / 1 AKZ ¹⁾
AKZ / 1 EUR	185.4	288.9	-36%
AKZ / 1 USD	165.9	248.3	-33%

Average rate of purchase and sale.

1) Change in the AKZ value when expressed in EUR or USD.

Consolidated net profit of 366.1 M.€

- Consolidated net profit of 366.1 M.€ in the 1st half 2018
- Activity in Portugal contributes 61% to consolidated profit

CONSOLIDATED RESULTS

In M.€	1H 17	1H 18	Δ%
Net profit in Portugal	10.7	222.5	
Recurring net profit	79.0	104.2	+32%
Non-recurring impacts ¹⁾	(68.3)	118.3	
BFA and BCI contribution	(112.4)	143.5	
Consolidated net profit	(101.7)	366.1	

1) Non recurring impacts:

In the 1st half 2017 - negative impact of 212.3 M.€ from the sale of 2% of BFA and deconsolidation (of which -182 M.€ corresponded to the transfer to net income of accumulated negative foreign exchange reserves that resulted from the translation of BFA financial statements from AKZ to EUR), cost of 76.3 M.€ (after taxes) with early retirements and voluntary terminations and results from discontinued operations of 8.7 M.€.

In the 1st half 2018 - gain of 60 M.€ with the sale of the stake in Viacer, gain of 62 M.€ with the sale of subsidiaries (BPI Gestão de Ativos e BPI GIF), cost of 5.5 M.€ (after taxes) with early retirements and results from discontinued operations of 2.5 M.€.

Recurring ROTE in Portugal of 9.0%

- **Consolidated ROTE of 17.3%**
- **Recurring ROTE in the activity in Portugal of 9.0%**

RETURN ON TANGIBLE EQUITY (ROTE) (last 12 months)

	Jun.17 (last12 months)	Jun.18 (last 12 months)
Consolidated		
Adjusted allocated capital (M.€) ¹⁾	2 516	2 770
ROTE	4.2%	17.3%
Portugal		
Adjusted allocated capital (M.€) ¹⁾	1 902	2 165
Recurring ROTE	10.6%	9.0%

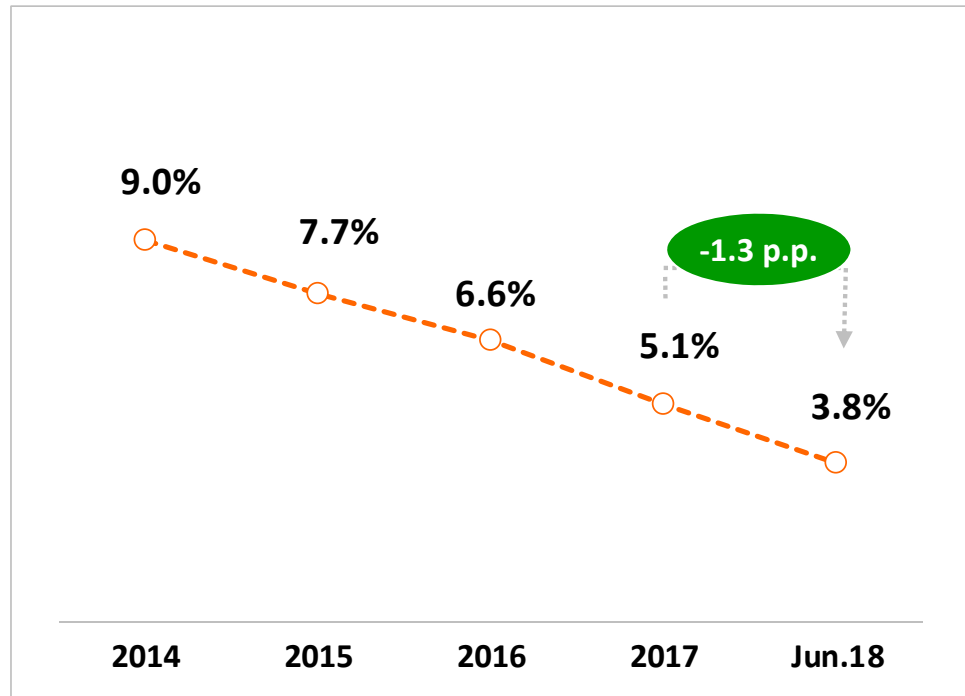
BPI expects to achieve in the activity in Portugal a **ROTE > 10%** (recurring) **in 2020**

1) The average capital considered in the calculation of ROTE excludes the average balance of intangible assets (average consolidated balance in 12 months until June 2018: 34 M.€.) and other comprehensive income (reserves) (average consolidated balance in 12 months until June 2018: 8 M.€.)

High asset quality

Non-performing exposures ratio (NPE)

(EBA criteria¹)



Coverage by impairments and collateral

125%
Jun.18

- Low levels of defaulted loans; asset quality indicators continue to improve
- NPE ratio of 3.8%
- Coverage by impairments and collateral of NPE of 125%

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

Solid capital position

Total capital ratio
CONSOLIDATED, FULLY LOADED

14.0%

14.6%

14.8%

Common Equity Tier 1 ratio
CONSOLIDATED, FULLY LOADED

12.3%

+0.5 p.p.

12.8%

13.0%

**Common Equity Tier 1
ratio increases to
12.8%**

Dec. 2017

Jun. 18

Jun.18
proforma¹⁾

- The capital ratios in Jun. 18 incorporate a distribution of dividends in accordance with the new long term dividend policy approved in the General Shareholders Meeting of 29 June 2018.
- CET1 ratio of 12.8%
- CET1 ratio proforma considering the sale of the businesses¹⁾ announced in Nov. and Dec. amount to 13.0%
- Total capital ratio of 14.6% (14.8% proforma considering the sale of businesses)

1) Proforma considering the sale of the following businesses: equities and corporate finance, cards issuance and merchant acquiring.

Results of commercial activity in Portugal

“CONTA VALOR”



+ 119 th. “Contas Valor BPI” and “Contas Premier”

+ 47 th. New accounts with automatic salary domiciliation

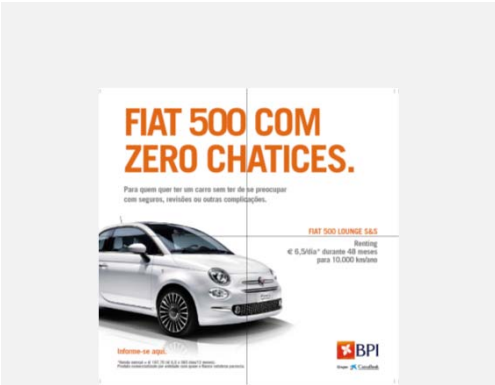
“CRÉDITO IMEDIATO”



+ 5 th. Loans (instant credit) (21 M.€)

+ 19% of the nr. of contracts of **personnel loans**

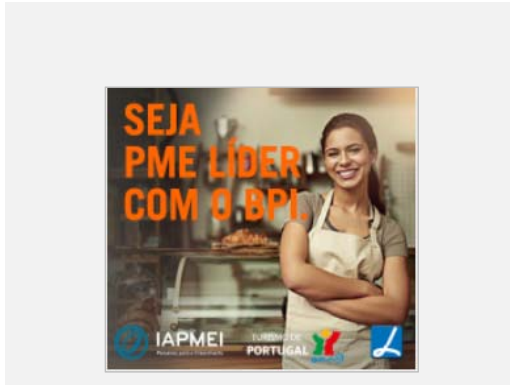
CAR FINANCING



RENTING

✓ Launch of a **new type of Car Financing**

“ESTATUTOS PME”



Leader in the awards




- ✓ “PME Líder” (SME Leader) for the 10th consecutive year (share of 23%)
- ✓ “PME Excelência” (SME Excellence) for the 9th consecutive year (share of 24%)

Note: Changes in the 1st half 2018.

Results of commercial activity in Portugal

Corporates and SME main segments offer

Loans and guarantees

<p>AGRICULTURE</p>		<ul style="list-style-type: none"> ✓ Reinforcement of BPI's position as Bank for the Agriculture 	<p>Changes in loan portfolio ytd</p> <div style="border: 1px solid #ccc; padding: 10px; margin-bottom: 10px; text-align: center;"> <p>+ 2.1%</p> </div> <div style="border: 1px solid #ccc; padding: 10px; margin-bottom: 10px; text-align: center;"> <p>+ 15.6%</p> </div> <div style="border: 1px solid #ccc; padding: 10px; text-align: center;"> <p>+ 8.1% ²⁾</p> </div>
<p>TOURISM</p>		<ul style="list-style-type: none"> ✓ Leadership in the line that supports the tourism ("Qualificação da Oferta" credit line) <ul style="list-style-type: none"> ▪ Share of 26% in Jun.18 ¹⁾ 	
<p>EXPORTING</p>		<ul style="list-style-type: none"> ✓ 1st position insurance intermediation COSEC <ul style="list-style-type: none"> ▪ Share of 44% in Jun.18 	

1) Considering only the tranches of the Banks.

2) Loans to exporting sector.

Main indicators of Digital Banking

520 th.

Regular Digital Banking users

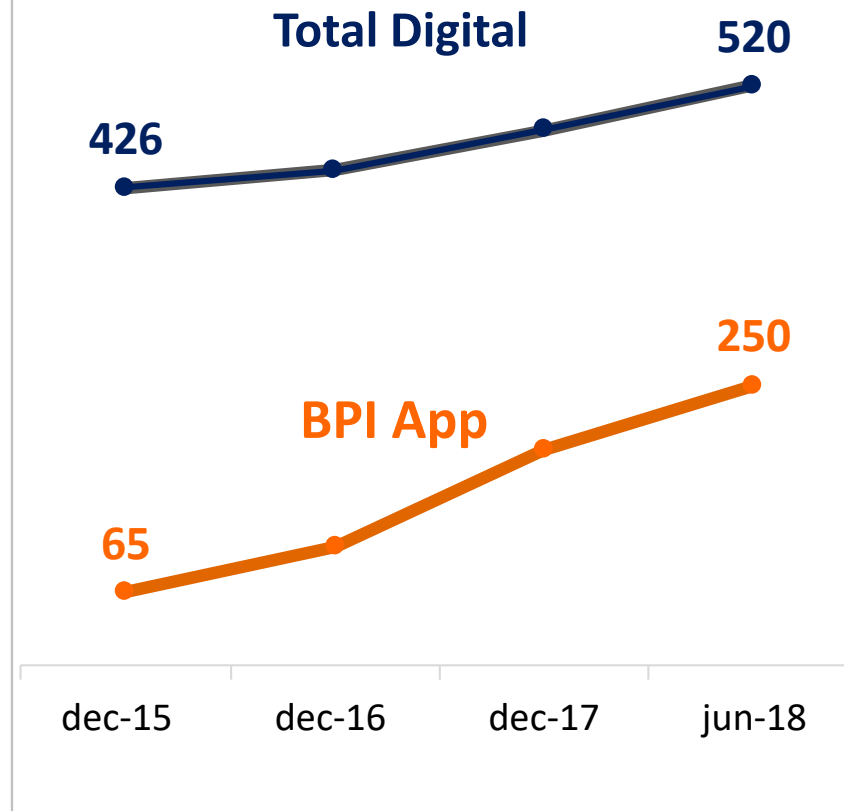
250 th.

BPI App regular users

+80%

Growth in BPI App users in the last 12 months

Regular Digital Banking users (x th.)



New featured services in recent months:

- ✓ Simplification in the validation of the operations
- ✓ Instant pre-approved credit
- ✓ Cash-advance
- ✓ Increase in credit card limit



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Customer deposits increase 7.5% ytd

CUSTOMER RESOURCES

In M.€	jun-18	dec.17 proforma ¹⁾	YtD	dec.17 as reported
I. On-balance sheet resources	21 618	20 719	4.3%	20 686
Customer deposits ²⁾	20 813	19 368	7.5%	19 368
Institutional and financial investors deposits	805	1 351	-40%	1 318
II. Assets under management	9 799	9 754	0.5%	10 123
Mutual funds	5 638	5 658	-0.3%	6 027
Capitalisation insurance	4 160	4 096	1.6%	4 096
III. Public offerings	1 894	2 151	-11.9%	2 151
Total	33 311	32 624	2.1%	32 960

Market shares	31 May 18	31 Dec 17
Total deposits ³⁾	10.2%	9.8%
Mutual funds ⁴⁾	15.8%	16.4%
PPR's ⁴⁾	12.0%	12.8%
Capitalisation insurance ⁴⁾	15.0%	14.3%

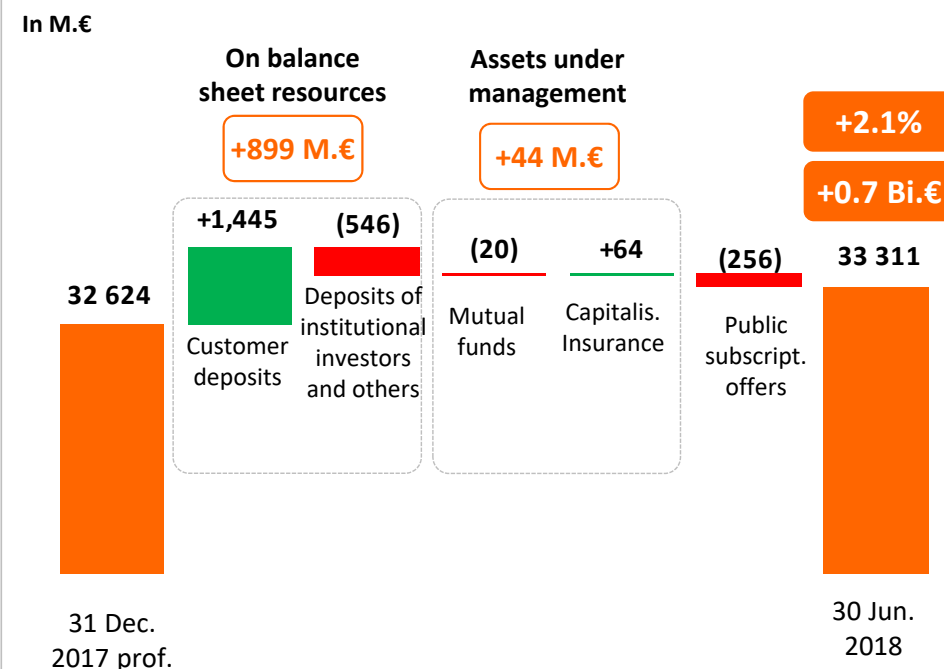
1) Proforma considering the sale of BPI Gestão de Ativos and BPI GIF.

2) Includes retail bonds of 25 M.€ in Jun.18 and 35 M.€ in Dec.17.

3) Market share as of April 18. Does not include the effect of securitization operations (BPI calculation).

4) PPRs include PPR in the form of mutual funds and capitalization insurance. For that reason those PPRs are excluded in the calculation of the market shares of mutual funds and insurance capitalisation.

CUSTOMER RESOURCES EVOLUTION



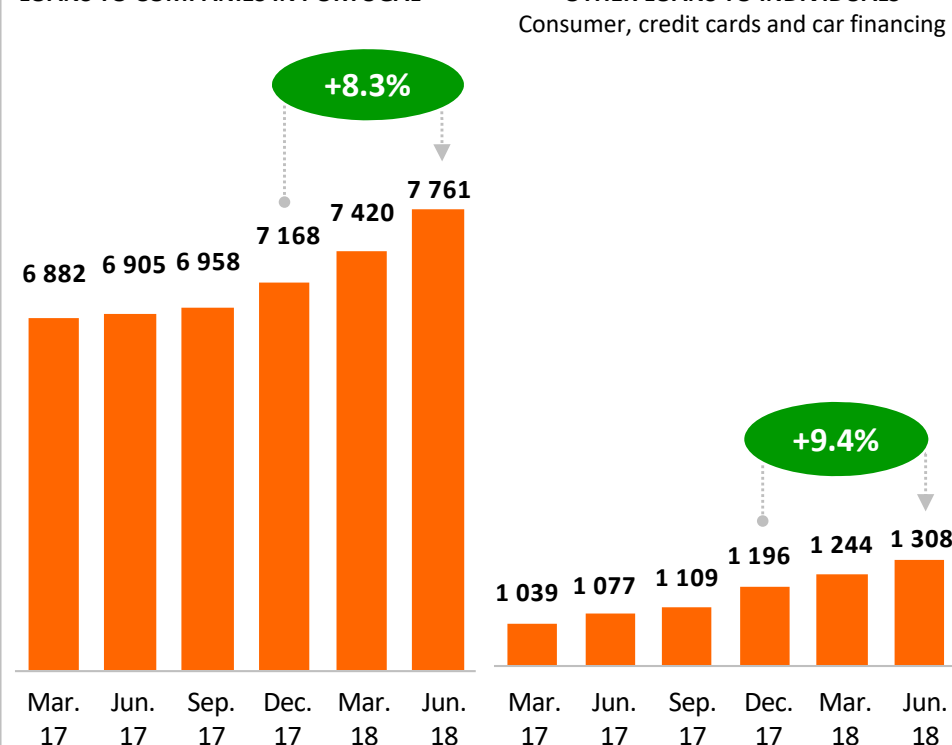
- Customer deposits increase by 7.5% ytd (+ 1 445 M.€)
- The Bank has been actively reducing its offer of deposits to institutional investors with the purpose of optimizing liquidity ratios (LCR).

Loans to companies in Portugal increase by 8.3% ytd

LOANS TO CUSTOMERS BY SEGMENTS

Gross portfolio, in M.€	jun-18	dec-17	YtD
I. Loans to individuals	12 512	12 280	1.9%
Mortgage loans	11 204	11 084	1.1%
Other loans to individuals	1 308	1 196	9.4%
II. Loans to Companies	8 930	8 515	4.9%
Large corporates and Corporate & Investment Banking	2 618	2 238	17.0%
Medium sized companies	2 947	2 813	4.7%
Small businesses	2 197	2 117	3.7%
Total Companies in Portugal	7 761	7 168	8.3%
Project finance and Madrid Branch	1 168	1 347	(13.2%)
III. Public sector	1 518	1 305	16.4%
IV. Other	119	123	(3.3%)
Total	23 080	22 223	3.9%
Note:			
Net loan portfolio	22 506	21 638	4.0%

LOANS TO COMPANIES IN PORTUGAL¹⁾



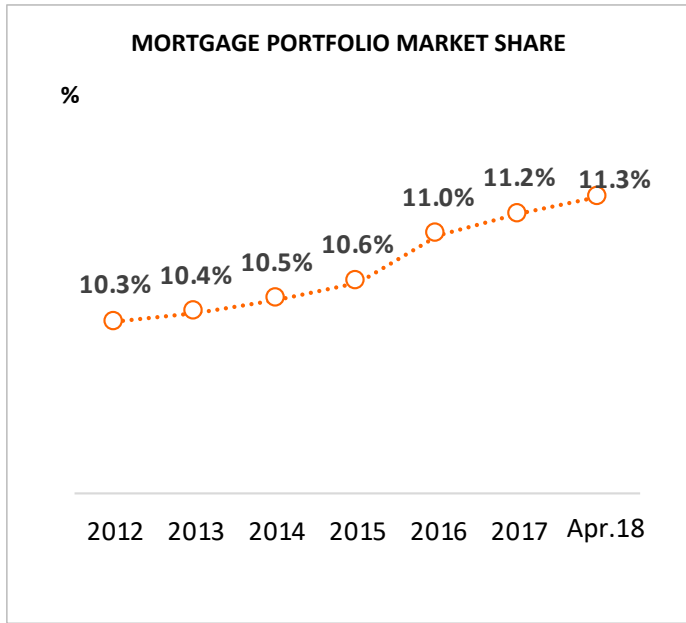
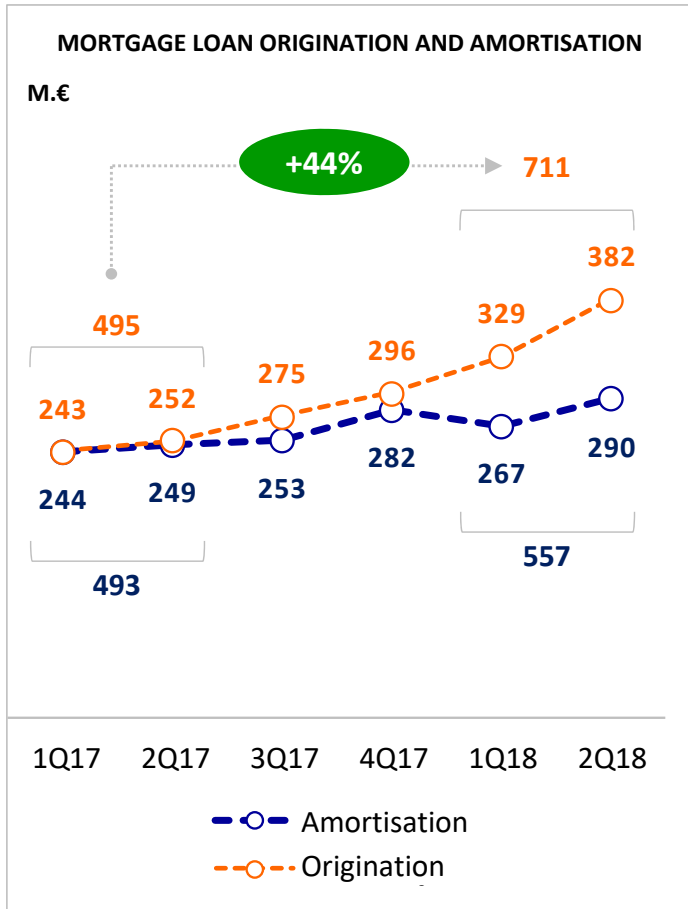
1) Large and medium-sized companies and small business in Portugal. Excludes project finance and Madrid branch loan portfolio. Balances from March 17 to September 17 adjusted by migration of loans between segments.

Growth trends continue in the 1st half

- Loans to corporates and small businesses goes up by 8.3% ytd.
- Mortgage loan portfolio increases 1.1% ytd and consumer loans increase 9.4% ytd.
- Total loan portfolio grows by 3.9% YTD.

Mortgage loan origination goes up by 44% yoy in the 1st half 2018

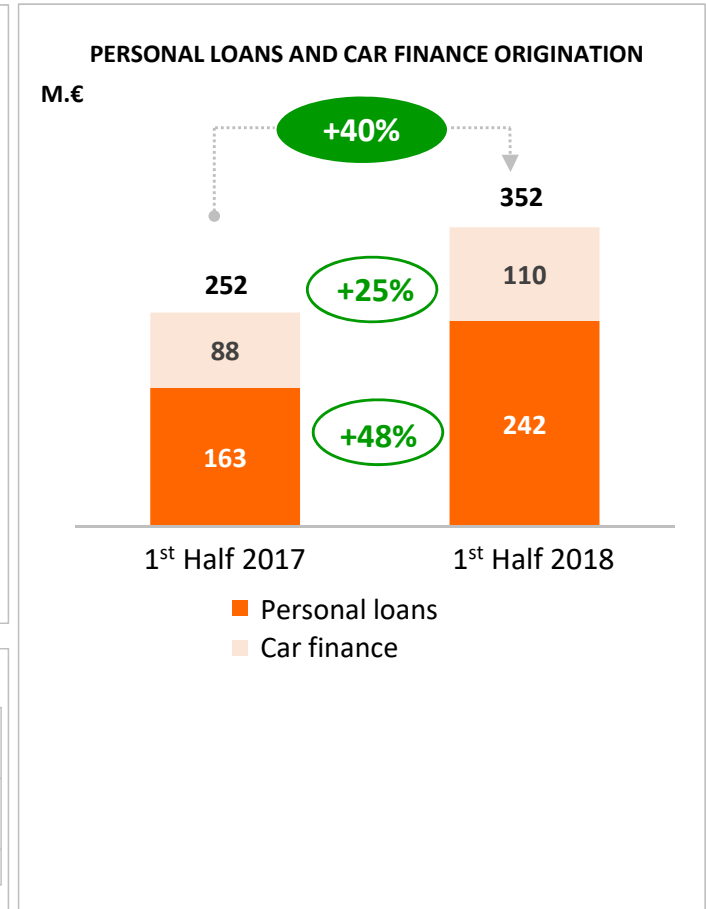
Mortgage loans



MORTGAGE LOAN PORTFOLIO

In Jun.18	Bi.€ ¹⁾	% of total	Average spread (p.p.)
Loans after Dec. 10	3.9	36%	2.2
Loans before Dec. 10	7.0	64%	0.8
Total	11.0	100%	1.3

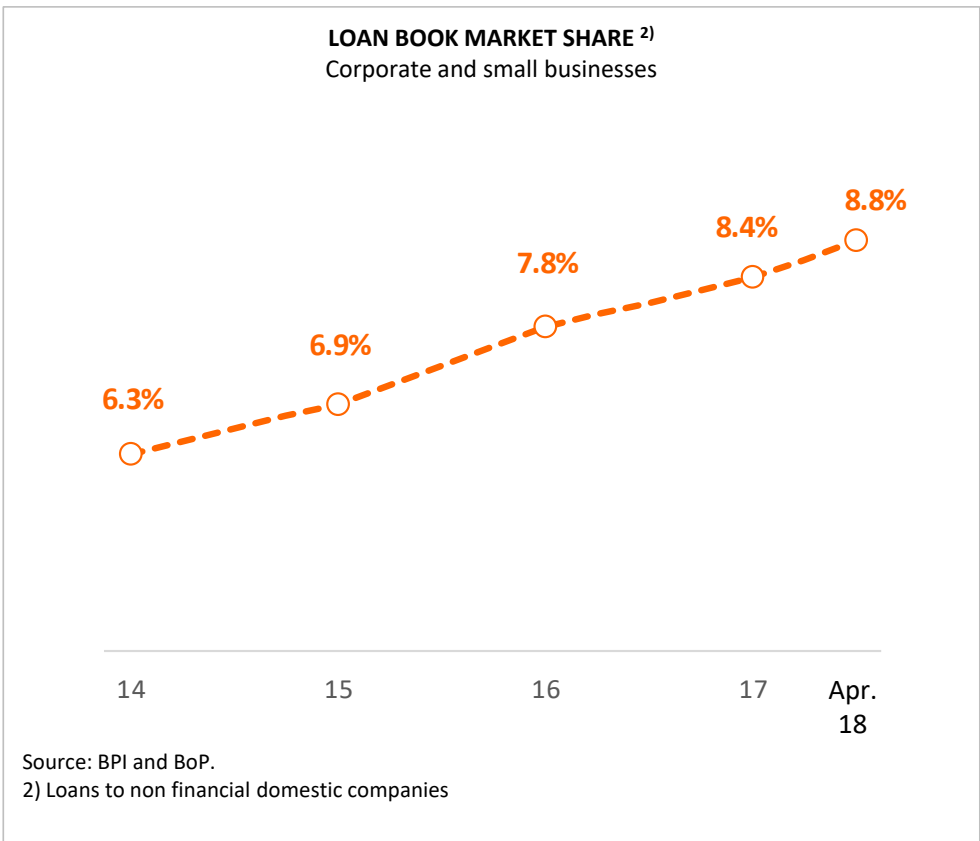
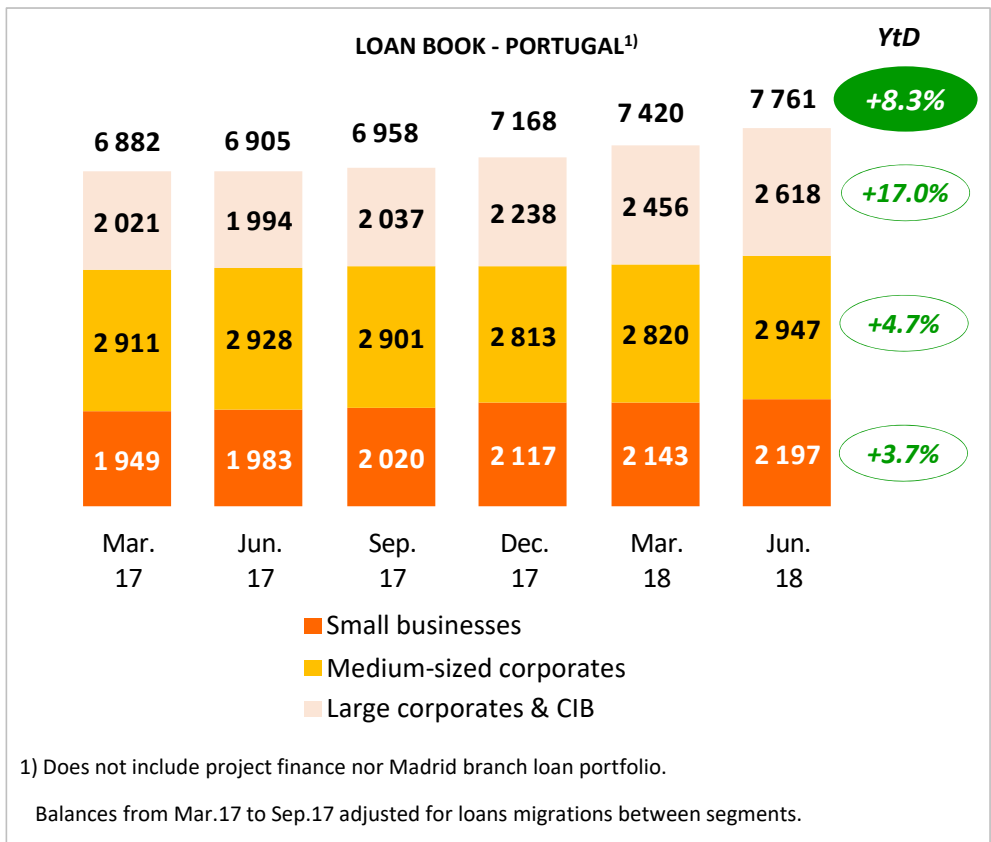
Personal loans and car finance



- Origination of mortgage loans goes up by 44% yoy to 711 M.€ in the 1st half 2018.
- Origination exceeds amortisations since the 3rd quarter of 2017 and trend in the reduction of the portfolio is reversed.
- Consistent increase in the loan portfolio market share (11.3% in April 2018) in a segment of the market that is still shrinking.
- Origination of personal loans and car finance increases 40% yoy.

1) Productive loan portfolio.

Corporate and small businesses loans in Portugal go up by 8.3% YtD and BPI market share increases



- Growth of 10.2% (YtD) in loans to Large and Medium-sized companies in Portugal (excludes project finance and Madrid branch loan portfolio).
- Growth of 3.7% (YtD) in loans to small businesses.
- Gradual increase in market share (8.8% in April 2018).

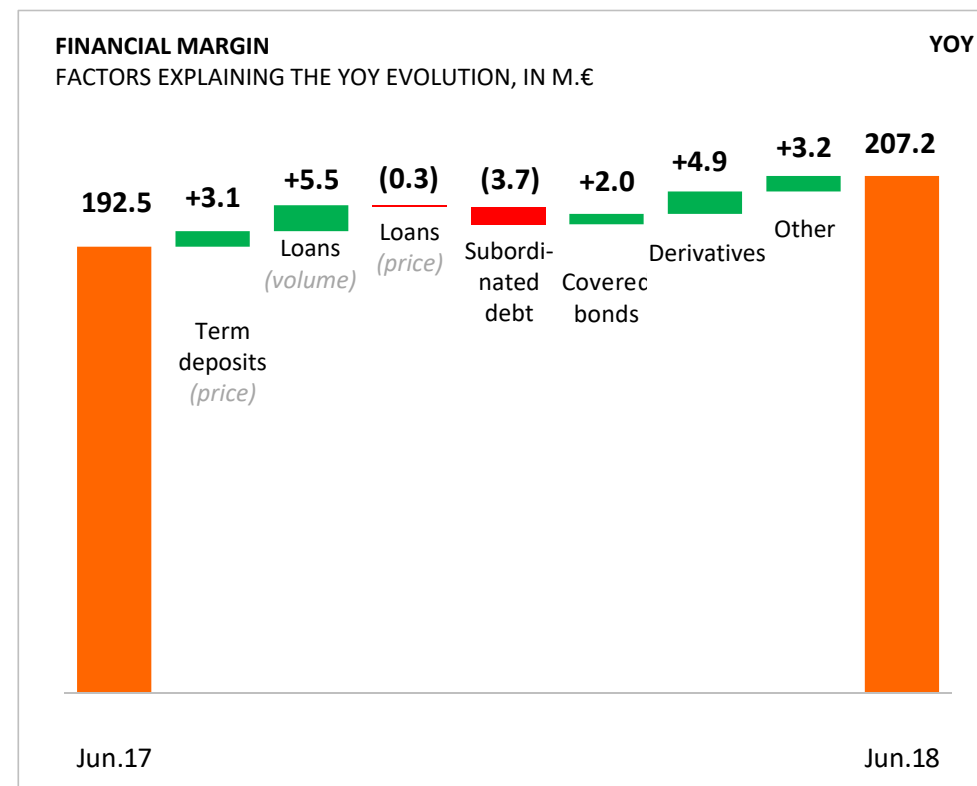
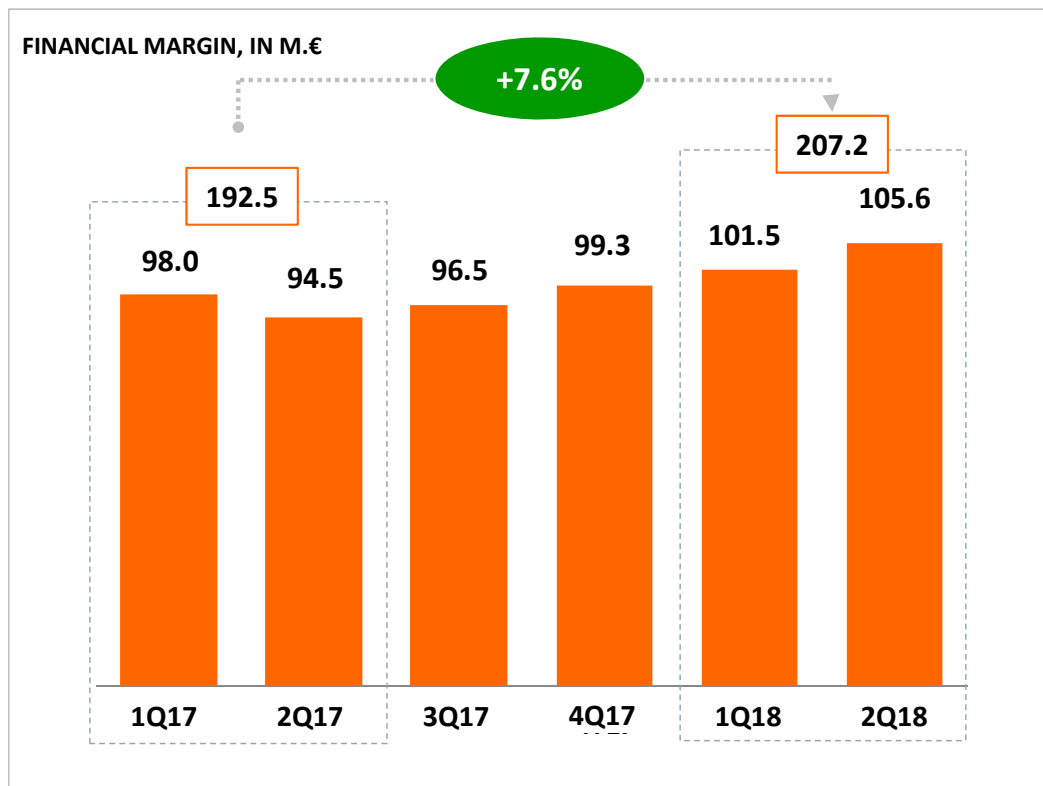
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Sustained improvement in the financial margin in 2018

- Financial margin increases 7.6% yoy in the 1st half 2018, despite the cost (+4 M.€ yoy) with subordinated debt issued in Mar. 17.
- Financial margin goes up 4.0% qoq in the 2nd quarter 2018 (vs. 1st quarter 2018)

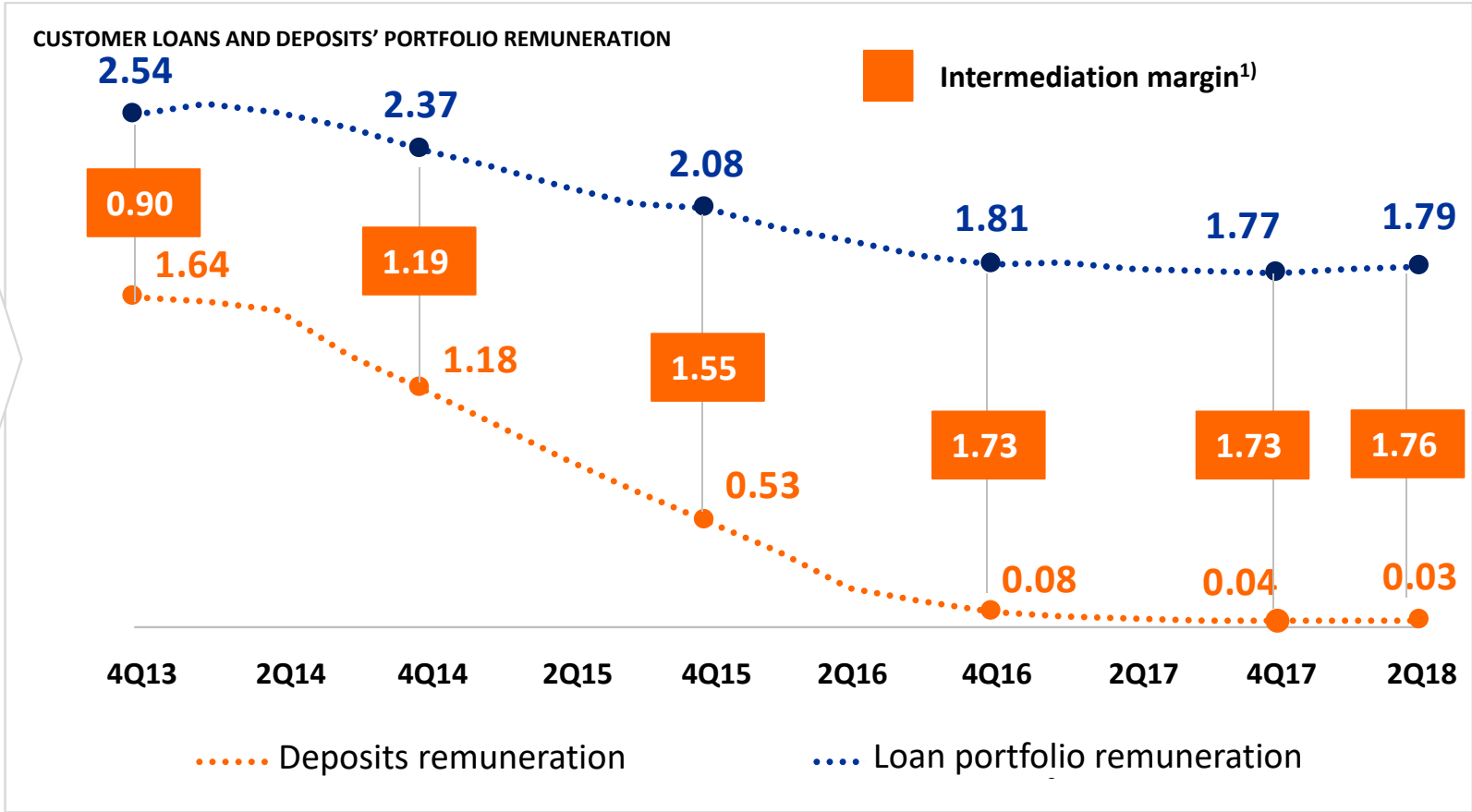


Trends in margin evolution:

- Reduction in the average cost of term deposits (in euro) from 0.11% in the 1H17 to 0.07% in 1H18
- Growth of loan portfolio in Portugal
- Cost in 1H 18 (+4 M.€ yoy) from the subordinated Tier II debt issued on 24 Mar.17 (remuneration Euribor 6M + 5.74%)

Intermediation margin increases 3 basis points to 176 b.p.

■ Slight improvement in the intermediation margin in the 2Q18

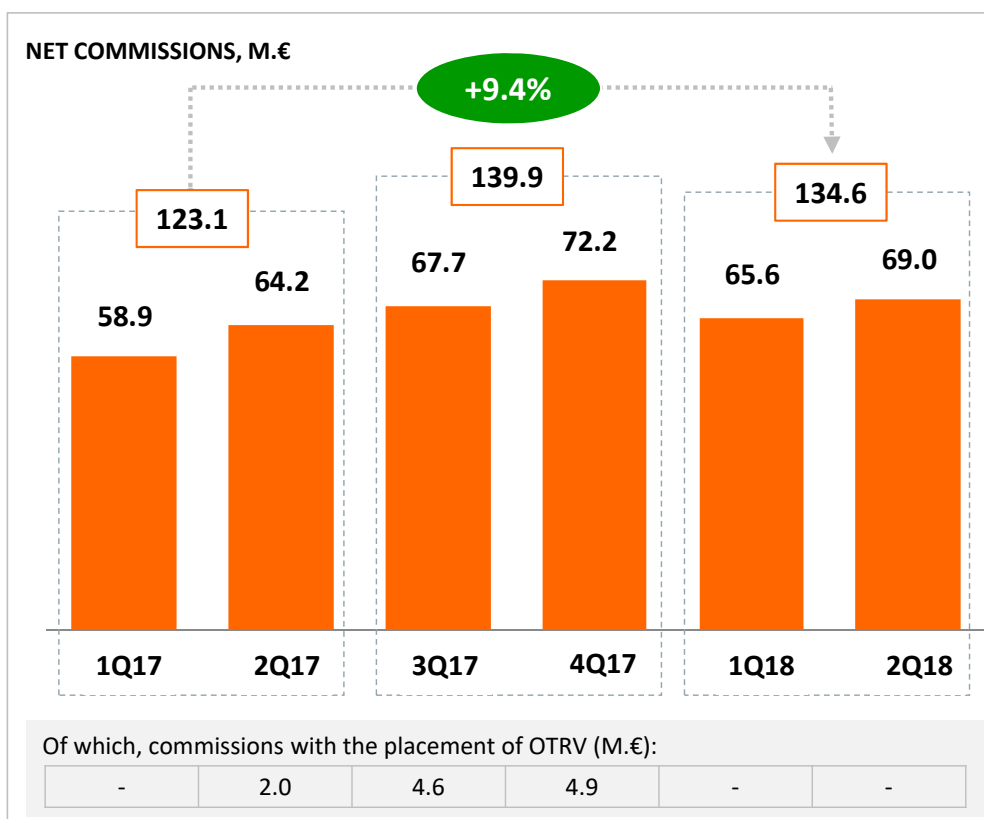


- Adjustment of the cost of time deposits has been the main factor for the improvement of the intermediation margin, more than compensating the narrowing of loans spreads.
- Average remuneration of time-deposits is close to zero.
- Average remuneration of the loan portfolio is stable.

1) From 4Q16 onwards (including) it refers to the deposits' remuneration contracted in euros.

Commissions increase by 9.4% yoy in the first half 2018

Commissions



Commissions by business area

NET COMMISSIONS, M,€

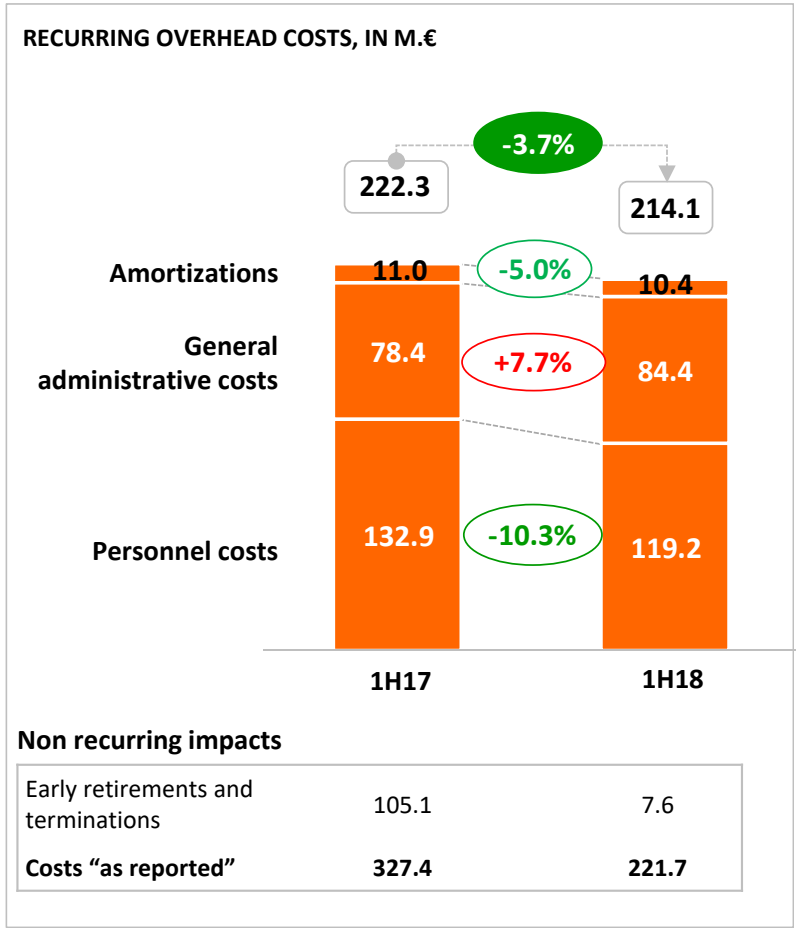
In M.€	1H 18	1H 17	YoY
Banking commissions	101.8	92.9	9.6%
Insurance intermediation	32.8	30.2	8.8%
Total	134.6	123.1	9.4%

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

- Net commissions increase by 9.4% yoy in the 1st half 2018.
- Banking commissions go up by 9.6% yoy in the 1st half 2018.
- The reduction in total commissions in the 1st half 2018 (vs. the 2nd half 2017) reflects the seasonality in the collection of commissions and the fact that there were no issues of OTRV¹ in the 1st half 2018, while in the 2nd half 2017, 9.5 M.€ of commissions were recorded with the placement of OTRV with BPI clients.

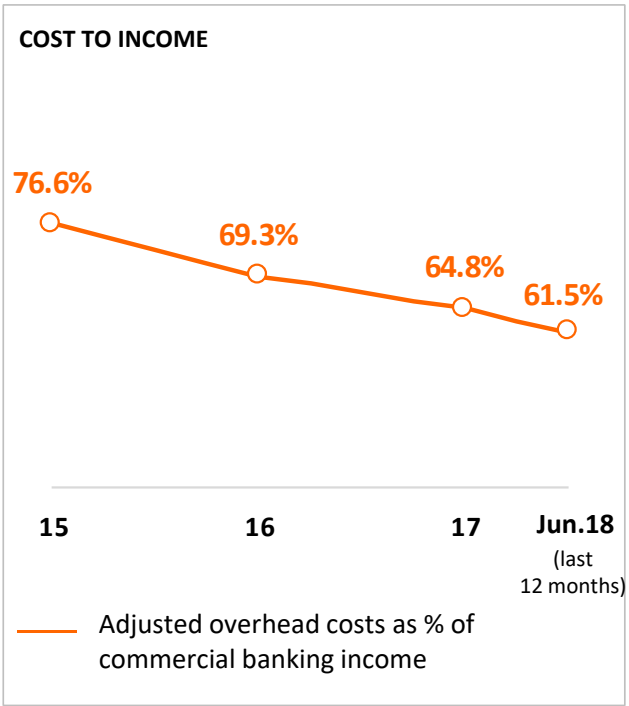
1) OTRV - Obrigações do Tesouro de Rendimento Variável (Portuguese government floating rate bonds)

Recurring overhead costs decrease 3.7% yoy



STAFF AND DISTRIBUTION NETWORK

No.	Dec.17	Jun.18
Staff	4 930	4 843
Branch network ¹	431	423



$$\text{Overhead costs adjusted in \% of commercial banking income} = \frac{\text{Overhead costs} - \text{Costs from early retirements and voluntary terminations} - \text{gains with ACT revision}}{\text{Financial margin} + \text{commissions (includes gross margin on unit links)} + \text{Equity accounted income (excluding BFA and BCI contribution)} + \text{Income from equity instruments}}$$

- Overhead costs excluding costs from voluntary terminations and early retirements decrease by 8.2 M.€ (-3.7%) yoy
- Recurring personnel costs fell by 13.7 M.€ (-10.3%) yoy
- General administrative costs are in line with budget forecast
- BPI expects to reach a cost-to-income close to 50% in 2020

1) Additionally, at Jun.18, BPI had 39 premier centres and 35 corporate centers in Portugal, thus totaling 497 business units.

Employee pension liabilities covered at 105%

Pension fund return (in June 2018)

7.5%

EMPLOYEE PENSION LIABILITIES, M.€

M.€	31 Dec. 17	30 Jun. 18
Total past service liability	1 604	1 592
Net assets of the pension funds	1 568	1 668
Degree of coverage of pension liabilities	98%	105%
Discount rate	2.00%	2.02%
Salary growth rate	1.00%	1.00%
Pensions growth rate	0.50%	0.50%
Mortality table: Men	TV 88/ 90	
Mortality table: Women	TV 88/ 90 – 3 years ¹⁾	

1) For the target population, the age below the actual age of beneficiaries is two years for men and three years for women respectively, which is equivalent to considering a higher life expectancy.

ACTUARIAL DEVIATIONS IN THE PERIOD²⁾, M.€

Total actuarial deviations at 31 Dec.17	(211)
Pension funds income deviation	102
Change in the discount rate	6
Other	(7)
Total actuarial deviations at 30 Jun.18	(110)

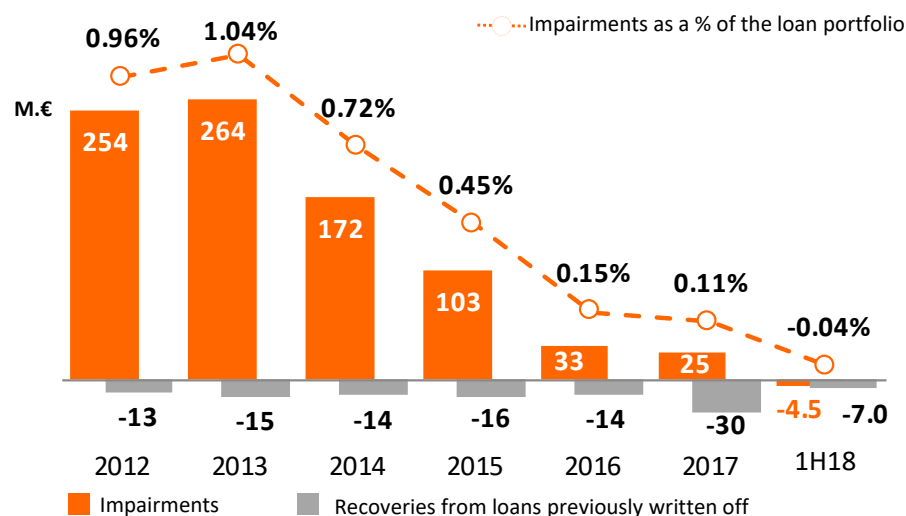
2) Recognised directly in shareholders, in accordance with IAS19.

- Pension fund return of 7.5% (non annualized) in 1H18 with a positive impact of 102 M.€ in actuarial deviations.
- Employee pension liabilities covered at 105%.

Loan impairment reversals of 4.5 M.€ and recoveries of 7.0 M.€ in 1H18

Cost of credit risk¹⁾

YOY EVOLUTION OF COST OF CREDIT RISK

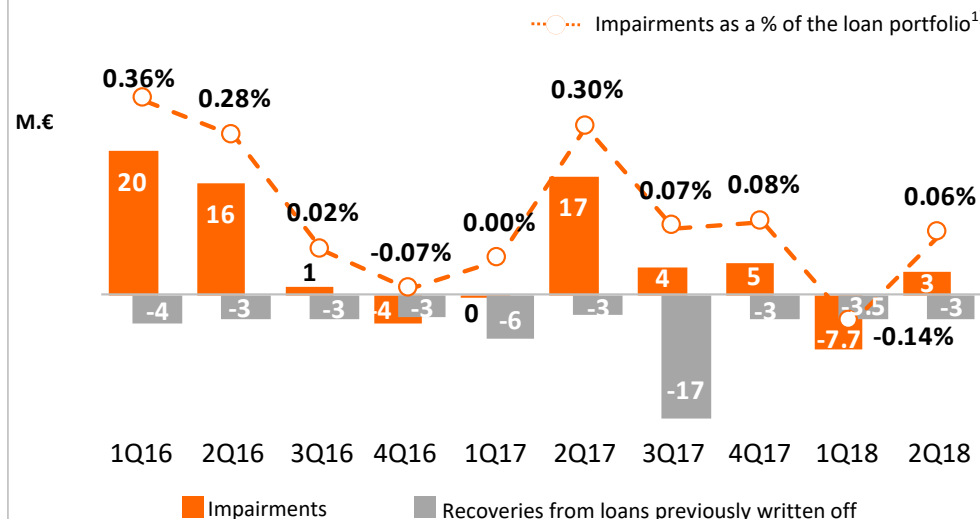


COST OF CREDIT RISK

(Impairments after deducting recoveries from loans previously written off)

	2012	2013	2014	2015	2016	2017	1H18
M.€	242	249	158	87	19	-5	-11.5
% loan portfolio	0.91%	0.98%	0.66%	0.38%	0.09%	-0.02%	-0.10%

QQQ EVOLUTION OF COST OF CREDIT RISK



COST OF CREDIT RISK

(Impairments after deducting recoveries from loans previously written off)

	1Q16	2Q16	3Q16	4Q16	1Q17	2Q17	3Q17	4Q17	1Q18	2Q18
M.€	16	12	-2	-7	-6	14	-13	1	-11	-0.3
% loan portfolio ¹⁾	0.29%	0.22%	-0.04%	-0.12%	-0.11%	0.24%	-0.04%	0.02%	-0.21%	-0.01%
% loan portfolio (last 12 months)	0.32%	0.24%	0.16%	0.09%	-0.01%	-0.01%	-0.06%	-0.02%	-0.04%	-0.11%

- Impairment reversals of 4.5 M.€ were recorded in 1H18.
- Loan recoveries previously written off amounted to 7.0 M.€ in 1H18.
- The application of IFRS 9 led to an increase of 35 M.€ in loan impairments, which was directly recognized in shareholders' equity, and an impact in shareholders' equity of -26 M.€.

1) In annualised terms. In the annualisation of the indicator, a recovery of 14.2 M.€ in 3Q17 related to a single situation was not annualised.

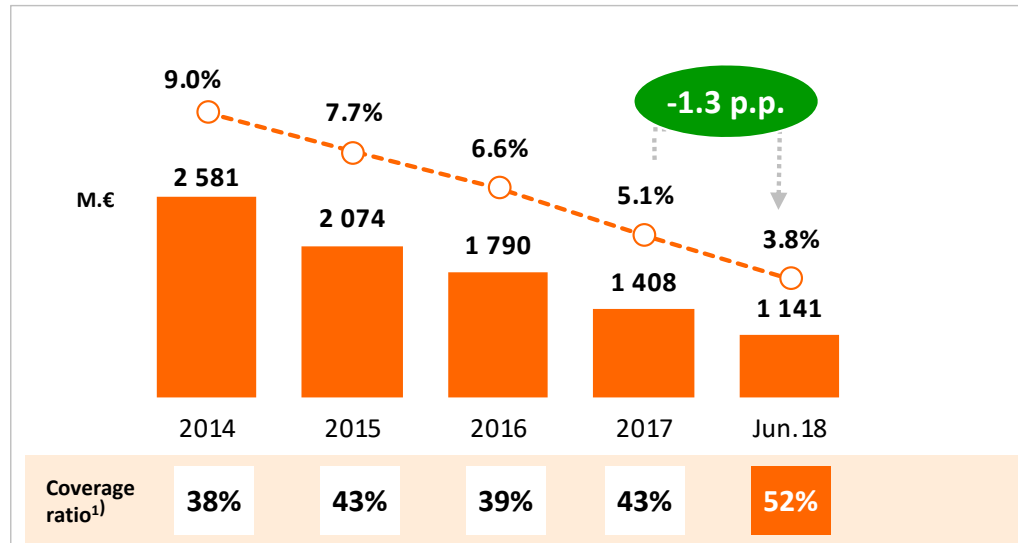
Results in the 1st half 2018

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NPE ratio of 3.8% in Jun.18

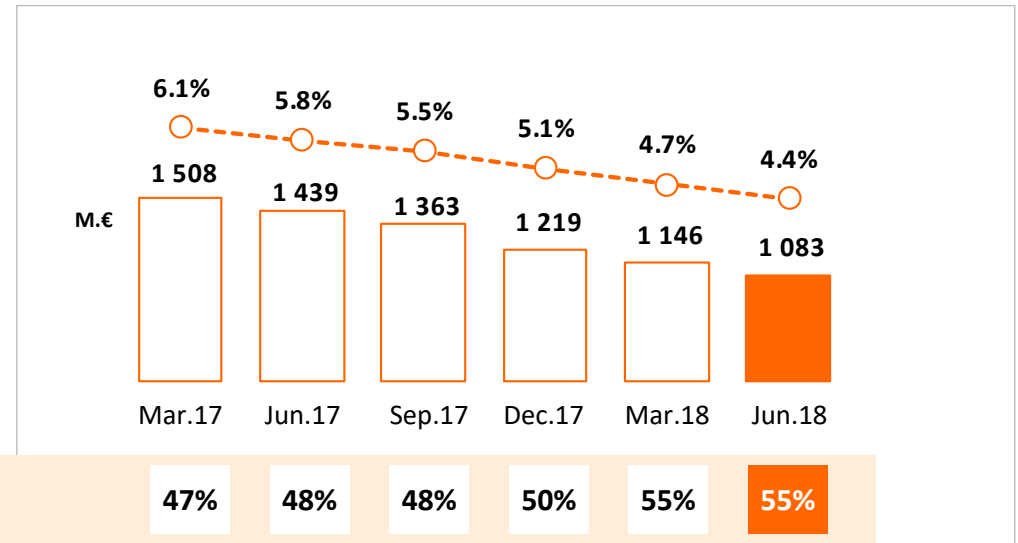
NON-PERFORMING EXPOSURES - NPE (EBA CRITERIA²⁾)



NPE ratio (EBA criteria)

- NPE ratio of 3.8% in Jun.18, improves 1.3 p.p. vs. Dec.17;
- Coverage of 52%¹⁾ by impairments and 125% by impairments and collateral

NON PERFORMING LOANS (BANK OF SPAIN CRITERIA)



NPL ratio (Bank of Spain criteria)

- NPL ratio of 4.4%
- Coverage of 55% by impairments and 123% by impairments and collateral

Forborne exposures (EBA criteria²⁾)

30 Jun. 2018	Performing loans	Included in NPE	Total
Forborne (M.€)	409	608	1 017
Forborne ratio (as % of gross credit exposure)	1.2%	1.8%	3.0%



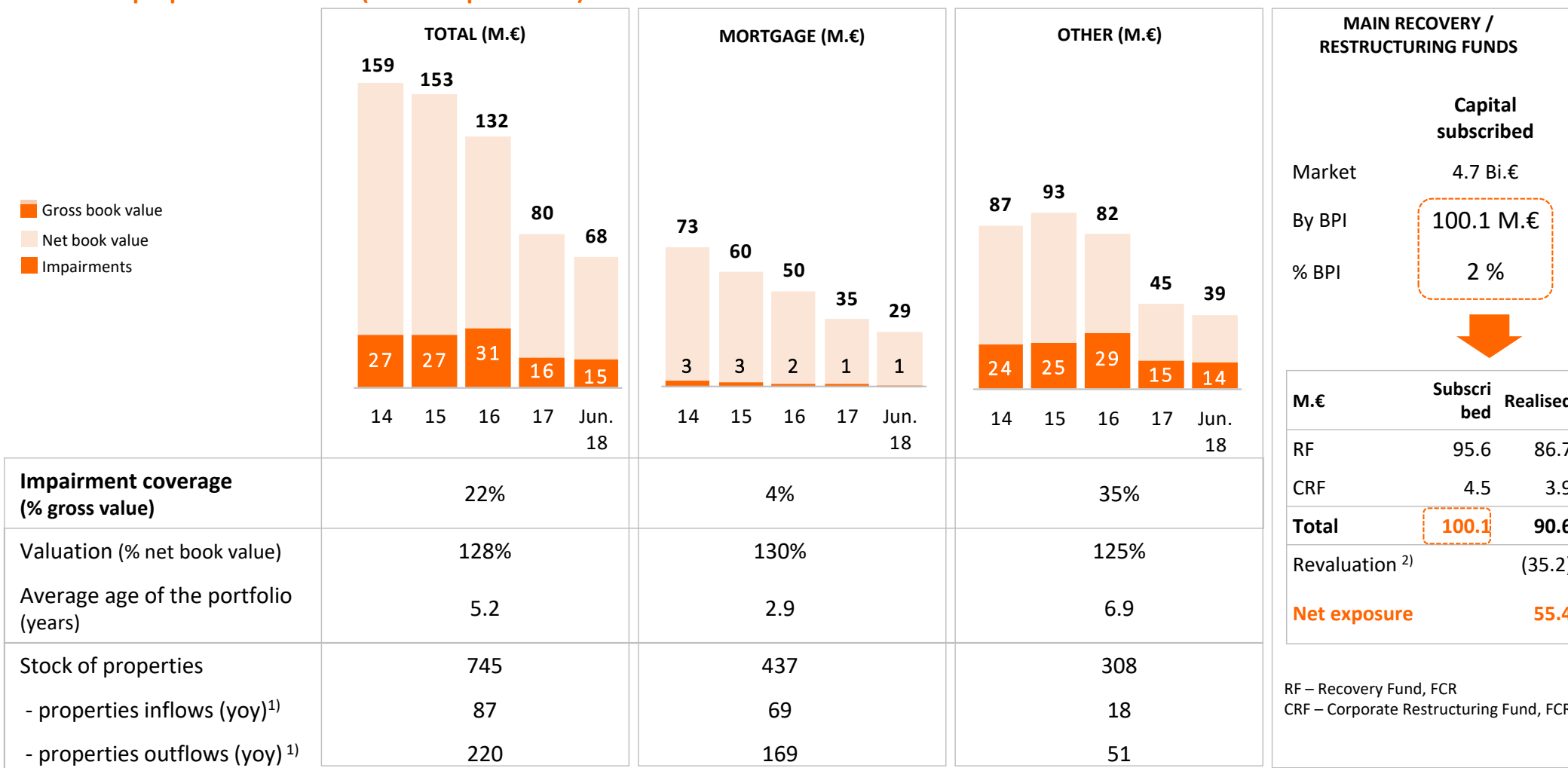
- 40% of forborne exposures are performing loans

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

2) NPE ratio and forborne ratio considering the prudential supervision perimeter.

Foreclosed properties at very low levels in BPI

Foreclosed properties of 53 M.€ (net of impairments)

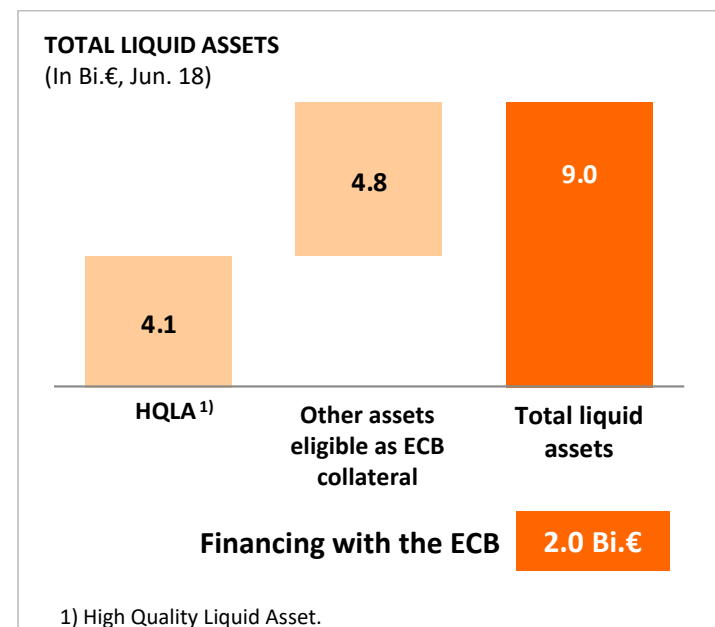
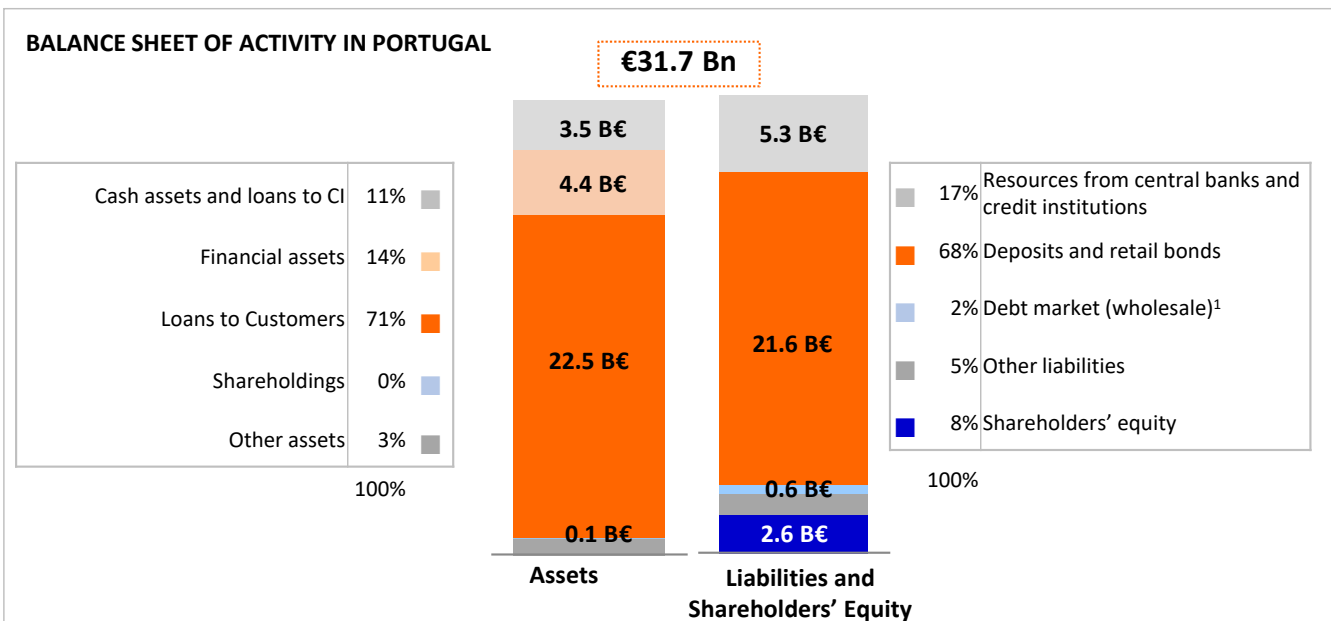


- Sale of 220 properties in 1H18 for 19 M.€. Positive impact in profits before taxes of 2.2 M.€.

1) Jan. – Jun. 2018.

2) Includes 34.7 M.€ of impairments booked in the P&L account until 31 Dec. 2017 and 0.2 M.€ of potential capital losses in the date of transition of IFRS9.

Balanced funding structure and comfortable liquidity position



COMFORTABLE LIQUIDITY METRICS

Loans/deposits (Caixabank criteria) **99%**

Liquidity coverage ratio (average 12 months, according to EBA guidance) **173%²⁾**

- Client Resources are the main source of funding of the balance sheet (68% of assets).
- Loan to Deposit ratio of 99%.
- 2.0 Bi.€ of funds obtained with the ECB (TLTRO). BPI still has 9.0 Bi.€ of high quality liquid assets and assets eligible as collateral for additional funding from the ECB.
- Portfolio of short term public debt of 1.3 Bi.€
- Portfolio of medium and long term public debt of 2.6 Bi.€, of which 2.1 Bi.€ was acquired in the 1H18 (with an average residual maturity of 2.8 years).
- Recourse to wholesale debt market is small (2% of assets).

M.€	Book value (M.€)	Potential capital gains/ (losses)	Residual maturity, years
At fair value through other comprehensive income			
Short-term public debt ³⁾	1 255	0	0.4
MLT public debt ⁴⁾	807	2	1.7
Equities	79	59	
At amortised cost			
MLT public debt ⁵⁾	1 778	-	2.8
Total	3 920	61	

1) Includes 300 M.€ of subordinated debt issued in the 1Q17.

2) Average amount (last 12 months) of LCR components calculation: Liquidity Reserves (4 102 M.€); Total net outflows (2 369 M.€).

3) Portugal.

4) Portugal (39%), Spain (38%) and Italy (23%).

5) Portugal (31%), Spain (40%) and Italy (28%).

Capital ratios

CAPITAL RATIOS					
Consolidated					
M.€	31 Dec. 2017	30 Jun. 2018		Capital requirements 2018 (SREP)	Capital requirements fully loaded (SREP) ¹⁾
	As reported	As reported	Proforma (sale of subsidiaries & businesses)		
CET1 ratio	12.3%	12.8%	13.0%	8.75%	9.75%
Tier I ratio	12.3%	12.8%	13.0%	10.25%	11.25%
Total capital ratio	14.0%	14.6%	14.8%	12.25%	13.25%
Leverage ratio	6.8%	6.7%		3.0% ²⁾	

- CET1 ratio of 12.8%
- CET1 ratio proforma considering the sale of businesses announced in Nov. and Dec. amounts to 13.0%
- Total capital ratio of 14.6% (14.8% proforma considering the sale of businesses)
- BPI meets SREP minimums for CET1, T1 and total ratio
- Leverage ratio of 6.7%

1) Minimum requirements applicable in 2021.

2) Minimum value in calibration.

BPI has investment grade long-term credit rating from two agencies

Investment Grade
Non-Investment grade

S&P Global

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

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

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

Investment grade BBB -

MOODY'S

... Aa3, Aa2, Aa1 and Aaa

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

... Caa3, Ca and C

FitchRatings

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

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

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

Investment grade BBB -



... AA, AA (high), AAA

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

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

- BPI has "investment grade" ratings from Standard & Poor's and Fitch Ratings
- BPI is one of two banks in Portugal to have investment grade ratings from 2 or more rating agencies, which is a necessary condition to be able to grant international guarantees.

Results in the 1st half 2018

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Results in 1H18 - highlights

Good results from commercial activity in Portugal

Loans to companies

+ 593 M.€
+8.3%

1H18, ytd

Customer deposits

+1 445 M.€
+7.5%

1H18, ytd

Financial margin

+ 7.6%

1H18, yoy

Commissions

+ 9.4%

1H18, yoy

Improved efficiency, risk and capitalisation

Recurring costs

- 3.7%

1H18, yoy

Cost-to-income

61.5%

NPE ratio

3.8%

CET1 FL

12.8%

Total FL

14.6%

Profit increases in Portugal and in consolidated

Consolidated profit

366.1 M.€

1H18

Profit in Portugal

222.5 M.€

1H18

Targets
Portugal - 2020

(Excl. shareholdings in BFA and BCI)

Cost-to-income

≈ 50%

ROTE

> 10%

Results in the 1st half 2018

Annexes

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



Income Statement of activity in Portugal

Income Statement

In M.€	1st half 2018			1st half 2017 proforma ¹⁾			Δ%
	As reported	Non recurr. ²⁾	Excl. non recurr. ²⁾	As reported	Non recurr. ²⁾	Excl. non recurr. ²⁾	Excl. non recurr. ²⁾
Financial margin	207.2		207.2	192.5		192.5	7.6%
Income from equity instruments	1.5		1.5	6.4		6.4	-77.0%
Earnings of associated companies (equity method)	8.4		8.4	9.0		9.0	-6.2%
Net commission income	134.6		134.6	123.1		123.1	9.4%
Net income on financial operations	78.9	59.6	19.4	14.6		14.6	32.6%
Operating income and expenses	(15.8)		(15.8)	(17.7)		(17.7)	10.8%
Operating income from banking activity	414.9	59.6	355.3	327.9		327.9	8.3%
Personnel costs	(126.8)	(7.6)	(119.2)	(238.1)	(105.1)	(132.9)	-10.3%
General administrative costs	(84.4)		(84.4)	(78.4)		(78.4)	7.7%
Depreciation and amortisation	(10.4)		(10.4)	(11.0)		(11.0)	-5.0%
Overhead costs	(221.7)	(7.6)	(214.1)	(327.4)	(105.1)	(222.3)	-3.7%
Net operating income before impairments and provisions	193.2	52.0	141.2	0.5	(105.1)	105.7	33.6%
Impairments and provisions net of recoveries of loans, interest and expenses	11.1		11.1	(8.5)		(8.5)	-230.4%
Gains and losses in other assets	(0.7)		(0.7)	7.7		7.7	-108.5%
Net income before income tax	203.7	52.0	151.7	(0.3)	(105.1)	104.8	44.7%
Income tax	(45.4)	2.1	(47.4)	3.0	28.8	(25.8)	83.7%
Net income from continuing operations	158.3	54.1	104.2	2.7	(76.3)	79.0	31.9%
Net income from discontinued operations	64.2	64.2		8.0	8.0		
Income attributable to non-controlling interests				(0.0)		(0.0)	
Net income	222.5	118.3	104.2	10.7	(68.3)	79.0	32.0%

Net profit of 222.5 M.€ from activity in Portugal in 1H18

Recurring net profit from activity in Portugal of 104.2 M.€ in 1H18, increases 32% yoy

Recurring operating income increases +8.3% (+27.3 M.€):

- Financial margin goes up 7.6% (+14.7 M.€)
- Commissions grow 9.4% yoy (+11.5 M.€)

Recurring costs fall 3.7% yoy (-8.2 M.€);

- Personnel costs fall 10.3% yoy (-13.7 M.€)

Impairments (net of recoveries) of -11.1 M.€ in 1H18 vs. +8.5 M.€ in 1H17

Non recurring items in 1H18:

- Gains of 60 M.€ (after taxes) with the sale of the stake in Viacer
- Costs with early retirements of 5.5 M.€ (7.6 M.€ before taxes)
- Gain of 62 M. € with the sale of BPI Gestão de Activos and BPI GIF in 2Q (booked in income from discontinued operations)
- Results of 2.5 M.€ from BPI Gestão de Ativos and BPI GIF reclassified to income from discontinued operations

1) The designation "proforma" reflects the restatement of the contribution of BPI Vida e Pensões, BPI Gestão de Activos and BPI GIF for the consolidated net income in conformity with IFRS 5 rules, that is recorded in the net income from discontinued operations, and the adoption of a new format for the Income Statement, following the entry into force of IFRS9, in accordance with the guidelines of the Regulation (EU) 2017/1443 of 29 June 2017 and with the format of the financial statements used by CaixaBank (BPI's consolidating entity).

2) Non recurring in 1H17: costs with early retirements and voluntary terminations of 76.3 M.€ (105.1 M.€ before taxes), income from discontinued operations (BPI Vida e Pensões, BPI GA and BPI GIF and others) of 8.0 M.€.

Income Statement of activity in Portugal

With reclassification of the contribution of BPI Vida e Pensões, BPI Gestão de Activos and BPI GIF to “Net income from discontinued operations” (IFRS 5)

In M.€	1Q 17 proforma ¹⁾	2Q 17 proforma ¹⁾	1H 17	3Q 17 proforma ¹⁾	4Q 17 proforma ¹⁾	2017	1Q 18	2Q 18	1H 18
Financial margin	98.0	94.5	192.5	96.5	99.3	388.3	101.5	105.6	207.2
Income from equity instruments	0.1	6.3	6.4	0.1	0.1	6.5	0.0	1.5	1.5
Earnings of associated companies (equity method)	4.4	4.6	9.0	5.8	(1.4)	13.4	2.5	5.9	8.4
Net commission income	58.9	64.2	123.1	67.7	72.2	263.0	65.6	69.0	134.6
Net income on financial operations	7.6	7.0	14.6	8.0	(8.2)	14.5	72.5	6.4	78.9
Operating income and expenses	(1.4)	(16.2)	(17.7)	(2.2)	(3.7)	(23.5)	(0.5)	(15.3)	(15.8)
Operating income from banking activity	167.5	160.4	327.9	175.9	158.3	662.1	241.7	173.2	414.9
Personnel costs	(76.7)	(161.4)	(238.1)	(66.0)	(64.7)	(368.7)	(63.8)	(63.0)	(126.8)
Of which: Recurring personal costs	(65.9)	(67.0)	(132.9)	(65.9)	(64.0)	(262.9)	(61.1)	(58.2)	(119.2)
Non-recurring costs ²⁾	(10.7)	(94.4)	(105.1)	(0.1)	(0.6)	(105.8)	(2.7)	(4.9)	(7.6)
General administrative costs	(37.9)	(40.5)	(78.4)	(38.1)	(34.1)	(150.6)	(41.8)	(42.6)	(84.4)
Depreciation and amortisation	(5.5)	(5.5)	(11.0)	(5.6)	(5.3)	(21.8)	(5.2)	(5.2)	(10.4)
Overhead costs	(120.0)	(207.4)	(327.4)	(109.6)	(104.0)	(541.1)	(110.8)	(110.9)	(221.7)
Net operating income before impairments and provisions	47.5	(47.0)	0.5	66.3	54.3	121.1	130.9	62.3	193.2
Impairments and provisions net of recoveries of loans, interest and expenses	5.2	(13.8)	(8.5)	12.4	(3.3)	0.5	11.1	0.0	11.1
Gains and losses in other assets	6.0	1.7	7.7	1.3	3.2	12.2	(0.1)	(0.5)	(0.7)
Net income before income tax	58.8	(59.1)	(0.3)	80.0	54.1	133.8	141.9	61.8	203.7
Income tax	(19.7)	22.6	3.0	(21.7)	(22.0)	(40.7)	(25.9)	(19.4)	(45.4)
Net income from continuing operations	39.1	(36.5)	2.7	58.3	32.1	93.1	115.9	42.4	158.3
Net income from discontinued operations	3.9	4.1	8.0	6.3	16.3	30.6	2.5	61.8	64.2
Income attributable to non-controlling interests	(0.0)	(0.0)	(0.0)	0.0		(0.0)			
Net income	43.1	(32.4)	10.7	64.6	48.4	123.7	118.4	104.1	222.5

1) The designation “proforma” reflects the restatement of the contribution of BPI Vida e Pensões, BPI Gestão de Activos and BPI GIF for the consolidated net income in conformity with IFRS 5 rules, that is recorded in the net income from discontinued operations, and the adoption of a new format for the Income Statement, following the entry into force of IFRS9, in accordance with the guidelines of the Regulation (EU) 2017/1443 of 29 June 2017 and with the format of the financial statements used by CaixaBank (BPI’s consolidating entity).

2) Costs with early retirements and voluntary terminations.

Consolidated income statement

With reclassification of the contribution of BPI Vida e Pensões, BPI Gestão de Activos and BPI GIF to “Net income from discontinued operations” (IFRS 5).

In M.€	1Q 17 proforma ¹⁾	2Q 17 proforma ¹⁾	1H 17	3Q 17 proforma ¹⁾	4Q 17 proforma ¹⁾	2017	1Q 18	2Q 18	1H 18
Financial margin	97.9	94.5	192.4	96.4	99.2	388.1	101.5	105.6	207.2
Income from equity instruments	0.1	6.3	6.4	0.1	0.1	6.5	0.0	1.5	1.5
Earnings of associated companies (equity method)	56.1	64.6	120.7	72.1	(68.0)	124.8	108.6	63.1	171.7
Net commission income	59.2	64.5	123.7	68.0	72.3	264.0	65.6	69.0	134.6
Net income on financial operations	7.6	7.0	14.6	8.0	(8.2)	14.4	66.7	7.1	73.8
Operating income and expenses	(1.4)	(16.2)	(17.7)	(2.2)	(4.5)	(24.3)	(0.5)	(15.3)	(15.8)
Operating income from banking activity	219.5	220.6	440.1	242.4	91.0	773.5	341.9	231.1	573.0
Personnel costs	(77.1)	(161.8)	(238.9)	(66.1)	(64.7)	(369.7)	(63.8)	(63.0)	(126.8)
Of which: Recurring personal costs	(66.3)	(67.4)	(133.8)	(66.0)	(64.1)	(263.9)	(61.1)	(58.2)	(119.2)
Non-recurring costs ²⁾	(10.7)	(94.4)	(105.1)	(0.1)	(0.6)	(105.8)	(2.7)	(4.9)	(7.6)
General administrative costs	(38.0)	(40.6)	(78.6)	(38.2)	(34.1)	(150.9)	(41.8)	(42.6)	(84.5)
Depreciation and amortisation	(5.5)	(5.5)	(11.0)	(5.6)	(5.3)	(21.9)	(5.2)	(5.2)	(10.4)
Overhead costs	(120.6)	(208.0)	(328.5)	(109.8)	(104.2)	(542.5)	(110.8)	(110.9)	(221.7)
Net operating income before impairments and provisions	99.0	12.7	111.6	132.5	(13.2)	231.0	231.1	120.2	351.3
Impairments and provisions net of recoveries of loans, interest and expenses	5.2	(14.5)	(9.2)	12.4	(3.3)	(0.1)	11.3	0.1	11.4
Gains and losses in other assets	6.0	1.7	7.7	1.3	3.2	12.2	(0.1)	(0.5)	(0.7)
Net income before income tax	110.2	(0.1)	110.1	146.2	(13.3)	243.0	242.3	119.8	362.0
Income tax	(24.9)	16.7	(8.2)	(28.3)	(15.3)	(51.8)	(34.8)	(25.3)	(60.2)
Net income from continuing operations	85.4	16.5	101.9	117.9	(28.6)	191.3	207.4	94.4	301.8
Net income from discontinued operations	(207.7)	4.1	(203.6)	6.3	16.3	(181.0)	2.5	61.8	64.2
Income attributable to non-controlling interests	(0.0)	(0.0)	(0.0)	0.0		(0.0)			
Net income	(122.3)	20.6	(101.7)	124.3	(12.3)	10.2	209.9	156.2	366.1

1) The designation “proforma” reflects the restatement of the contribution of BPI Vida e Pensões, BPI Gestão de Activos and BPI GIF for the consolidated net income in conformity with IFRS 5 rules, that is recorded in the net income from discontinued operations, and the adoption of a new format for the Income Statement, following the entry into force of IFRS9, in accordance with the guidelines of the Regulation (EU) 2017/1443 of 29 June 2017 and with the format of the financial statements used by CaixaBank (BPI’s consolidating entity).

2) Costs with early retirements and voluntary terminations.

Consolidated Balance Sheet

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

In M.€	31 Dec. 17	31 Mar. 18	30 Jun. 18
Assets			
Cash, deposits at Central Banks and other demand deposits	1 094.1	826.8	2 259.7
Financial assets held for trading, at fair value through profit or loss and at fair value through other comprehensive income	4 175.9	2 467.2	2 671.6
Financial assets at amortised cost	22 506.7	24 448.7	25 636.4
Of which:			
Loans to Customers	21 638.2	22 043.8	22 505.8
Investments in subsidiaries, associated companies and jointly controlled	794.5	752.2	717.0
Tangible assets	45.3	42.4	38.6
Intangible assets	42.3	40.1	45.3
Tax assets	453.2	401.5	421.6
Non-current assets held for sale and discontinued operations	73.3	64.8	54.6
Other assets	454.9	320.5	433.6
Total assets	29 640.2	29 364.2	32 278.3
Liabilities and shareholders' equity			
Financial liabilities held for trading	170.0	170.3	154.6
Financial liabilities at amortised cost	25 961.4	25 802.0	28 261.8
Central Banks and Credit Institutions deposits	3 978.0	4 038.7	5 294.7
Customers deposits	20 713.6	20 911.7	22 113.6
Technical provisions	0.0	0.0	0.0
Debt securities issued	1 020.0	616.9	593.6
Of which: subordinated debt	305.1	300.3	304.4
Other financial liabilities	249.8	234.6	259.8
Provisions	64.2	64.2	66.9
Tax liabilities	70.6	73.8	72.5
Non-current liabilities held for sale and discontinued operations	4.5	4.6	0.0
Other liabilities	545.8	316.6	596.9
Total liabilities	26 816.6	26 431.5	29 152.6
Shareholders' equity attributable to the shareholders of BPI	2 823.6	2 932.7	3 125.7
Non controlling interests	0.0	0.0	0.0
Total Shareholders' equity	2 823.6	2 932.7	3 125.7
Total liabilities and Shareholders' equity	29 640.2	29 364.2	32 278.3

Consolidated profitability and efficiency metrics

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

	30 Jun. 17	30 Jun. 18
Operating income from banking activity and results of equity accounted subsidiaries / ATA	1.7%	3.9%
Profit before taxation and income attributable to non-controlling interests / ATA	-0.3%	2.1%
Profit before taxation and income attributable to non-controlling interests / average shareholders' equity (including non-controlling interests)	-4.3%	20.9%
Personnel costs / Operating income from banking activity and results of equity accounted subsidiaries ¹	46.9%	20.8%
Overhead costs / Operating income from banking activity and results of equity accounted subsidiaries ¹	80.3%	37.4%
Loans (net) to deposits ratio	106%	104%

1) Excluding early-retirement costs.

Alternative Performance Measures

In addition to the financial information prepared in accordance with the International Financial Reporting Standards (IFRS), BPI uses a number of indicators in the analysis of the performance and financial position which are classified as Alternative Performance Indicators (APM) in accordance with the guidelines set by the European Securities and Markets Authority or ESMA about the disclosure of Alternative Performance Measures by entities published on 5 October 2015 (ESMA / 2015/ 1415). These indicators, which were not audited, are considered additional disclosures and in no case replace the financial information prepared in accordance with the IFRS. In addition, the way Banco BPI defined and calculated these indicators may differ from the way similar indicators are computed by other companies and may therefore not be comparable. The following is a list of alternative performance indicators used by BPI, together with a reconciliation between certain management indicators and the consolidated financial statements and their notes prepared in accordance with IFRS.

EARNINGS, EFFICIENCY AND PROFITABILITY INDICATORS

Financial margin (RCL) = Financial margin (narrow sense) + Technical result of insurance contracts + Net commissions relating to amortised cost

Net commissions income (RCL) = Net commissions income + Gross margin on unit links

Operating income from banking activity (RCL) = Financial margin (RCL) + Income from equity instruments (RCL) + Net commissions income (RCL) + Earnings of associated companies (equity method) (RCL) + Net income on financial operations + Operating income and expenses

Commercial banking income = Financial margin (RCL) + Income from equity instruments (RCL) + Net commissions income (RCL) + Earnings of associated companies (equity method) (RCL) excluding the contribution of stakes in African banks

Overhead costs = Personnel costs + General administrative expenses + Depreciation and amortisation

Adjusted overhead costs = Personnel costs excluding cost with early retirements and voluntary terminations and (only in 2016) gains with the revision of the Collective Labour Agreement (ACT) + General administrative expenses + Depreciation and amortisation

Net operating income before impairments and provisions (RCL) = Operating income from banking activity (RCL) - Overhead costs

Net income before income tax (RCL) = Net operating income before impairments and provisions (RCL) + Recovery of loans, interest and expenses - Impairment losses and provisions for loans and guarantees, net - Impairment losses and other provisions, net

Cost-to-income ratio (efficiency ratio)¹⁾ = Overhead costs / Operating income from banking activity (RCL)

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

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

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

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

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

Note:

The term "RCL" or "Reclassified captions" identifies income and costs captions that have been reclassified in this earnings release, and repositioned in the structure of the income statement according to the format used by CaixaBank (BPI's consolidating entity). The underlying accounting criteria were not affected by the change in the format adopted.

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

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

Being:

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

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

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

- Mutual funds = Unit trust funds + Real estate investment funds + Retirement-savings and equity-savings plans (PPR and PPA) + Hedge funds + Funds assets 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)

Notes:

(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.

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

Loan-to-deposit ratio = Net loans to Customers / Customer deposits

ASSET QUALITY INDICATORS

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

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

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 by impairments = (Loan impairments + Impairments and provisions for guarantees and commitments) / Non-performing exposures (NPE)

Coverage of NPE by impairments and associated collateral = (Loan impairments + Impairments and provisions for guarantees and commitments + Collateral associated to credit) / Non-performing exposures (NPE)

1) Ratio referring to the last 12 months, except when indicated otherwise.

2) The ratio can be computed for the cumulative period since the beginning of the year or for the quarter, both in annualised terms, the cases in which it will be clearly marked.

Alternative Performance Measures

ASSET QUALITY INDICATORS

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

Non performing loans (Bank of Spain criteria) coverage ratio = (Loans impairments + 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 = (Loans impairments + 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

MARKET INDICATORS

Earnings per share (EPS) = Net income / Weighted average no. of shares in the period (basic or diluted)

The earnings per shares (basic or diluted) is calculated in accordance with IAS 33 - Earnings per share.

Cash-flow after taxes (CF per share or CFPS) = Cash-flow after taxes / Weighted average no. of shares in the period.

Note: the denominator corresponds to the weighted average no. of shares used in the calculation of earnings per share (basic or diluted).

Book value per share (BV per share or BVPS) = Shareholders' equity attributable to BPI shareholders / No. of shares at the end of the period

Note: the denominator corresponds to the outstanding number of shares after deducting the treasury stocks portfolio and is adjusted for capital increases, whether by incorporation of reserves (bonus issue) or subscription reserved for shareholders (rights issue), amongst other events, in a similar way to the calculation of earnings per share.

Price to earnings ratio (PER) = Stock market share price / Earnings per share (EPS)

Price to cash flow (PCH) = Stock market share price / Cash-flow after taxes (CFPS)

Price to book value (PBV) = Stock market share price / Book value per share (BVPS)

Earnings yield = Earnings per share (EPS) in the year / Stock market share price (at beginning or end of the year)

Dividend yield = Dividend per share relating to the year / Stock market share price (at beginning or end of the year)

Alternative Performance Measures

With the entry into force of IFRS9, in the beginning of 2018, Banco BPI decided to adopt a structure of the individual and consolidated financial statements in accordance with the guidelines of the Regulation (EU) 2017/1443 of 29 June 2017 and with the format of the financial statements used by CaixaBank (BPI's consolidating entity).

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 1st half 2018) with the structure that will be used in the financial statements and respective notes of the Annual and Half Year Reports.

Structure used in the Results' Presentation	Jun.18	Jun.18	New structure presented in the financial statements and respective notes
Financial margin	207.2	207.2	Net interest income
Income from equity instruments	1.5	1.5	Dividend income
Earnings of associated companies (equity method)	8.4	8.4	Share of the profit or (-) loss of investments in subsidiaries, joint ventures and associates accounted for using the equity method
Net commission income	134.6	158.0	Fee and commission income
		(23.4)	Fee and commission Expenses
	78.9	3.5	Gains or (-) losses with the derecognition of financial assets and liabilities not measured at fair value through profit or loss, net
		9.0	Gains or (-) losses on trading financial assets and liabilities, net
Net income on financial operations		60.3	Non-trading financial assets mandatorily at fair value through profit or loss
		0.4	Gains or (-) losses from hedge accounting, net
		5.7	Exchange differences [gain or (-) loss], net
Operating income and expenses	(15.8)	5.1	Other operating income
		(20.9)	Other operating Expenses
Operating income from banking activity	414.9	414.9	Operating income
Personnel costs	(126.8)	(126.8)	Staff Expenses
General administrative costs	(84.4)	(84.4)	Other administrative expenses
Depreciation and amortisation	(10.4)	(10.4)	Depreciation
Overhead costs	(221.7)	(221.7)	Overhead costs
Net operating income before impairments and provisions	193.2	193.2	TOTAL OPERATING INCOME, NET
Impairments and provisions net of recoveries of loans, interest and expenses	11.1	(2.5)	Provisions or (-) reversal of provisions
		13.6	Impairment or (-) reversal of impairment on financial assets not measured at fair value through profit or loss
Gains and losses in other assets	(0.7)	(1.0)	Impairment or (-) reversal of impairment on non-financial assets
		0.4	Gains or (-) losses on derecognition of non financial assets other than held for sale, net
Net income before income tax	203.7	203.7	Profit or (-) loss before tax from continuing operations
Income tax	(45.4)	(45.4)	Tax Expenses or (-) income related to profit or loss from continuing operations
Net income from continuing operations	158.3	158.3	PROFIT OR (-) LOSS AFTER TAX FROM CONTINUING OPERATIONS
Net income from discontinued operations	64.2	64.2	Profit or (-) loss after tax from discontinued operations
Income attributable to non-controlling interests	0.0	0.0	Profit or (-) loss attributable to minority interest [non-controlling interests]
Net income	222.5	222.5	PROFIT OR (-) LOSS ATTRIBUTABLE TO OWNERS OF THE PARENT



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