

## BANCO BPI 1ST QUARTER 2022 CONSOLIDATED RESULTS

Porto, 06 May 2022

### **CONSOLIDATED NET PROFIT OF 49 M.€, GROSS INCOME FROM COMMERCIAL ACTIVITY IN PORTUGAL GROWS BY 4% TO 189 M.€**

- **Net profit from the activity in Portugal totals 28 M.€. The domestic result's comparison with the same period in 2021 (54 M.€) is influenced by extraordinary gains of 23 M.€ on the sale of non-performing loans recorded in the first quarter of last year.**

#### **STRONG COMMERCIAL DYNAMICS:**

- Total customer resources increase by 3 Bi.€ yoy (8%).
- Loan portfolio grows by 2.2 Bi.€ yoy (+9%).

#### **GROSS INCOME FROM COMMERCIAL ACTIVITY GROWS 4%, EFFICIENCY AND PROFITABILITY IMPROVE:**

- Commercial banking gross income grows 4% yoy to 189 M.€.
- Recurrent return on tangible equity (ROTE) of 5.7%.

#### **STRONG ECONOMIC AND FINANCIAL POSITION:**

- NPE ratio (EBA definition) of 1.6%. NPE coverage by impairments and collaterals of 150%.
- Capital ratios: CET1 ratio of 13.7% and total capital ratio of 17.5%.

#### **DIGITAL BANKING - LEADERSHIP AND SALES GROWTH:**

- 789 thousand clients are regular digital banking users, and of these 553 thousand use the BPI App (+74 thousand yoy).
- 1# in internet penetration and mobile banking for individual customers<sup>1</sup>.
- 73% of all products' sales are initiated in the digital channels.

#### **BPI RATING AT INVESTMENT GRADE BY THE THREE INTERNATIONAL AGENCIES:**

- Senior debt rated investment grade with Stable outlook by the three main agencies: Moody's (Baa2); Fitch (BBB+); S&P (BBB).

#### **COMMITMENT TO PEOPLE, SOCIETY AND THE ENVIRONMENT**

- 40 M.€ in support to Society with the "la Caixa" Foundation in 2022 (+10 M.€).

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<sup>1</sup>BASEF Banks - March 2022 (main banks)

## **RESULTS AND COMMERCIAL ACTIVITY**

**In the 1st quarter of 2022 BPI recorded a consolidated net profit of 49 M.€** (vs. 60 M.€ in 1Q21).

**BPI's net profit in the activity in Portugal reached 28 M.€. The comparison with the 1Q2021 net profit (54 M.€) is affected by the inclusion in this period of 23 M.€ extraordinary gains on the sale of non-performing loans.**

Recurrent return on tangible equity (ROTE) from the activity in Portugal stood at 5.7% in the last 12 months to March 2022.

The contribution from the stakes in BFA and BCI to the consolidated results was 14 M.€ and 7 M.€, respectively.

**João Pedro Oliveira e Costa, BPI's CEO**, stresses: *"The Bank's activity in the 1st quarter was very positive, with growth in revenues and market share gains in practically all commercial segments, while keeping costs contained, despite the strong investment in digital transformation. The Bank shows its strength in all key indicators - adequate capitalisation, low risk profile and comfortable liquidity - which allows it to continue to increase lending to companies and families and to play a decisive role in support of the recovery of the Portuguese economy."*

### **Total customer resources increase by 8%**

Total customer resources grew by 8% yoy, reaching 40 695 M.€ at the end of the 1st quarter. The market share in customer funds stood at 11.5% in Feb. 2022. Customer deposits were up by 11% yoy, to 29 666 M.€. Customer deposits, which account for 71% of assets, are the main source of on-balance sheet funding.

Assets under management (mutual funds and capitalisation insurance) increased by 7% yoy, to 10 473 M.€.

### **Loan portfolio grew by 9%. Market share in new mortgage loans at 17%**

The total customer loans portfolio (gross) expanded by 9%, or 2 216 M.€, yoy, to 28 247 M.€. The market share in loans advanced by 50 bps yoy, to 11.2% in February 2022.

The portfolio of corporate loans grew by 6% yoy, to 10 821 M.€. The market share in loans to non-financial companies rose by 60 bps yoy, to 10.8% in February 2022.

The mortgage loans portfolio increased by 10% yoy, or 1 252 M.€, to 13 441 M.€. Mortgage loans production grew by 48% yoy, reaching 750 M.€. BPI's market share in cumulative production up to February 2022 was 17%, while its market share of mortgage loans in portfolio reached 13.3% in the same month, which represents an increase of 1.0 p.p. in the last 12 months.

The portfolio of other loans to individuals rose by 5% yoy, to 1 820 M.€. Car and personal loans production, at 176 M.€ in the 1st quarter, expanded by 35% yoy.



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## **INCOME MAINTAINS GROWTH PATH**

### **Commercial banking gross income increased by 4%**

Commercial banking gross income grew by 4% yoy, to 189 M.€. Net interest income remained stable at 113 M.€, supported by loan volume growth.

Net fee and commission income increased by 12% yoy, to 71 M.€. This growth was underpinned by strong income from the sale of mutual funds and capitalisation insurance (+25%), as well as by the increase in income from bank fees and commissions on loans and accounts and in fees and commissions on insurance intermediation.

## **OPERATING EXPENSES UNDER CONTROL**

Overall, staff expenses and other administrative expenses remained practically flat. Investment, namely in digital transformation and innovation, explains the increase in depreciation and amortisation (+18% yoy) and consequently in total operating expenses (+3%).

The cost-to-core income improved to 54.1% in March 2022, which represents a 10 bps decrease relative to the end of 2021.

At the end of March 2022, Banco BPI had 4 486 employees. On the same date the Bank's distribution network comprised 341 commercial units, including 290 branches, 18 premier centres, 3 private banking centres, 1 mobile branch, and 29 corporate and institutional centres.

## **STRONG ECONOMIC AND FINANCIAL POSITION**

### **BPI maintains low risk profile**

The Non-Performing Exposures (EBA criteria) ratio remained stable at 1.6%. BPI maintains the best NPE ratio within the Portuguese financial sector, reflecting the high quality of the Bank's assets. NPE coverage by impairments and collaterals stands at 150% (+1 p.p. ytd).

The Non-Performing Loan (NPL, according to the EBA criteria) ratio stands at 2%. At the end of the 1st quarter of 2022 the coverage of NPLs by impairments and collaterals was 151%.

Loan impairments net of recoveries totalled 20 M.€ the 1st quarter of 2022, to which contributed 21 M.€ in impairments, in turn offset by 1 M.€ in loan recoveries. In the 1st quarter of 2021 loan impairments totalled 17 M.€ and loan recoveries reached 28 M.€, including 23 M.€ on the sale of non-performing loans.

The cost of credit risk was 0.07% in March 2022 (non annualised).

In March 2022, BPI maintained a total of 72 M.€ in non-allocated impairments on the balance sheet.

## **Strong capitalisation**

BPI meets by a significant margin the European Central Bank (ECB)'s minimum requirements, with the following ratios: CET1 of 13.7%, Tier 1 of 15.2%, and total capital ratio of 17.5%. The leverage ratio stands at 6.6%. The MDA Buffer - Capital buffer without limitations on results distribution - was 4.5% at the end of March 2022.

BPI meets by a comfortable margin the MREL requirements set for 1 January 2022 and even meets those established for 1 January 2024:

- MREL to RWAs ratio of 23.6%, versus the intermediate requirement of 19.18%<sup>1</sup> set for 1 January 2022. The final MREL requirement to be met from 1 January 2024 is 22.4%<sup>2</sup> of RWA.
- MREL to LRE (Leverage Risk Exposure) ratio of 10.3%, versus final requirement of 5.91%.

## **Investment Grade rating with Stable Outlook by 3 rating agencies**

BPI holds investment grade ratings with Stable outlook by the three main international rating agencies: Moody's (Baa2), Fitch (BBB) and S&P Global Ratings (BBB).

Moody's rated BPI's deposits A3 and Fitch BBB+.

BPI's senior debt is rated Baa2 by Moody's, BBB+ by Fitch and BBB by S&P Global Ratings.

## **DIGITAL BANKING – MORE CLIENTS, MORE SALES, STRONGER PENETRATION**

**81% of the individual digital clients are regular users of the BPI App (mobile). 73% of all products' sales are initiated in the digital channels.**

At the end of March 2022, BPI had a total of 789 thousand digital banking regular users, with increasing adhesion to the mobile channel: 81% of all the individual digital clients are regular users of the BPI App (mobile), which posted an increase of 74 thousand active users in the 12 months to March 2022. Approximately 73% of sales of term deposits and saving solutions, mutual funds and RSPs, personal loans and other financial products were initiated in the net and mobile digital channels (+3 p.p. yoy).

BPI ranks 1# in internet penetration and mobile banking for individual customers<sup>2</sup>. The Bank is also leader in digital channels satisfaction among corporate clients<sup>3</sup> and ranks second among individual clients<sup>4</sup>

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1) Including the combined capital buffer requirement (CBR).

<sup>2</sup>BASEF Banks - March 2022 (main banks).

<sup>3</sup> Inmark 2022 (Companies and Individual Entrepreneurs with turnover of up to 2 M.€); main banks.

<sup>4</sup> BASEF Banks - March 2022 (main banks) and CSI Banks 2021 – CSI Digital Channels Index (main banks).

## **COMMITMENT TO PEOPLE, SOCIETY AND THE ENVIRONMENT**

### **Planned social investment of 40 M.€ in 2022 (+10 M.€)**

Social Responsibility has always been a cornerstone of the identity of BPI and the CaixaBank Group, and it has been reinforced in Portugal together with the "la Caixa" Foundation, which in 2022 increases its social investment in Portugal by 10 M.€, reaching an annual allocation of 40 M.€, distributed by four areas of intervention: social programmes; culture; health research and innovation; education and scholarships. Among other programmes of support to Society and inclusive finance, there stand out the following:

- **BPI "la Caixa" Foundation Awards**, with a total allocation of 4.6 M.€ in 2022, to support projects of social solidarity institutions. Since 2010, there have been 33 editions of the five awards, which permitted to distribute around 23 M.€ to 781 projects that contributed to improve the quality of life of more than 175,000 people in situations of social vulnerability.
- The **Decentralised Social Initiative 2022 (DSI 2022)** supports projects of private or public non-profit institutions that are BPI Clients, through the Bank's Commercial Networks - Individuals, Companies and Institutionals. Last year, this initiative supported 188 local social projects that are now helping more than 42,000 people in vulnerable situations. The programme has 1.4 M.€ funding from the "la Caixa" Foundation and has the collaboration of all BPI commercial units.
- **Private Social Solidarity Institutions exempt from account maintenance fees**  
Under its programme for the promotion of inclusive finance, BPI exempts Private Social Solidarity Institutions (IPSS)<sup>1</sup> from payment of maintenance fees on all accounts, including multi-product accounts.

In line with their commitment to the environment and sustainable finance, BPI and the CaixaBank Group participated as advisors in some of the most important transactions carried out in Portugal:

- **NOS and BPI:** BPI provided advisory services to NOS in the structuring of a 100 M€ sustainable finance transaction split into a Bond Loan (75 M€) and a Commercial Paper Programme (25 M€), both linked to sustainability targets.
- **Sonae Sierra and BPI:** Sonae Sierra and BPI launched a 25 M.€ Sustainability-Linked bond issue where part of the financing margin is linked to Sonae Sierra's performance in two sustainability indicators: reduction of greenhouse gas emissions and increase of the waste recycling rate in its shopping centres. The operation was fully organised, arranged and underwritten by BPI.

BPI's commitment to supporting People, inside and outside the Bank, has been recognised by independent entities:

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<sup>1</sup> All entities with class 87 and 88 Economic Activity Code (CAE) – social support activities with or without accommodation, including day nurseries, homes, day centres, social reinsertion units, among others.



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- **BPI is the Bank with the best reputation as an employer.** For the second consecutive year, BPI was considered #1 Bank in employer reputation in the "Employer Brand Reputation" survey conducted by OnStrategy, a consultancy firm. This independent survey assesses the reputation of the "employer brand" in terms of employment consideration and attraction within a panel of 20,000 university students and corporate executives.
- **For the second consecutive year BPI and the "la Caixa" Foundation win the National Sustainability Awards, in the "Equality and Diversity" category of the social sustainability area.** The Jury recognised the contribution of the BPI "la Caixa" Foundation Awards to social development and strength and the promotion of equal opportunities in a period of social turbulence caused by the Covid-19 pandemic, namely through support to third-sector institutions.

BANCO BPI, S.A.

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