

## BANCO BPI 1ST QUARTER 2021 CONSOLIDATED RESULTS

Porto, 10 May 2021

### **CONSOLIDATED NET PROFIT RISES TO 60 M.€, WITH GROWTH IN RESOURCES (+9.7%) AND LOANS (+6.2%)**

- **Consolidated net profit of 60 M.€ (6 M.€ in 1st quarter 2020); net profit in Portugal of 54 M.€ (4 M.€ in 1st quarter 2020).**

#### **GROSS INCOME GROWTH AND EFFICIENCY IMPROVEMENT**

- **Gross income rises 17.1% yoy.**
- **Core efficiency ratio improves to 57.1%.**

#### **COMMERCIAL DYNAMISM WITHIN ADVERSE BACKDROP**

- **Total customer resources increase by 3.3 Bn.€ yoy (9.7%).**
- **Customer deposits show substantial increase of 11.1% yoy.**
- **Loan portfolio grows by 1.5 Bn.€ YoY (+6.2%).** Market share rises to 10.7%.
- **Corporate loan book grows by 7.2% yoy.**

#### **HIGH CAPITALISATION, LOW RISK AND COMFORTABLE LIQUIDITY:**

- **NPE ratio (EBA definition) drops to 1.5%.** Coverage of NPEs by impairments and collaterals increases to 154%.
- **Capital ratios:** CET1 of 14.4%, Tier 1 of 15.9%, and total capital ratio of 17.6%.
- **Debt and deposits with investment grade rating** by the main international rating agencies.

#### **MORE DIGITAL, MORE INNOVATION**

- **728 thousand clients are regular digital banking users, and of these, 479 thousand have the BPI app (+ 59 thousand YoY).**
- **97% of all transactions performed through digital channels.**

#### **MORE SOCIAL COMMITMENT: BPI AND "LA CAIXA" FOUNDATION**

- **30 M.€ in 2021 to four areas: social programmes, culture and science, research and health, education and scholarships.**
- **BPI "la Caixa" Awards earn National Sustainability Award, and increase allocation to 4 M.€ in 2021.**
- **1 M.€ earmarked for the Decentralised Social Initiative to support local social projects through BPI's Commercial Networks.**

## **RESULTS AND COMMERCIAL ACTIVITY**

**In the first quarter of 2021 BPI recorded a consolidated net profit of 60 M.€** (vs. 6 M.€ in first quarter of 2020). **In the activity in Portugal, BPI posted a net profit of 54 M.€, which compares with 4 M.€ in the first quarter of last year**, when significant impairment charges were booked to provide for potential impacts of the pandemic. The contribution of the minority holdings in BFA and BCI totalled 6 M.€ in the quarter.

**João Pedro Oliveira e Costa, BPI's CEO**, stresses: *"The 1st quarter of 2021 was marked by the strong dynamics of commercial activity, which shows BPI's ability to adjust to the context created by the persistence of the pandemic. We recorded significant growth in gross income, underpinned by the resilience of net interest income, the increase in sales of saving and investment products (capitalisation insurance and mutual funds) and strict balance sheet management. And we continue to gain market share in credit. We know that the remainder of 2021 will still be very difficult, but BPI has shown that it has committed teams and the necessary financial strength to continue supporting families and companies, and, with the "la Caixa" Foundation, to strengthen its social commitment".*

### **Customer deposits grew by 11.1%**

Customer deposits registered an expressive increase of 11.1% yoy. Customer deposits, which reached 26 618 million euros, account for 69% of assets and are the main source of on-balance sheet funding. The market share in deposits stood at 10.7% in March 2021.

Assets under management totalled 9 805 million euros, with mutual funds growing by 21.7% yoy.

Total customer resources grew by 9.7%, to 37 704 M.€ at the end of March 2021.

### **Total loan book increased by 6.2% yoy**

The total customer loans portfolio (gross) increased by 6.2%, or 1 508 M.€, yoy, to 26 031 M.€. The market share stood at 10.7% in March 2021, which represents an increase of 10 bps relative to the same month in 2020.

The portfolio of corporate loans grew by 7.2%, to 10 204 M.€.

The mortgage loans portfolio totalled 12 189 M.€ (+5.8% yoy). Mortgage loans production increased by 11% yoy, to 504 million euros, which corresponds to a market share in production of 15.2% in the 1<sup>st</sup> quarter 2021. BPI's market share in mortgage loans in portfolio reached 12.4% in March, having increased by 40 bps yoy.

The portfolio of other loans to individuals rose by 3.7% yoy, to 1 741 M.€. Car and personal loans production, at 130 M.€ in the 1st quarter of 2021, dropped by 22% yoy. However, a comparison between the two quarters of lockdown (1Q21 vs 2Q20) shows that production increased by 32%.

## **GROSS INCOME GROWTH AND EFFICIENCY IMPROVEMENT**

### **Gross income grows by 17.1%**

Gross income registered a significant increase of 17.1% yoy, reflecting the strong performance of core income (commercial banking gross income +3.8% yoy) and the increase in gains on financial assets and liabilities.

Net interest income increased by 3.1% yoy, to 113 million euros, driven by credit volume growth and the contribution of Asset/Liability Management (ALCO), notwithstanding the narrowing of the intermediation margin and the challenges arising from a context of negative market interest rates.

Net fee and commission income increased by 5.4% yoy, to 64 M.€, underpinned by the growth of mutual funds and capitalisation insurance volume, and the increase in insurance intermediation.

### **BPI maintains low risk profile and increases coverage**

The Non-performing Exposures ratio (NPE ratio, EBA criteria) improved from 1.7% in Dec.20 to 1.5% (-0.2 p.p.) at the end of the first quarter. BPI maintains the best NPE ratio within the Portuguese financial sector, reflecting the high quality of the Bank's assets. The coverage of NPEs by impairments and collaterals increased to 154%.

From January to March, the Non-Performing Loans ratio (NPL ratio, EBA criteria) dropped by 0.3 percentage points, to 1.8%. At the end of the quarter the coverage of NPLs by impairments and collaterals was 153%.

In the first quarter BPI recognised loan impairments net of recoveries of -10 M.€. This amount was reached through:

- on the positive side, 27.7 million euros of loan recoveries, which include a gain of 24 million euros (pre-tax)<sup>1</sup> on the sale of 30 million euros in non-performing loans and 266 million euros in loans written off from assets;
- on the negative side, 17.3 million euros in impairments.

The cost of credit risk was -0.04% in the 1st quarter of 2021 (non annualised).

### **BPI maintains high capitalisation**

BPI meets by a significant margin the European Central Bank (ECB)'s minimum requirements for 2021, with the following ratios: CET1 of 14.4%, Tier 1 of 15.9%, and total capital ratio of 17.6%. The leverage ratio stands at 7.3%. The maximum distributable amount (MDA) buffer was 4.7% at the end of March 2021.

BPI meets the MREL requirements established for 1 January 2022:

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<sup>1</sup> In addition, a gain of 2 M.€ (reversals of impairments) was booked in December, therefore the total gain on the sale of loans came up to 26 M.€.

- MREL to RWA ratio of 20.0% in March 2021, versus the intermediate requirement of 19.05% set for 1 January 2022 (including the combined capital buffer requirement (CBR)). The final MREL requirement to be met from 1 January 2024 is 23.95% of RWAs (including CBR).
- MREL to LRE (Leverage Risk Exposure) ratio of 9.2%, versus the final requirement of 5.91% set for 1 January 2022.

### **Operating expenses decreased by 3%**

BPI registered a 3% yoy decrease in operating expenses, reflecting: a 4.6% reduction in staff expenses, including the impact of departures for early retirement and voluntary terminations in the last quarter of 2020; a 1.9% increase in Other administrative expenses; and an 8.2% reduction in depreciation and amortisation, essentially explained by the revision in June 2020 of the estimated useful life of software (intangible assets).

The core cost-to-income ratio improved to 57.1%, which represents a 0.9 p.p. decrease since the start of the year.

At the end of March 2021 Banco BPI had a workforce of 4 597 employees (a net reduction of 25 since December 2020). On the same date the Bank's distribution network comprised 404 commercial units, including 343 branches, 26 premier centres, 1 mobile branch, and 34 corporate centres.

### **Recurring ROTe in Portugal at 4.7%**

Recurring return on tangible equity (ROTE) from the activity in Portugal stood at 4.7% in the year to March 2021.

### **Investment grade rating by three international rating agencies**

Banco BPI's long-term debt is rated investment grade by the three international agencies – Fitch Ratings, Moody's and S&P Global Ratings –, while its long-term deposits are also rated investment grade by Fitch Ratings and Moody's.

These ratings are a strong sign of the Bank's adequate capitalisation, low risk profile, and comfortable liquidity position that shore up its capacity to provide support to the Portuguese economy. Moreover, the Bank counts with the support of its sole shareholder, CaixaBank, the largest financial institution in Spain.

### **STRONG GROWTH OF DIGITAL CLIENTS, ESPECIALLY IN MOBILE**

#### **Digital channels account for 97% of transactions; 728 thousand digital clients, with strong growth in mobile; high satisfaction**

In the first quarter BPI had a total of 728 thousand digital banking regular users. Roughly 77% of the individual digital clients are regular users of the BPI App (mobile), which posted an increase of 59 thousand active users in the last 12 months.

70% of sales of saving solutions, personal loans and non-financial products were initiated in the net and mobile digital channels (+13 p.p. yoy). At present, 97% of the transactions carried out by BPI's clients are made through digital channels (Net, Mobile or ATM). In March, the number of logins in BPI's digital channels reached 16 million.

BPI ranks #2 in the digital channels' satisfaction index for individual clients and #2 in internet and mobile banking penetration, also for individual clients (BASEF, Feb.21).

### **QUALITY AND INNOVATION RECOGNISED BY INDEPENDENT ENTITIES**

- **BPI earned the award for 'Bank of the Year 2020' in Portugal by 'The Banker' British magazine, of Financial Times Group.** This 'best bank' accolade was based on a review of BPI's financial strength and its capacity to respond to the pandemic, supporting its clients and the community, including the more vulnerable groups.
- **BPI was elected for the 8th consecutive year as the Portuguese most trusted banking brand in the Readers' Digest survey,** which every year selects the "Trusted Brands" in 60 categories of products and services. The survey rated attributes such as service quality, cost/benefit and attention to the Client.
- **BPI ranked in #1 in the Large Banks category of the Five Stars Awards, for the second consecutive year.** Among the five banks assessed by consumers, BPI had an overall score of 77.1% (5.4 p.p. up on the previous edition), ranking in #1 in the Satisfaction, Intention to Recommend and Brand Trust criteria.
- The **BPI Conta Valor won the 2021 Five Stars Award in the category "Banking – Salary Account"**. The simplicity of the BPI *Conta Valor*, exemption from card issuance fees and free transfers in the BPI Net and BPI App digital channels were determining factors for this choice.
- **BPI was elected for the 5th consecutive year "The Best Treasury and Cash Management Provider in Portugal", for 2021,** by Global Finance international magazine. BPI's performance was highlighted in areas such as innovation, competitiveness, pricing and positioning.
- **BPI Gestão de Ativos, of CaixaBank Group, was distinguished as the Best Domestic Equity Fund Management Company in Morningstar's 2021 Awards.** The company stood out from the competition by consistently posting the best risk-adjusted return in its range of equity funds.

### **SUPPORT TO FAMILIES AND BUSINESSES**

Since the outbreak of the crisis, BPI has developed an intense activity of support to the economy - Families and Businesses.

On 31 March 2021, 98% of the Loan Moratoria (5.6 Bn.€) were in a regular situation (loans classified in stage 1 and stage 2):

- mortgage loans (2.5 Bn.€), 98.8% in regular situation;

- personal and car loans (0.3 Bn.€), 97.8% in regular situation;
- corporate loans (2.8 Bn.€), 97.4% in regular situation.

At the beginning of April, moratoria on a total of 1.2 Bn.€ in loans (of which 1.0 Bn.€ in mortgage loans) came to an end. It is worth noting the good performance of loans after resuming payment obligations, in line with the loan portfolio overall performance.

At 1 April there remained outstanding moratoria on 4.5 Bn.€ (of which 1.8 Bn.€ only in principal and interest), corresponding to 17% of the loan portfolio.

### Credit lines

- **BPI received approximately 9.4 thousand applications to the COVID-19 state guaranteed credit lines, corresponding to 748 million euros** under loans contracted by BPI.

### **FOCUS ON SUSTAINABILITY AND GREEN FINANCE**

**BPI and the “la Caixa” Foundation won the 1st edition of the National Sustainability Awards**, promoted by the *Jornal de Negócios* newspaper, in the “Equality and Diversity” category of the social sustainability area. The jury recognised the contribution of the BPI “la Caixa” Foundation Awards to the United Nations Sustainable Development Goals (SDGs), namely in terms of eradicating poverty, fostering health quality, decent work and economic growth, and reducing inequalities.

**Banco BPI and BPI Gestão de Ativos formalised their subscription to the UN Global Compact (UNGC)**, a global corporate citizenship initiative that gives them access to sustainability programmes aligned to the most advanced international trends. The two entities of CaixaBank Group thus joined BPI Vida e Pensões, already a signatory since 2020.

**BA Glass and BPI (CaixaBank Group) launched a Commercial Paper Programme in the amount of 75 million euros**, in which part of the financing margin is pegged to BA Glass's performance in two ESG indicators: water consumption and CO2 emissions in the production process.

The **European Investment Bank (EIB) and BPI provided 65 million euros and 47 million euros, respectively, to EDP Renováveis S.A. (EDPR), one of the world's leading wind energy producers, to finance the construction and operation of two onshore wind farms** in the Coimbra and Guarda districts, with total nominal capacity of 125 MW.

### **REINFORCEMENT OF SOCIAL COMMITMENT IN ASSOCIATION WITH “LA CAIXA” FOUNDATION**

The “la Caixa” Foundation maintains its commitment to Portugal, with a budget allocation of 30 M€ in 2021, distributed across four areas: social programmes; culture and science; research and health; education and scholarships.



Grupo  CaixaBank

Among other programmes, there stand out the BPI “la Caixa” Awards, for which the total allocation increased to 4 million euros in 2021, which supports projects of social solidarity institutions. This programme was distinguished with the National Sustainability Award, an initiative of the Cofina Group attributed this year for the first time.

In the 1st quarter, BPI and the “la Caixa” Foundation launched the 2nd edition of the Decentralised Social Initiative 2021 (ISD 2021), which is designed to support local social projects of non-profit solidarity institutions, through the Bank's Commercial Networks - Individuals, Companies and Institutionals. ISD 2021 is financed by 1 million euros from the “la Caixa” Foundation and relies on the collaboration of more than 400 BPI commercial units - branches and corporate centres - which, in all districts of mainland Portugal and in the autonomous regions of the Azores and Madeira, can select and support local social projects.

BPI and the “la Caixa” Foundation, through their initiatives, contribute to all the 17 United Nations Sustainable Development Goals, in all their dimensions.

BANCO BPI, S.A.

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