

EARNINGS RELEASE

2nd Quarter 2019

São Paulo, August 14, 2019 – BI&P S.A. announces results for the second quarter of 2019 (2Q19). The financial statements were prepared based on the accounting practices established by Brazilian corporate law, associated with the standards and instructions of the National Monetary Council (CMN) and the Central Bank of Brazil (BACEN).

Pursuant to the information disclosed in the Notice to Shareholders and the Notice to Market, dated May 10, 2019 and May 6, 2019, respectively, the bank hereby publicly informs its shareholders and the market that, on June 25, 2019, the Central Bank of Brazil sanctioned the Company's share capital increase approved by the Extraordinary Shareholders' Meeting dated May 30, 2019, totaling BRL 250,411,385.00, upon the issuance of 71,546,110 new registered, book-entry, common shares at a unit price of BRL 3.50. Upon approval of the aforementioned Share Capital Increase, the Company's share capital currently amounts to BRL 1,100,254,654.25, divided into 83,049,425 registered, book-entry common shares, with no par value, and 3,749,410 registered, book-entry preferred shares, with no par value.

In addition, the bank's Board of Directors approved the private issuance of bank credit notes in two tranches, subordinate and convertible into common shares. Issuances shall be restricted to a minimum amount of BRL 55.2 million and a maximum amount of BRL 64.2 million. The minimum amount shall be guaranteed by the controlling shareholder, Mr. Roberto de Rezende Barbosa. The purpose of such issuance is to improve the balance sheet of the Company and its subsidiaries, enabling the generation of new business and development of the Company's activities, based on the requirements of the Basel Index.

A presidential decree was enacted on July 10 authorizing foreign interest of up to 50% in the share capital of Banco Smartbank S.A.

Highlights

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- A presidential decree was enacted on July 10 authorizing foreign interest of up to 50% in the share capital of Banco Smartbank S.A.
- The expanded credit portfolio totaled BRL 536.9 million, with a reduction of 38% in twelve months. It is important to point out that our loan portfolio dedicated to agribusiness totaled BRL 251 million (47% of the total portfolio) at the end of this quarter, of which approximately 95% of its loans were classified as AA and C ratings. The average duration ended the quarter at 12 months. Approximately BRL 55 million were settled under renegotiations and loss write-offs in the quarter.
- Free cash flow amounted to BRL 950 million at the end of 2Q19, accounting for 56% of total deposits, compared to 41% at the end of 2Q18, maintaining the same level of recent quarters. It is important to note that, by the end of 2Q19, we held a base of more than 27,130 depositors, compared to 31,260 in 1Q19 and 32,274 at the end of 2Q18 – down 13% and 16%, respectively.
- In regard to the bank's management expenses, staff expenses rose 29% in 2Q19, compared to 1Q19, due to new hires and the restructuring of the BI&P team. On year-over-year basis staff expenses rose 34.6%.
- Consolidated administrative expenses rose 16% over 1Q19, due to non-recurring expenses regarding success fees related to credit recovery and BNDU rent expenses. Disregarding non-recurring effects, administrative expenses would have decreased 1.5% compared to 2Q18.
- The quarter's results were down BRL 39.9 million, attributed to (i) reduced credit portfolio volume, which ultimately led to lower revenue from loan transactions; (ii) carryover costs related to cash and assets with no financial return; (iii) higher administrative and staff expenses, due to the aforementioned reasons; and (iv) prior effects mitigated by the recovery of relevant credits totaling BRL 36.33 million.
- We underline that Banco Indusval's repositioning, initiated with a capital contribution and the arrival of new officers, is still in its early stages, preventing any short-term estimation regarding the bank's performance.

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Message from the Management

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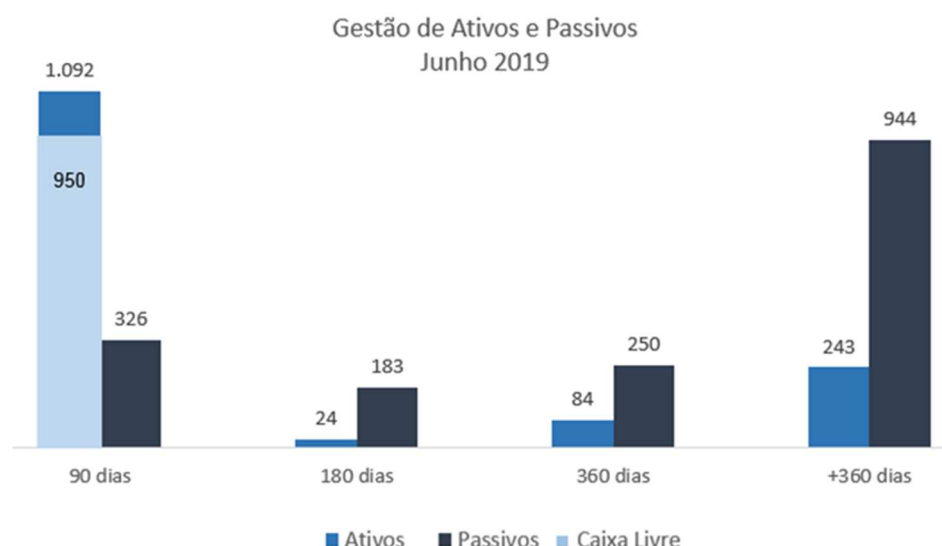
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We have continued to pursue our credit portfolio adjustment policy in the second quarter of 2019. In this sense, we maintained a more rigorous credit policy (while maintaining existing NIM objectives) and provision levels. We also maintained our high liquidity ratio in this period and preserved a significant excess of cash reserves.

The expanded credit portfolio totaled BRL 536.9 million, with a reduction of 38% in twelve months. It is important to point out that our loan portfolio dedicated to agribusiness totaled BRL 251 million (47% of the total portfolio) at the end of this quarter, of which approximately 95% of its loans were classified as AA and C ratings. The average duration ended the quarter at 12 months. Approximately BRL 55 million were settled under renegotiations and loss write-offs in the quarter.

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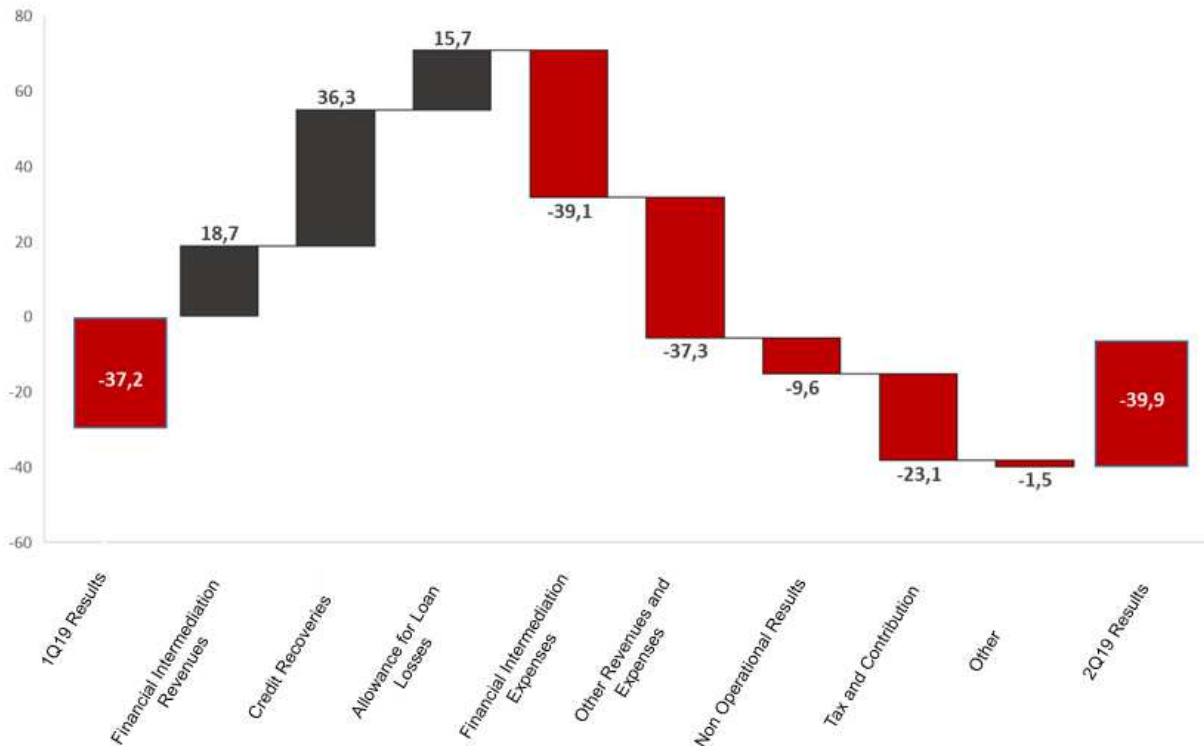
The Financial Intermediation Result before management expenses with Allowance for Doubtful Accounts totaled (BRL 2.2) million, compared to (BRL 8.6) million in 1Q19, influenced by (i) reduction in the credit portfolio volume, which ultimately decreased these revenues; and (ii) transfer costs of cash and assets without financial income.

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2Q19 Results



Macroeconomic Scenario

Following the high volatility observed in the first quarter, the second quarter of 2019 was marked by gradual improvement in financial assets prices and a worsening regarding Brazilian economy growth prospects. Ibovespa rose 6% in the quarter, 4% in June alone. The BOVESPA index ended the quarter at 101,000 points. The dollar was stable in April and May, falling 2% in June, closing the period at R\$3.80. In mid-May the BRL/USD briefly tested the R\$4.10 level following a series of negative news involving US-China trade war and political backdrop in Brazil.

During the second quarter another sharp fall hit investors outlook on Brazilian economy growth numbers for 2019. Weak employment data, industrial production and service sector performance ended in another round of negative revisions of economic activity indexes. According to the Focus Report, the outlook for GDP growth in 2019 dropped from + 1.70% to + 0.80%, some major banks economic department already work with +0.50% increase. For the second quarter the growth expectation ranges between -0.10% and + 0.30%.

Despite negative growth revisions, the unemployment rate improved slightly over the second quarter. The rate dropped from 12.7% to 12.3%, according to the National Household Survey (PNAD).

Regarding inflation, the IPCA ended the second quarter with a cumulative 12-month high of 3.37%, below the 4.58% registered in the 1Q19 and under the 4.25% target. This sharp decline in inflation is largely result of the statistical effect reflecting the exclusion of truck drivers strike on the 12-month calculation. Given the benign inflationary scenario, COPOM kept interest rates unchanged throughout the quarter, suggesting in the last statement that approval of the pension reform was essential for the beginning of an additional cycle of cuts in SELIC. The pension reform bill passed the first round in the House of Representatives on July 10, with a very positive score, 379 votes pro and 131 votes cons, considering the first-round scoreboard, the remaining procedure is very likely to be very successful. Given this scenario, many analysts attribute a high probability of a 150 bps cut in SELIC over the second half. The fixed yield curve, mirrored in futures markets, ended the quarter indicating returns of 5.60 p.a. and 7.40% p.a for maturities of 2 and 10 years respectively. This level is relevant not only for the speed at which it was achieved, but also for the indications that it represents a structural change in the level of the economy neutral real interest rate.

In the external scenario, the highlights of the quarter were the confirmation of an accommodative stance of FED monetary policy, the signaling of new monetary stimulus in Europe and the continued loss of momentum in the Chinese economy. Specifically in the US, the monetary authority has reiterated great concern about the slowdown in the local economy coupled with substantially lower inflation levels. As a result, future interest contracts indicate a high chance of monetary easing as early as the July 31 meeting. Long-term interest (10 years) fell from 2.50% p.a. to 2.00% p.a. This situation was favorable to global stock markets, especially the S&P500 index, which, following a 13% increase between January and March, rose another 3.80% in the last quarter, reaching a historical price record. In Europe, the picture is similar in nature, difficulties in maintaining a healthy pace of economic growth - while inflation remains persistently below government targets - are compounded by uncertainties stemming from US-China trade tensions and the difficult Brexit implementation. The GDP behavior, which grew by 0.20% in 2Q19, down from 0.40% in 1Q, corroborates the risks. Finally, in Asia, the Chinese economy continues to slow down. Despite recent government monetary stimulus, Chinese GDP ended 2Q19 with expansion of 1.6%. Although slightly above the 1.4% recorded in 1Q19, the indicator represents the lowest rate for the period since 1992. The intensification of the trade war with the US remains the main theme in the region.

Macroeconomic Data	2Q19	1Q19	2Q18	2019	2018
Real GDP variation (QoQ)	+0.1%(e)	-0.20%	0.00%	+0.80%(e)	+ 1.10%
Inflation (IPCA - IBGE) – QoQ	0.71%	1.51%	1.90%	-	-
Inflation (IPCA - IBGE) – YoY	3.37%	4.58%	2.95%	3.78%(e)	3.75%
Exchange rate variation % (USD/BRL) – quarter	-1.80%	+1.20%	+17.25%	-3.00%(e)	+17%
Selic rate	6.50%	6.50%	6.50%	5.50%(e)	6.50%

e= expected

Key Indicators

The Financial Intermediation Result before management expenses with Allowance for Doubtful Accounts totaled (BRL 2.2) million, compared to (BRL 8.6) million in 1Q19, influenced by (i) reduction in the credit portfolio volume, which ultimately decreased these revenues; and (ii) transfer costs of cash and assets without financial income.

Resultados ¹	2Q19	1Q19	2Q19/1Q19	2Q18	2Q19/2Q18	1H19	1H18	1H19/1H18
Revenues from Loan Operations & Agro Bonds ¹	9,1	3,5	160,0%	19,6	-53,5%	12,6	34,4	-63,4%
Revenues Securities (w/o Agro Bonds). Derivatives & FX ²	27,5	31,1	-11,6%	17,6	56,6%	58,6	47,2	24,3%
Financial Intermediation Expenses (w/o ALL) ³	(38,9)	(43,2)	-10,0%	(46,1)	-15,7%	(82,0)	(89,1)	-8,0%
Result from Financial Intermediation before ALL	(2,2)	(8,6)	-74,4%	(8,9)	-75,3%	(10,8)	(7,6)	42,1%
Managerial ALL Expense ⁴	34,1	0,6	n.c.	(20,5)	-266,5%	34,7	(87,7)	-139,6%
Result from Financial Intermediation	31,9	(8,0)	n.c.	(29,4)	-208,4%	23,9	(95,2)	-125,1%
Revenues from Services Rendered and Tariffs ⁵	3,8	0,7	n.c.	28,4	-86,6%	4,5	53,6	-91,6%
Personnel and Administrative Expenses	(34,3)	(28,1)	22,1%	(48,1)	n.c.	(62,4)	(92,4)	-32,5%
Personnel Expenses without Guide	(17,9)	(13,9)	28,8%	(13,3)	n.c.	(31,8)	(26,7)	n.c.
Personnel Expenses Guide	0,0	0,0	0,0%	(9,9)	n.c.	0,0	(20,3)	n.c.
Administrative Expenses without Guide ⁷	(16,4)	(14,2)	15,5%	(13,9)	n.c.	(30,6)	(22,8)	n.c.
Administrative Expenses Guide ⁷	0,0	0,0	0,0%	(11,0)	n.c.	0,0	(22,6)	n.c.
Other operating income and expenses	(8,4)	(0,3)	n.c.	(1,3)	n.c.	(8,7)	(6,3)	38,0%
Foreign investments hedge effect	0,0	0,0	n.c.	0,0	n.c.	0,0	0,0	n.c.
Recurring Operating Result	(5,7)	(33,1)	-82,8%	(47,9)	-88,6%	(38,8)	(140,4)	-72,4%
Non-Recurring Operating Expenses	(0,9)	(1,9)	-52,6%	0,0	0,0%	(2,8)	0,0	n.c.
Effect of discontinuance of hedge accounting	0,0	0,0	n.c.	0,0	n.c.	0,0	0,0	n.c.
Other non-Recurring Operating Expenses	(0,9)	(1,9)	-52,6%	0,0	0,0%	(2,8)	0,0	n.c.
Operating Result	(6,5)	(35,0)	-81,4%	(50,1)	-86,9%	(41,6)	(140,4)	-70,4%
Non-operating Profit	(9,6)	(1,6)	n.c.	(8,3)	15,7%	(11,2)	(10,6)	5,7%
Foreign investments hedge effect	0,0	0,0	n.c.	0,0	n.c.	0,0	0,0	n.c.
Income tax and social contribution	(23,1)	(0,6)	n.c.	13,3	-273,7%	(23,6)	41,3	-157,3%
Statutory contributions & Profit sharing	(0,8)	(0,1)	n.c.	(6,7)	-88,1%	(0,8)	(11,2)	-92,9%
Net Profit (Loss)	(40,0)	(37,3)	7,7%	(51,8)	-22,8%	(77,2)	(120,9)	n.c.

¹ The financial and operating information presented in this report are based on consolidated financials prepared in millions of Real (local currency), according to Brazilian Central Bank rules, except where otherwise stated. Since 2Q14, Banco BI&P has presented its results through the Managerial Income Statement, which is based on reclassifications of accounting Income Statement and is provided to help analyses.

² Excludes the effects of (i) recoveries of loans written off, and (ii) discounts granted upon settlement of loans in the period, (iii) the credit risk amount related to securities operations.

³ Excludes the effect of discontinuance of the designation of hedge accounting in 2Q12. This effect is included in Non-Recurring Operating Expenses.

⁴ Includes expenses related to financial intermediation, such as (i) expenses related to the joint venture C&BI, (ii) commission paid to the distributors of our funding products, especially LCAs and LCIs, which are classified under administrative expenses. Excludes the accounting heading Result of Sale/Transfer of Financial Assets resulting from the shareholders' agreement at the time of acquisition of Banco Smartbak. This account is considered while calculating the managerial expense with allowance for loan losses.

⁵ Managerial expense with allowance for loan losses is calculated by adding to the expense with allowance for loan losses, the effects of (i) the recovery of loans written off, (ii) discounts granted upon settlement of loans in the period, (iii) expense with allowance for guarantees issued (LGs & L/Cs), started in December 2014, (iv) the credit risk amount assigned to securities operations and (v) the impacts of other credit assignments in the Income Statement in the accounting heading Result of Sale/Transfer of Financial Assets⁶ Includes expenses booked under administrative expenses related to income from services rendered.

⁷ Excludes (i) non-recurring operating expenses, (ii) expenses related to financial intermediation and (iii) expenses related to income from services rendered.

⁸ Result of the sum of (i) Other operating income and expenses, (ii) taxes and (iii) Result from affiliated companies. Excludes other operating income and expenses resulting from the shareholders' agreement at the time of acquisition of Banco Smartbak.

n.c. = not comparable (percentage above 300% or below -300%. or number divided by zero).

Key Indicators

The financial and operating information presented below are based on consolidated figures, in accordance with the BACEN's accounting practices, in millions of Brazilian reais, except when expressed in other currencies. Considering the conclusion of Guide's divestment process in November 2018, the Bank's consolidated income as of 4Q18 no longer fully encompasses this particular business, except if otherwise stated.

Assets & Liabilities	2Q19	1Q19	2Q19/1Q19	2Q18	2Q19/2Q18
Loan Portfolio	306,040	344,674	-11,21%	558,660	-45,22%
Expanded Loan Portfolio ¹	536,852	591,770	-9,28%	862,106	-37,73%
Cash & Short Term Investments	670,932	540,998	24,02%	460,743	45,62%
Securities and Derivatives	652,539	578,350	12,83%	702,865	-7,16%
Securities w/o Agro Sec. & Private Credit Bonds ²	585,928	501,581	16,82%	594,213	-1,39%
Total Assets	2.368,873	2.213,007	7,04%	2.546,218	-6,96%
Total Deposits	1.705,420	1.796,572	-5,07%	1.968,202	-13,35%
Open Market	227,138	197,663	14,91%	171,040	32,80%
Foreign Borrowings	0	0	n.c.	0	n.c.
Domestic Onlendings	7,878	8,164	-3,50%	9,544	-17,46%
Shareholders' Equity	318,706	108,177	195%	151,150	111%

Performance	2Q19	1Q19	2Q19/1Q19	2Q18	2Q19/2Q18
Free Cash	950.0	778.2	22.1%	801.5	18.5%
NPL 90 days value ³	12.0	33.0	-63.6%	47.7	-74.8%
Basel Index	9.5%	-13.7%	23.2 p.p.	-12.5%	22.0 p.p.
Coverage Ratio NPL 90	12.0	33.0	-63.6%	47.7	-74.8%
Efficiency Ratio	-684%	-356%	n.c.	-251%	n.c.

* Shareholders' Equity does not consider the subordinate debit of R\$55 million

Other Information	2Q19	1Q19	2Q19/1Q19	2Q18	2Q19/2Q18
Banco BI&P employees	220	210	4,8%	364 ⁴	0,55%

¹ Including Guarantees issued, Private Credit Bonds (PNs and Debentures) and Agro Securities (Agro Credit Rights Certificates (CDCA) and CPR).

² Excluding Agro Securities (CPRs and Agro Credit Rights Certificates (CDCA)) and Private Credit Bonds (PNs and debentures) for trading.

³ Adjusted for the extraordinary, nonrecurring event involving Ceagro Agrícola Ltda.

⁴ Considers Guide's employees

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Operating Performance

The Financial Intermediation Result before management expenses with Allowance for Doubtful Accounts totaled (BRL 2.2) million, compared to (BRL 8.6) million in 1Q19, influenced by (i) reduction in the credit portfolio volume, which ultimately decreased these revenues; and (ii) transfer costs of cash and assets without financial income.

Profitability

Financial Intermediation	2Q19	1Q19	2Q19/1Q19	2Q18	2Q19/2Q18	1H19	1H18	1H19/1H18
Financial Intermediation Revenues	36,7	34,5	6,2%	37,2	-1,4%	71,2	81,6	-12,7%
Loan Operations and Agro Bonds	9,2	3,5	162,9%	19,6	-53,1%	12,6	34,4	-63,3%
Loans. Discount Receivables and Agro Bonds	7,2	1,5	n.c.	15,1	52,3%	8,8	24,7	-64,6%
Financing	1,9	1,9	0,0%	4,5	-57,8%	3,9	9,7	-59,8%
Other	0,0	0,0%	n.c.	0,0	n.c.	0,0	0,0	n.c.
Securities (w/o Agro Bonds)	18,4	16,1	14,3%	14,8	24,3%	34,5	38,6	-10,7%
Derivatives	7,1	9,3	-23,6%	-7,1	-200,5%	16,4	-5,9	n.c.
FX Operations Result	2,0	5,7	-64,9%	9,9	-79,8%	7,7	14,4	-46,5%
Financial Intermediation Expenses	-38,9	-43,2	-9,9%	-46,1	-15,7%	-82,0	-89,1	-7,9%
Money Market Funding	-37,5	-39,3	-4,5%	-46,2	-18,8%	-76,7	-86,0	-10,8%
Time Deposits	-29,2	-32,8	-10,9%	-37,8	-22,8%	-62,0	-67,2	-7,8%
Repurchase Transactions	-3,4	-2,6	30,8%	-1,3	161,5%	-6,0	-3,4	76,5%
Interbank Deposits	0,0	0,0	0%	-0,5	n.c.	0,0	-1,0	n.c.
Agro Bonds (LCA). Real Estate Notes (LCI) & Bank Notes (LF)	-4,4	-3,3	33,3%	-6,2	-29,0%	-7,7	-13,6	-43,4%
Others	-0,5	-0,7	-28,9%	-0,4	25,0%	-1,1	-0,8	37,5%
Loans. Assignments & Onlending	-1,4	-3,9	-64,0%	0,1	n.c.	-5,3	-3,2	65,6%
Foreign Borrowings	-1,3	-3,8	-65,8%	0,2	n.c.	-5,1	-2,8	82,1%
Domestic Borrowings & Onlending	-0,1	-0,1	-0,0%	-0,2	-50,0%	-0,3	-0,3	0,0%
Sales operations/transfer of financial assets	0,0	0,0	n.c.	0,0	n.c.	0,0	0,0	n.c.
Gross Result from Financial Intermediation before ALL	-2,2	-8,6	-74,5%	-8,9	-75,3%	-10,8	-7,6	42,1%
Managerial ALL Expense	34,1	0,6	n.c.	-20,5	-266,3	34,7	-87,7	139,6%
Gross Result from Financial Intermediation	31,9	-8,0	n.c.	-29,4	208,5%	23,9	-95,2	-125,1%

Net Interest Margin (NIM)

Clients' managerial interest margin was 3.56% in the 2Q19. The write-offs as a result of credit operations impacted NIM Managerial positively in the quarter.

Margem Financeira Líquida	2Q19	1Q19	2Q19/1Q19	2Q18	2Q19/2Q18	1H19	1H18	1H19/1H18
A. Result from Financial Intermediation before ALL ¹	-2,2	-8,6	-74,4%	(8,9)	-75,3%	-10,8	-7,6	42,1%
B. Average Interest bearing Assets	1.613,7	1.424,1	13,3%	1.639,4	-1,6%	3.037,8	1.704,4	78,2%
Adjustm. for non-remunerated average assets ²	-244,9	-189,2	29,4%	(153,6)	59,4%	-434,2	-136,9	217,1%
B.a. Adjusted Average Interest bearing Assets	1.368,8	1.234,8	10,8%	1.485,8	-7,9%	2.603,6	1.567,5	66,1%
Net Interest Margin (Aa/Ba)	-0,65%	-2,75%	2,1 p.p.	-2,4%	1,7 p.p.	-0,8%	-1,0%	0,1 p.p.
Managerial NIM with Clients	3,56%	3,02%	0,54 p.p.	3,8%	-0,24 p.p.	-1,3%	3,7%	-5,0 p.p.

¹ Repos with equivalent volumes tenors and rates both in assets and liabilities.

² Adjusted for the extraordinary nonrecurring event involving Ceagro Agrícola Ltda.

Efficiency

In 2Q19, the Bank's personnel expenses increased 28.8% compared to 1Q19, and 34.6% compared to 2Q18 (the latter revealed a substantial drop due to the effects of Guide expenses, which were still consolidated in 2Q18). It is important to note that the Result from Financial Mediation was affected by the events mentioned in the section "Operating Performance".

Efficiency Ratio	2Q19	1Q19	2Q19/1Q19	2Q18	2Q19/2Q18	1H19	1H18	1H19/1H18
Personnel Expenses ⁽¹⁾	17,9	13,9	29,3%	23,2	34,8%	31,8	45,8	-30,6%
Contributions and Profit-sharing	0,8	0,1	n.c.	6,7	-12,7%	0,8	11,2	-92,5%
Administrative Expenses ⁽¹⁾	16,4	14,2	15,5%	24,9	33,0%	26,7	41,6	n.c.
Taxes	1,4	0,8	76,9%	4,0	131,0%	2,2	7,7	-71,4%
A. Total Operating Expenses	35,2	26,4	33,3%	53,5	34,7%	61,6	106,3	-42,1%
Gross Income Financial Intermediation (w/o ALL)	-2,2	-8,6	-74,0%	-8,9	-83,9%	-10,8	-7,6	42,1%
Income from Services Rendered	3,8	0,7	n.c.	28,4	174,8%	4,5	53,6	-91,6%
Other Net Operating Income ⁽²⁾	-6,7	0,5	n.c.	2,0	n.c.	-6,3	0,3	n.c.
B. Total Operating Income	-5,1	-7,4	-30,7%	21,6	-50,7%	-12,6	46,4	-127,2
Efficiency Ratio (A/B)	-684%	-356%	n.c.	-251%	n.c.	-490%	229%	n.c.

⁽¹⁾Considers Guide's expenses up to the end of October 2018

⁽²⁾Net of other operating expenses to eliminate the effects of the revenues and costs of the BI&P Cereais operation.

Expanded Credit Portfolio

The expanded credit portfolio totaled BRL 536.9 million in June 2019, with a reduction of 37.7% in twelve months.

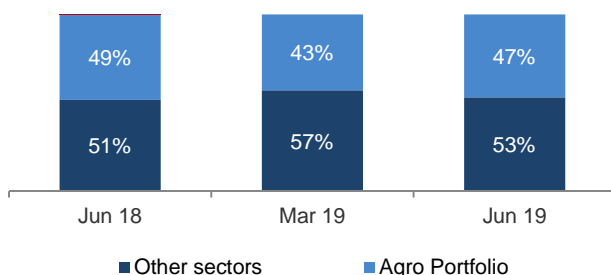
Expanded Credit Portfolio by Product Group	2Q19	1Q19	2Q19/1Q19	2Q18	2Q19/2Q18
Loans & Financing in Real	208,6	249,8	-16,5%	465,8	-55,2%
Assignment of Receivables Originated by our Customers	25,5	25,7	-0,8%	25,4	0,4%
Trade Finance (ACC/ACE/IMPFIN)	56,5	53,3	6,0%	50,1	12,8%
Other	15,5	15,9	-2,7%	17,4	-10,9%
Credit Portfolio	306,0	344,7	-11,2%	558,7	-45,2%
Guarantees Issued (LGs & L/Cs)	43,2	50,8	-14,9%	79,4	-45,6%
Agro Bonds (Securities: CPRs & CDA/WA; Credit: CDCAs)	33,8	43,4	-22,0%	72,0	-53,0%
Private Credit Bonds (Securities: Debentures)	32,8	33,4	-1,8%	36,7	-10,5%
Other	121,0	119,6	1,2%	115,4	4,9%
Expanded Credit Portfolio	536,9	591,8	-9,3%	862,1	-37,7%

¹ The Other segment basically consists of Consumer Credit operations for Used Vehicles and financing of non(operating assets).

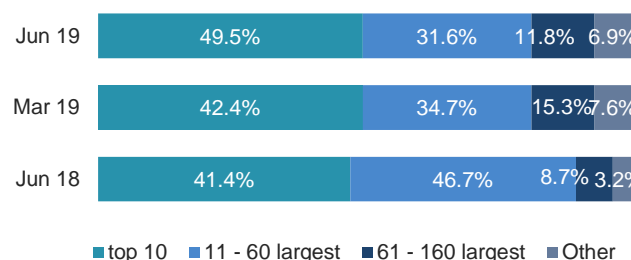
² FIDC: corresponds to the operation that was not being recorded in the credit portfolio until 2Q16.

The Agribusiness segment continues to represent most of the expanded credit portfolio, accounting for 47% of the total at the end of 2Q19.

Expanded Credit Portfolio by Segment



Expanded Credit Portfolio by Client Concentration

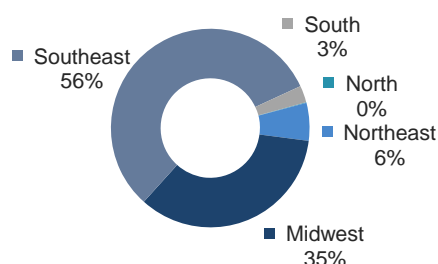


* The Other segment basically consists of Consumer Credit operations for Used Vehicles and financing of non-operating asset.

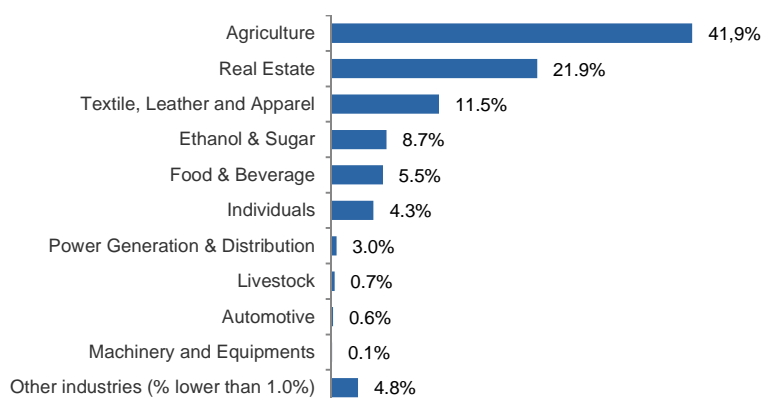
In 2Q19, the agricultural holdings portfolio, recorded under the “Securities” heading, totaled BRL 38.1 million, down 21% in the quarter and 52% year over year. Such decrease is attributed to the reduction of the credit portfolio.

Agro Bonds Portfolio	2Q19	1Q19	2Q19/1Q19	2Q18	2Q19/2Q18
Booked under Securities	33,8	43,4	-22,0%	72,0	-53,0%
Warrants - CDA/WA	22,4	31,4	-28,9%	3,2	n.c.
Agro Product Certificate - CPR	11,5	11,9	-4,1%	68,7	-83,3%
Booked under Credit Portfolio - Loans & Financing	4,3	4,9	-14,0%	6,9	-38,7%
Agricultural Bonds	38,1	48,3	-21,2%	78,9	-51,8%

Expanded Credit Portfolio by Region



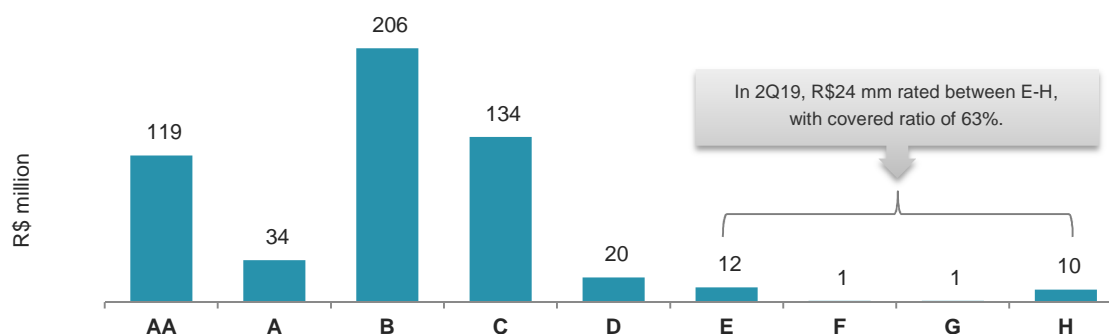
Expanded Credit Portfolio by Economic Sector



Quality of Expanded Credit Portfolio

We continued the process of reducing the expanded credit portfolio in 2Q19.

Expanded Credit Portfolio by Rating



The delinquency rate for credits outstanding for more than 90 days (NPL 90) totaled BRL 12,0 million in 2Q19, compared to BRL 33,0 million in 1Q19, **with provisions covering 78%* of this balance**. The high coverage index is due to stricter renegotiation processes, given the deterioration of the macroeconomic situation and the conservative stance of the Bank.

In light of the Bank's strategic repositioning and equity restructuring process, as well as changes to related management structures, the new majority shareholder of the control block was established an additional extraordinary allowance for doubtful accounts of BRL 100 million, recorded in 4Q18. Management maintained roughly the same additional provision in this quarter.

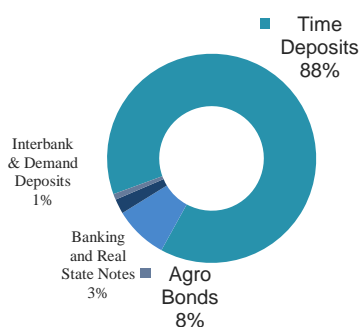
* Balance of 90-day delays regarding the balance provisioned for the 90-day period.

Funding

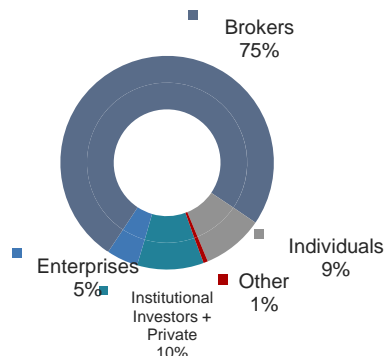
The funding inventory volume totaled BRL 1.7 billion in June 2019, down 5.1% over the previous quarter and 13.4% in twelve months. Our comfortable cash position is possible due to our strategy of holding high liquidity and liquidating acquisitions made over the past few years. By the end of 2Q19, we held a base of more than 27,130 depositors, compared to 31,260 recorded in 1Q19 and 32,274 by the end of 2Q18, down 13% and 16%, respectively.

Total Funding	2Q19	1Q19	2Q19/1Q19	2Q18	2Q19/2Q18
Total Deposits	1.705,4	1.796,6	-5,1%	1.968,2	-13,4%
Time Deposits	1.495,9	1.589,9	-5,9%	1.544,4	-3,1%
Insured Time Deposits (DPGE)	0,0	0,0	n.c.	22,2	n.c.
DPGE I	0,0	0,0	n.c.	21,4	n.c.
DPGE II	0,0	0,0	n.c.	0,8	n.c.
Agro Notes (LCA)	144,9	149,5	-3,0%	306,3	-52,7%
Real Estate Notes (LCI)	54,0	41,2	31,0%	53,1	1,7%
Bank Notes (LF)	0,0	0,0	n.c.	0,0	n.c.
Interbank Deposits	0,0	0,0	n.c.	29,5	n.c.
Demand Deposits	10,6	16,0	-33,8%	12,8	-17,2%
Domestic Onlending	7,9	8,2	-3,7%	9,5	-16,8%
Foreign Borrowings	0,0	0,0	n.c.	0,0	n.c.
Trade Finance	0,0	0,0	n.c.	0,0	n.c.
Other Foreign Borrowings	0,0	0,0	n.c.	0,0	n.c.
Total Funding	1.713,3	1.804,7	-5,1%	1.977,7	-13,4%

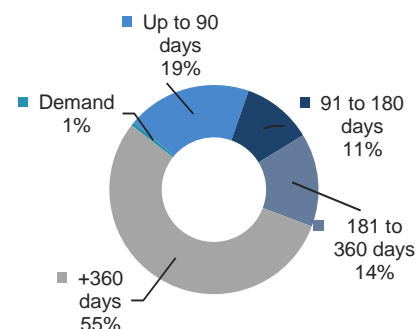
By Type



By Investor



By Maturity



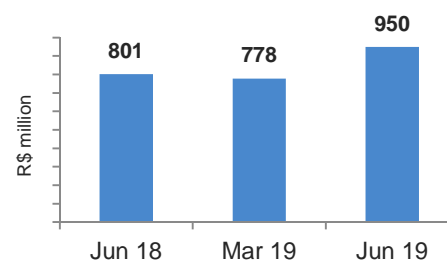
The average deposit term is 852 days upon issuance (758 days in June 2018) and 391 days for maturity (444 days in June 2018).

Type of Deposit	Average Term in days	
	from issuance	to maturity ¹
Interbank	0	0
Time Deposits	914	429
Insured Time Deposits (DPGE)	0	0
Agro Notes (LCA)	467	128
Real Estate Notes (LCI)	224	75
Bank Notes (LF)	0	0
Portfolio of Deposits ²	852	391

¹ From December 31, 2018. | ² Volume (weighted average).

Free Cash

On June 30, 2019, free cash totaled BRL 950 million, 22.1% increase over 1Q19 and 18.6% year over year, but equivalent to 56% of total deposits, compared to 41% by the end of 2Q18 and 3 times the shareholders' equity. The calculation considers cash on hand, financial liquidity investments and securities (TVM), deducting credit bonds classified in TVM (CPR, CDA/WA, Debentures, and NP), and funds from open market. The calculation of such cash position did not include the amount of BRL 250,411,385.00 related to the aforementioned share capital increase, which has already been paid up and deposited at the Central Bank.



Capital Adequacy

The Basel Accord provides for a minimum equity percentage that all banks must abide, weighted by the risk incurred during operations. For this purpose, the Brazilian Central Bank determined that all banks installed in the country must comply with a required minimum equity percentage of 8.625%, in force for the year of 2019, calculated based on the rules established by the Basel Accord III, thus ensuring greater safety for the Brazilian financial system despite fluctuations in the economic conditions. In addition, the Brazilian Central Bank imposed an Additional Main Capital, which currently corresponds to a percentage of 1.875% of the assets weighted by the risk.

Basel Index	2Q19	1Q19	2Q19/1Q19	2Q18	2Q19/2Q18
	9,5%	-13,7%	23 p.p.	-12,5	22 p.p.

Risk Ratings

Agency	Classification	Observation	Last Report
RiskBank	RiskBank Index: 7,55 Under observation	Disclosure: Good	07.2019

Capital Markets

Total Shares and Free Float

Type	Corporate Capital	Controlling Group	Management	Treasury	Free Float
Common	83.049.425	76.728.821	3.789.801	-	2.530.803
Preferred	3.749.410	1.607.586	34.912	54.340	2.052.572
TOTAL	86.798.835	78.336.407	3.824.713	54.340	4.583.375

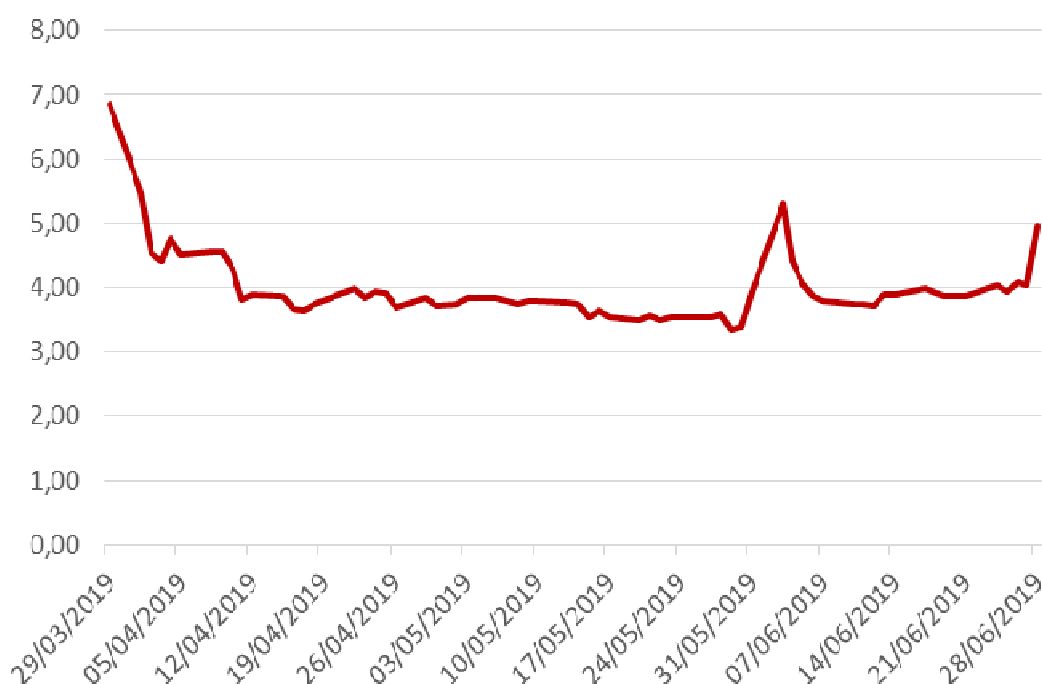
Remuneration to Shareholder

During the second quarter of 2019, there was no accrual or advance payment of interest on own capital, calculated on the basis of the Long-Term Interest Rate (TJLP) on account of the minimum dividend for the 2019 tax year.

Share Performance

The preferred shares of Banco BI&P (IDVL4), listed in Tier 2 of Corporate Governance of BM&FBOVESPA, ended the quarter at BRL 4.95 representing a total market value for the Company of BRL 430 million, considering shares on 06/30/2019 deducted from treasury shares. The price of IDVL4 shares fell 28% in the quarter and rose 93% in the 12-month period ended in June 2019.

Stock price evolution in the 2Q19



Liquidity and Trading

The preferred shares of BI&P (IDVL4) were present in 100% of 62 trading sessions held in the three-month period ended in June 2019. The volume traded on the spot market during the quarter was BRL 19.3 million, covering 4.3 million IDVL4 shares in 9,132 transactions.

Shareholder Base

Position as July 05.2019

QTY	Type of Shareholder	IDVL3	%	IDVL4	%	TOTAL	%
5	Controlling Shareholders	76.728.821	92,4%	1.607.586	42,9%	78.336.407	90,3%
22	Management + Family	3.789.801	4,6%	34.912	0,9%	3.824.713	4,4%
-	Treasury	0	0,0%	54.340	1,4%	54.340	0,1%
13	National Institutional Investors	643.667	0,8%	106.949	2,9%	750.616	0,9%
1	Foreign Investors	0	0,0%	1	0,0%	1	0,0%
10	Corporates	724.642	0,9%	75.156	2,0%	799.798	0,9%
1.478	Individuals	1.162.494	1,4%	1.870.466	49,9%	3.032.960	3,5%
1.529	TOTAL	83.049.425	100%	3.749.410	100%	86.798.835	100%

Balance Sheet

CONSOLIDATED		R\$ thousand		
ASSETS	30/06/2019	31/03/2019	30/06/2018	
Current	1.451.997	1.240.064	1.494.169	
Cash	3.492	4.762	18.007	
Short-term interbank investments	667.440	536.236	442.736	
Open market investments	654.102	519.673	413.534	
Interbank deposits	13.338	16.563	29.202	
Securities and derivative financial instruments	619.737	544.950,00	666.199	
Own portfolio	485.556	402.903	535.865	
Subject to repurchase agreements	3.035	3.420	12.440	
Linked to guarantees	130.707	138.627	117.541	
Subject to the Central Bank	-	-	-	
Derivative financial instruments	439	-	353	
Interbank accounts	397	414	769	
Payment and receipts pending settlement	64	59	275	
Restricted credits - Deposits with the Brazilian Central Bank	333	347	493	
Agreements	-	8	1	
Loans	60.390	48.801	192.580	
Loans - private sector	128.127	130.202	201.074	
Loans - public sector	-	-	-	
Loans - assignments	-	-	-	
(-) Allowance for loan losses	(67.737)	(81.401)	(8.494)	
Other receivables	92.045	94.348	165.558	
Credit guarantees honored	-	-	-	
Foreign exchange portfolio	51.222	51.299	59.912	
Income receivables	805	1.669	3.110	
Negotiation and intermediation of securities	9.779	19.703	56.371	
Sundry	30.493	21.797	46.537	
(-) Allowance for loan losses	(254)	(120)	(372)	
Other assets	8.496	10.553	8.320	
Other receivables and assets not for own use	7.508	9.471	1.676	
(-) Provision for losses	-	-	-	
Prepaid expenses	988	1.082	3.483	
Long term	885.689	941.172	986.983	
Short-term interbank investments	-	-	-	
Open market investments	-	-	-	
Interbank deposits	-	-	-	
Marketable securities and derivative financial instruments	32.802	33.400	36.666	
Own portfolio	-	231	761	
Subject to repurchase agreements	32.802	33.169	35.905	
Linked to guarantees	-	-	-	
Derivative financial instruments	-	-	-	
Interbank Accounts	2.928	2.884	2.754	
Pledged Deposits - Caixa Economica Federal	2.928	2.884	2.754	
Loans	16.167	37.641	132.421	
Loans - private sector	60.708	98.412	187.587	
Loans - public sector	-	-	-	
Loans - assignments	-	-	-	
(-) Allowance for loan losses	(44.541)	(60.771)	(55.166)	
Other receivables	640.285	658.468	587.051	
Credit guarantees honored	-	-	-	
Trading and Intermediation of Securities	-	-	488	
Foreign exchange portfolio	6.279	6.268	-	
Income receivables	883	789	1.144	
Sundry	657.167	674.598	658.456	
(-) Allowance for loan losses	(24.044)	(23.187)	(73.037)	
Other assets	193.507	208.779	228.091	
Prepaid Expenses	-	-	-	
Permanent Assets	31.187	31.771	65.056	
Investments	24.789	24.854	18.245	
Subsidiaries and Affiliates	23.652	23.516	16.524	
Other investments	1.137	1.338	1.721	
(-) Loss Allowances	-	-	-	
Property and equipment	3.244	3.378	3.708	
Property and equipment in use	-	-	-	
Revaluation of property in use	-	-	-	
Other property and equipment	22.773	22.997	25.251	
(-) Accumulated depreciation	(19.529)	(19.619)	(21.543)	
Intangible	3.154	3.539	43.103	
Goodwill	-	1	28.702	
Other intangible assets	14.246	14.246	46.965	
(-) Accumulated amortization	(11.092)	(10.708)	(32.564)	
TOTAL ASSETS	2.368.873	2.213.007	2.546.208	

EARNINGS RELEASE

2nd Quarter 2019

CONSOLIDATED		R\$ thousand		
LIABILITIES	30/06/2019	31/03/2019	30/06/2018	
Current	1.018.644	986.778	1.246.498	
Deposits	581.766	582.002	595.039	
Cash deposits	10.618	15.971	12.751	
Interbank deposits	-	-	29.497	
Time deposits	571.148	566.031	552.791	
Funds obtained in the open market	227.138	197.663	171.040	
Own portfolio	36.239	36.939	48.029	
Third party portfolio	190.899	160.724	123.011	
Funds from securities issued or accepted	191.179	182.163	304.414	
Agribusiness Letters of Credit, Real Estate Notes & Bank Notes	191.179	182.163	304.414	
Interbank accounts	445	95	270	
Receipts and payment pending settlement	445	95	270	
Interdepartmental accounts	1.658	1.077	1.917	
Third party funds in transit	1.658	1.077	1.917	
Onlendings	1.156	1.211	1.770	
BNDES	-	-	289	
FINAME	1.156	1.211	1.481	
Other liabilities	15.302	22.567	172.048	
Collection and payment of taxes and similar charges	66	71	64	
Foreign exchange portfolio	28	2.313	3.552	
Taxes and social security contributions	2.994	1.883	5.980	
Social and statutory liabilities	770	-	11.295	
Negotiation and intermediation securities	594	1.532	131.938	
Derivative financial instruments	-	584	3.171	
Sundry	10.850	16.184	16.048	
Long Term	1.029.846	1.116.124	1.146.965	
Deposits	924.727	1.023.878	1.013.851	
Interbank Deposits	-	-	-	
Time deposits	924.727	1.023.878	1.013.851	
Funds obtained in the open market	-	-	-	
Funds from securities issued or accepted	7.748	8.529	54.898	
Agribusiness Letters of Credit, Real Estate Notes & Bank Notes	7.748	8.529	54.898	
Loan obligations	-	-	-	
Domestic loans	-	-	-	
Foreign loans	-	-	-	
Onlending operations - Governmental Bureaus	6.722	6.953	7.774	
Federal Treasure	4.437	4.336	4.040	
BNDES	-	-	-	
FINAME	2.095	2.427	3.544	
Other Institutions	190	190	190	
Other liabilities	90.649	76.764	70.442	
Taxes and social security contributions	7.491	3.229	421	
Derivative financial instrument	-	-	-	
Sundry	83.158	73.535	70.021	
Future results	1.677	1.928	1.595	
Shareholders' Equity	318.706	108.177	150.021	
Capital	1.100.255	849.843	849.843	
Capital Reserve	35.960	35.960	35.960	
(-) Treasury stock	(4.283)	(4.283)	(4.283)	
Asset valuation Adjustment	(470)	(551)	(105)	
Accumulated Profit / (Loss)	(812.756)	(772.792)	(731.394)	
Minority Interest	#N/D	#N/D	#N/D	
TOTAL LIABILITIES	2.368.873	2.213.007	2.545.079	

Income Statement Consolidated

INCOME STATEMENT CONSOLIDATED	2Q19	1Q19	2Q18	1S19	1S18
Income from Financial Intermediation	52.995	32.540	36.906	85.535	84.182
Loan operations	22.543	4.191	15.601	26.734	29.226
Income from securities	21.324	13.366	18.497	34.690	46.444
Income from derivative financial instruments	7.135	9.308	(7.099)	16.443	(5.861)
Income from foreign exchange transactions	1.993	5.675	9.907	7.668	14.373
Expenses from Financial Intermediation	(20.651)	(39.859)	(65.551)	60.510	(177.510)
Money market funding	(37.000)	(38.603)	(45.750)	75.603	(85.161)
Loans, assignments and onlendings	(1.406)	(3.902)	72	5.308	(3.159)
Sales operations/transfer of financial assets	-	-	-	1	-
Allowance for loan losses	17.755	2.646	(19.873)	(20.401)	(89.190)
Gross Profit from Financial Instruments	32.344	(7.319)	(28.645)	25.025	(93.328)
Other Operating Income (Expense)	(38.892)	(27.707)	(21.418)	(66.599)	(47.047)
Income from services rendered	3.740	505	33.898	4.245	64.694
Income from tariffs	83	182	98	265	196
Personnel expenses	(17.911)	(13.856)	(23.185)	(31.767)	(45.841)
Other administrative expenses	(16.414)	(14.194)	(30.523)	(30.608)	(58.675)
Taxes	(1.426)	(806)	(3.965)	(2.232)	(7.673)
Equity in results of subsidiaries	(235)	(12)	595	(247)	1.014
Other operating income	32.689	49.509	7.198	82.198	26.541
Other operating expense	(39.418)	(49.035)	(5.534)	(88.453)	(27.303)
Operating Profit	(6.548)	(35.026)	(50.063)	(41.574)	(140.375)
Non-Operating Profit	(9.595)	(1.594)	(8.332)	(11.189)	(10.634)
Earnings before taxes and profit-sharing	(16.143)	(36.620)	(58.395)	(52.762)	(151.009)
Income tax and social contribution	(23.051)	(577)	13.330	(23.628)	41.254
Income tax	(2.623)	273	(449)	(2.350)	(1.045)
Social contribution	(1.591)	141	(347)	(1.450)	(796)
Deferred fiscal assets	(18.837)	(991)	14.126	(19.828)	43.095
Statutory Contributions & Profit Sharing	(770)	(69)	(6.749)	(138)	(11.185)
Net Profit for the Period	(39.964)	(37.266)	(51.814)	(76.528)	(120.940)