

## **CONSOLIDATED RESULTS OF BPI FOR THE 1<sup>st</sup> HALF OF 2022**

Porto, July 29, 2022

### **CONSOLIDATED NET PROFIT OF €201 MILLION, LOANS GREW 8% AND DEPOSITS 9%**

- **BPI obtained a consolidated net profit of 201 M.€ in the first half of 2022, up 9% in relation to the same period of 2021. The activity in Portugal contributed with 85 M.€, which corresponds to an increase of 17% in relation to the same period of 2021, excluding extraordinary items.**

#### **BPI IS THE 'BEST BANK IN PORTUGAL 2022'**

by Euromoney magazine, as part of the Euromoney Awards for Excellence

#### **STRONG SUPPORT FOR FAMILIES AND BUSINESSES:**

- Loan Portfolio increases by 2.2 Bi.€ yoy (+8%).
- Mortgage loan portfolio grows 11% yoy and corporate loans 8% yoy.
- New mortgage loan contracts grow 37%. Market share of 17.6%.
- Customer Deposits increase by 2.4 Bi.€ yoy (+9%).

#### **STRONG FINANCIAL POSITION AND LOW RISK:**

- NPE ratio of 1.6%. NPE coverage by impairments and collaterals of 145%.
- Capital ratios: CET1 of 13.6% and total capital ratio of 17.3%.

#### **COMMERCIAL ACTIVITY INCOME AND PROFITABILITY INCREASE:**

- Commercial Banking Gross Income grows 6% yoy to 393 million euros.
- Recurrent Return on Tangible Equity (ROTE) of 6.4%.

#### **SOCIAL COMMITMENT IN COLLABORATION WITH THE "LA CAIXA" FOUNDATION:**

- Sustainability Plan foresees 120 M.€ and support to 200 thousand people in 3 years.
- The BPI Volunteering Programme had 69 initiatives, 761 volunteers and more than 9 000 beneficiaries in this semester.



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## **RESULTS AND COMMERCIAL ACTIVITY**

**BPI obtained a consolidated net profit of 201 M.€ in the first semester of 2022**, showing a growth of 9% in relation to the same period of 2021 (185 M.€).

**The activity in Portugal contributed with 85 M.€, which corresponds to an increase of 17% in relation to the same period of 2021**, excluding extraordinary items (gains from the sale of non-performing loans and costs with early retirements and voluntary terminations).

The stakes in BFA and BCI contributed with 100 M€ and 17 M€, respectively, to the consolidated result for the semester.

**BPI recorded year-on-year growth of 8% in loans and 9% in customer deposits, with gains in market share.** Revenues from commercial activities grew by 6% and, together with controlled costs and a cost of risk of 9 bps (not annualised), resulted in an improvement in the recurrent return on tangible equity in Portugal to 6.4% (last 12 months).

**João Pedro Oliveira e Costa, Chief Executive Officer of BPI**, highlights: "The results achieved this semester reflect the consistency of BPI's strong commercial dynamism, based on a virtuous circle of investment, innovation, growth, and sustainability. The Bank's strong financial position allows us to continue to support families and companies in a context of economic uncertainty. This commitment to society also involves social inclusion, with concrete resources and initiatives, within our Responsible Banking model. BPI and the "la Caixa" Foundation are already the leading private entities in the field of social support in Portugal and will continue to strengthen this commitment in the coming years".

## **STRONG SUPPORT FOR FAMILIES AND BUSINESSES:**

### **The loan portfolio grew 8%. Mortgage loans production increased by 37%.**

The total customer loans portfolio (gross) increased 8% yoy, to 28.7 Bi.€, corresponding to an increase of 2.2 Bi.€. The market share in loans increased 50 bps, year-on-year, to 11.3% in May 2022.

The corporate loans portfolio grew 8% yoy to 11 Bi.€. Market share in loans to non-financial companies increased 60 bps yoy to 10.8% in May 2022.

The mortgage loans portfolio increased 11% yoy, to 13.8 Bi.€. Mortgage loans production increased 37% year-on-year, reaching 1.5 Bi.€ in the first semester.

BPI achieved a market share of 17.6% in new production until May 2022, while the market share of mortgage loans portfolio amounted to 13.5% in the same month, which represents an increase of 1.1 percentage points yoy.

**Deposits increased by 9%.**

Total customer resources grew 4% yoy to 40.3 Bi.€ at the end of the first semester. Market share of resources stood at 11.4% in May 2022. Customer deposits increased by 9% yoy, amounting to 30 Bi.€. Customer deposits represent 70% of assets and are the main source of funding for the balance sheet.

Assets under management (investment funds and capitalisation insurance) stood at 9.9 Bi.€ (-2%).

**COMMERCIAL ACTIVITY INCOME AND PROFITABILITY INCREASE****Commercial Banking Income increased by 6%**

Commercial banking gross income grew by 6% in comparison with the same period of the previous year, reaching 393 M.€. Net interest income grew 3% to 234 M.€, supported by loan volume growth.

Net commissions increased 11% yoy, to 145 M.€. This was driven by growth in investment funds and capitalisation insurance sales, loans and accounts associated banking fees and insurance intermediation fees.

**Controlled operating expenses**

Personnel costs and general administrative expenses, overall, remained under control. The investment made, namely in digital transformation and innovation, explains the increase in depreciation and amortisation (+13% yoy) and, consequently, in total recurring operating expenses (+2%).

The cost-to-core income ratio continued to improve, reaching 53.2% in June 2022 (last 12 months), which corresponds to a decrease of 1 p.p. in relation to 2021.

At the end of June 2022, BPI had 4,461 employees. On the same date, the distribution network had a total of 339 commercial units, including branches (290), premier centres (16), private banking centres (3), 1 mobile branch and corporate and institutional centres (29).

**STRONG FINANCIAL POSITION AND LOW RISK:**

BPI's financial stability is reflected in a low risk profile, a comfortable liquidity position and high levels of capitalisation.

**BPI maintains a low risk profile**

BPI has a Non-performing exposures ratio (NPE, EBA criteria) of 1.6%, the best indicator in the Portuguese financial sector, and an impairment and collateral coverage of 145%. The Non-performing loans ratio (NPL, according to EBA criteria) stands at 2%. NPLs were 146% covered by impairments and collateral at the end of the first semester of 2022.

Loan impairment net of recoveries stood at 26 M.€ in the first semester of 2022, to which contributed 28 M.€ in impairments and, positively, credit recoveries of 2 M.€. In the same period last year, loan impairments were 39 M.€ and recoveries (which included a gain of 23 M.€ on the sale of non-performing loans) were 29 M.€.

The cost of credit risk was 0.09% in June 2022 (not annualised).

In June 2022, BPI had an accumulated balance of 50 M.€ of unallocated impairments.

### **Strong capitalisation**

BPI complies by a significant margin with the minimum requirements demanded by the European Central Bank (ECB), showing the following ratios: CET1 of 13.6%, Tier 1 of 15% and total capital of 17.3%. The leverage ratio stood at 6.6%. The MDA Buffer - capital buffer without profit distribution limitations - stood at 4.3% at the end of June 2022.

BPI largely complies with the MREL requirements established for January 1, 2022, and even complies with the requirements for January 1, 2024:

- The MREL ratio as a percentage of RWA stands at 23.3%, versus the intermediate requirement of 19.18%<sup>1</sup> set for January 1, 2022. The final MREL requirement to be met as of January 1, 2024, is 22.4% of RWA.
- MREL ratio as a percentage of LRE (Leverage Risk Exposure) of 10.2%, versus the final requirement of 5.91% as of January 1, 2022.

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

The sound financial levels presented by BPI are recognised in the "investment grade" classifications with Stable outlook by the three main international rating agencies: Moody's (Baa2), Fitch (BBB) and S&P Global Ratings (BBB).

On July 8, Fitch upgraded BPI's individual rating (Viability rating) to investment grade (bbb-) and reaffirmed BPI's ratings, with a stable outlook.

Moody's assigns an A3 rating to BPI's deposits and Fitch a BBB+ rating. BPI's senior debt is rated Baa2 by Moody's, BBB+ by Fitch and BBB by S&P Global Ratings.

### **DIGITAL BANKING - MORE CUSTOMERS AND MORE DIGITAL SALES**

BPI continued the digital transformation process focused on improving the Customer experience, with new developments, growth in the number of adherent Customers and greater use.

The number of digital channels users reached 806 thousand in June (+9% yoy), with a significant adherence to the mobile channel, with 574 thousand regular users of the BPI App (+16% yoy).

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1) Including the combined buffer requirement, "CBR".



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Around 33% of sales of focus products (funds and Retirement Savings Plans, prestige products, personal loans, credit cards and stand-alone insurance) to individuals were initiated in the net and mobile digital channels (+14 p.p. yoy).

The Bank ranks 2<sup>nd</sup> in internet and mobile banking penetration among individual customers<sup>2</sup>. The Bank leads the digital channel satisfaction indicator among corporate clients<sup>3</sup> and ranks second among individual customers.

### **MAIN MILESTONES OF THE SEMESTER:**

#### **BPI is the 'Best Bank in Portugal 2022'**

BPI was recognised as the "Best Bank in Portugal 2022" by Euromoney magazine at the Euromoney Awards for Excellence. The prestigious international magazine praised BPI's soundness and dynamism, which recorded gains in market share in practically all segments, while maintaining the best risk ratios. The Bank's capacity for innovation was also recognised, with the launch of BPI Broker and BPI Seguros, 100% digital services for contracting investment and insurance products, respectively.

#### **BPI Sustainability Plan 2022-2024**

BPI presented the Sustainability Plan 2022-2024 with three ambitions: to support the sustainable transition of companies and society; to lead in social impact and promote social inclusion; and to lead in best governance practices.

By 2024, BPI aims to achieve:

- 4 billion euros of sustainable turnover.
- 43% women in management positions.
- 200,000 people supported as part of the social commitment.
- 120 million euros of investment BPI | "la Caixa" Foundation for the 2022-2024 triennium.

#### **Commitment to people, society, and the environment**

Support for People and Society is part of the identity of BPI and the CaixaBank Group, strengthened by the expansion of the activity of the "la Caixa" Foundation in Portugal. In the context of social commitment, the BPI | "la Caixa" Foundation joint initiative has a budget allocation of 40 million euros for 2022 (+ 10 million euros compared to 2021). Simultaneously, BPI Employees continued with the BPI Volunteering Programme which involved 69 initiatives, 761 volunteers and more than 9 000 beneficiaries during this semester.

Also noteworthy, on another aspect, are BPI's prominent positions as an employer: for the second consecutive year BPI was considered the number 1 Bank in terms of employer reputation in the study "Employer Brand Reputation", carried out by the consultancy firm OnStrategy.

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2) BASEF Banca - May 2022 (main banks).

3) Inmark 2022 (Companies and Self-employed Entrepreneurs with a turnover of up to 2 M.€); main banks.



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In the first semester, BPI strengthened its sustainable offer targeting Individuals and Companies, with the launch of new products and support in sustainable debt operations. Additionally, BPI Gestão de Ativos launched the BPI Impacto Clima funds, the first Portuguese funds with a sustainable investment objective and which comply with the transparency requirements in the disclosure of pre-contractual information (art. 9 of EU Reg. 2019/2088).

BANCO BPI, S.A.

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