

BANCO BPI'S CONSOLIDATED RESULTS FOR THE FIRST 9 MONTHS OF 2022

Porto, 04 November 2022

**CONSOLIDATED NET PROFIT OF €286 MILLION
LOANS GREW 7% AND DEPOSITS 8%**

- **BPI posted a consolidated net profit of 286 M.€ in the first nine months of 2022, up by 18% on the same period in 2021. The activity in Portugal contributed with 159 M.€, up 25% on the same period in 2021.**

STRONG SUPPORT TO FAMILIES AND COMPANIES:

- Loan portfolio grew by 1.8 Bn.€ yoy (+7%).
- Mortgage loans portfolio and corporate loans portfolio grew by 10% and 4% yoy, respectively.
- Mortgage loans production expanded by 24% yoy. 16.5% market share ytd in loan production.
- Customer deposits increased by 2.3 Bn.€ yoy (+8%).

BUSINESS VOLUME INCREASE DRIVES PROFITABILITY

- Commercial banking gross income grew 9% yoy to 614 million euros.
- Recurrent return on tangible equity (ROTE) of 7.3%.

STRONG ECONOMIC AND FINANCIAL POSITION

- NPE ratio 1.4%. NPE coverage by impairments and collaterals of 153%.
- Capital ratios: CET1 ratio of 13.5% and total capital ratio of 17.1%.

STRONG COMMITMENT TO SOCIETY AND SUSTAINABILITY

- Sustainability Master Plan provides 120 M.€ and support to 200 thousand people over 3 years, in collaboration with the "la Caixa" Foundation.
- 4 Bn.€ in sustainable business volume until 2024.
- In the first nine months of 2022, the BPI Voluntary Service Programme held 76 initiatives, involving 803 volunteers and more than 9,510 beneficiaries.

BPI WINS 'BEST PRIVATE BANKING IN PORTUGAL 2022' AWARD

in the Global Private Banking Awards, by The Banker and PWM magazines.

RESULTS AND COMMERCIAL ACTIVITY

BPI posted a consolidated net profit of 286 M.€ in the first nine months of 2022, which represents an 18% increase on the same period in 2021 (242 M.€). The **activity in Portugal contributed with 159 M.€**, which corresponds to a 25% increase on the same period in 2021.

The equity holdings in BFA and BCI contributed 102 M.€ and 25 M.€, respectively, to the first nine months' consolidated net profit.

BPI posted yoy growth of 7% in loans and 8% in customer deposits, driving market share gains. Commercial banking gross income grew by 9%, which, together with a 3% increase in costs and a cost of risk of 16 bps (last 12 months), improved the recurrent return on tangible equity in Portugal to 7.3% (last 12 months).

João Pedro Oliveira e Costa, BPI's CEO, stresses: "BPI maintains a solid financial position, based on strong commercial dynamism, which has enabled us to gain market share in the various business segments and to improve profitability. The Bank is prepared to continue providing critical support to families, businesses and society, in a scenario of uncertainty about the extent and duration of the impacts of the geopolitical and economic situation at international level. We face the coming years with great prudence, but with the confidence that comes from having a comfortable capitalisation, the best credit risk in Portugal, a focused team and the capacity to invest in technology and innovation".

STRONG SUPPORT TO FAMILIES AND COMPANIES:

Loan portfolio grew by 7%. Mortgage loans production expanded by 24%

The total loans to customers portfolio (gross) grew by 7% yoy, or 1.8 Bn.€, to 28.9 Bn.€. The market share in loans advanced by 40 bps yoy, to 11.4% in September 2022.

The mortgage loans portfolio grew by 10% yoy, to 14 Bn.€. Mortgage loans production grew by 24% yoy, reaching 2.1 Bn.€ in the reporting period.

BPI's market share in cumulative loan production up to August 2022 was 16.5%, while its market share of mortgage loan portfolio reached 13.7% in September, which represents a yoy increase of 80 bps.

The portfolio of corporate loans grew by 4% yoy, to 10.9 Bn.€. The market share in loans to non-financial companies rose by 40 bps yoy, to 11% in September 2022.

Deposits increased 8%

Customer deposits were up by 8% yoy, to 30.4 Bn.€. 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) totalled 9.5 Bn€ (-8% yoy).



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Total customer resources increased by 2% yoy, to a total of 40.2 Bn.€ in the first nine months. The market share in customer resources stood at 11.4% in September 2022.

BUSINESS VOLUME INCREASE DRIVES PROFITABILITY

Commercial banking gross income increased by 9%

Commercial banking gross income grew by 9% yoy, to 614 M.€. Net interest income expanded by 10%, to 374 M€, underpinned by loan volume growth and already reflecting the increase in market rates.

Net fee and commission income was up by 7% yoy, to 219 M.€, driven by the increase in loan transactions, fees and commissions on accounts, insurance intermediation, mutual funds sales and capitalisation insurance.

Cost-to-core income improves to 52%

Total recurrent costs increased by 3% yoy. Staff expenses were down by 1% yoy, while general administrative expenses increased by 4% yoy and depreciation and amortisation by 11% yoy, essentially reflecting the investment made in digital transformation and works on buildings.

The cost-to-core income continued to improve, reaching 52% in September 2022 (last 12 months), which represents a 2.2 p.p. decrease relative to 2021.

At the end of September 2022, BPI had 4,460 employees, its workforce having remained stable during the third quarter, and the Bank's distribution network comprised 337 commercial units, including 289 branches, 15 premier centres, 3 private banking centres, 1 mobile branch, and 29 corporate and institutional centres.

STRONG ECONOMIC AND FINANCIAL POSITION

BPI's financial strength is underscored by a low risk profile, a comfortable liquidity position and high capitalisation levels.

BPI maintains low risk profile

BPI's non-performing exposures (NPE, EBA criteria) ratio of 1.4% (-0.2 p.p. ytd) is the best in the Portuguese financial sector. The Bank's NPE coverage by impairments and collaterals is 153%. The non-performing loans ratio (NPL, according to the EBA criteria) ratio stands at 1.7% (-0.3 p.p. ytd). At the end of the 3rd quarter of 2022 the coverage of NPLs by impairments and collaterals was 154%.

Loan impairments net of recoveries totalled 32 M.€ at the end of September 2022 (+1 M.€ yoy), underpinned by:

- Impairment charges of 62 M.€ (the same as in Sep. 2021);
- 3 M.€ gains with credit recoveries (versus 7 M.€ in Sep. 2021);
- 27 M.€ (pre-tax) gains on the sale of a 141 M.€ non-performing loans portfolio. In the first nine months of 2021 the sale of non-performing loans had yielded gains of 23 M.€.

The cost of credit risk stands at 0.16% at the end of September 2022 (last 12 months).

In September 2022, BPI carried a cumulative total of 50 M€ of unallocated 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 (net of dividend distribution estimate): CET1 of 13.5%, Tier 1 of 14.9%, and total capital ratio of 17.1%. The leverage ratio stands at 6.5%. The MDA Buffer - capital buffer without limitations on results distribution - was 4.1% at the end of September 2022.

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

- MREL to RWAs ratio of 23.1%, versus the intermediate requirement of 19.18%¹ set for 1 January 2022. The final MREL requirement to be met from 1 January 2024 is 22.4%.
- MREL to LRE (Leverage Risk Exposure) ratio of 10.1%, versus the final requirement of 5.91% from 1 January 2022.

Investment Grade rating with Stable Outlook by 3 rating agencies

The investment grade ratings (stable outlook) assigned to BPI by the three main international rating agencies stand as recognition for the Bank's strong financial position: Moody's (Baa2), Fitch (BBB) and S&P Global Ratings (BBB+).

On 16 September, S&P Global Ratings upgraded by 1 notch BPI's rating and its long-term senior debt rating to BBB+, with stable outlook. On 8 July, Fitch reaffirmed BPI's ratings with stable outlook.

BPI's deposits are rated A3 by Moodys and BBB+ by Fitch. BPI's senior debt is rated Baa2 by Moody' and BBB+ by Fitch and S&P Global Ratings.

DIGITAL BANKING - SUSTAINED GROWTH AND INVESTMENT IN INNOVATION

Digital Banking at BPI maintains a growth trajectory, with a strong increase in subscribed Customers and online sales, and in investment to improve customer experience and to launch pioneering projects in Portugal.

The number of digital channel users reached 829 thousand in September (+10% yoy), with a significant take-up rate in the mobile channel, featuring 603 thousand users of the BPI App (+16% yoy).

Around 35% of sales of focus products (funds and Retirement Saving 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).

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



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BPI ranks #2 in internet and mobile banking penetration among individual customers². The Bank leads digital channel satisfaction among corporate clients³ and ranks second among retail clients.

In October, BPI opened the first Virtual Reality (VR) Branch in Portugal: BPI VR. BPI is the first Bank to offer an immersive experience of banking services display and contact with the Customer in the virtual world, marking its first step into the Metaverse. BPI VR is a 100% virtual immersive Branch, built in 3D, which features several business areas and segments (retail, private, corporate, AGE and sustainability) and allows access to contents about the bank's services, using VR glasses from Meta (Facebook).

In this first phase, the Branch does not allow banking operations but, going forward, BPI expects that it will work as a new distribution channel for the Bank's products and services, as happened with mobile digital banking a decade ago.

MAIN MILESTONES OF THE YEAR:

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 the soundness and dynamism of BPI, which recorded market share gains 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 awarded 'Best Private Banking in Portugal 2022'

For the 4th time, BPI received the award for "Best Private Banking in Portugal" from PWM and The Banker magazines at the Global Private Banking Awards 2022.

BPI 2022-2024 Sustainability Master Plan

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

As a target for 2024, BPI proposes to achieve the following:

- 4 billion euros in sustainable business volume;
- 43% of women in management positions;
- 200 thousand people supported under the bank's social commitment;
- 120 million euros BPI | "la Caixa" Foundation investment over 2022-2024.

2) BASEF Banks - August 2022 (main banks).

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



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Commitment to people, society and the environment

Support for People and Society, which is part of the identity of both BPI and the CaixaBank Group, was reinforced with the expansion of "la Caixa" Foundation's activity to Portugal. The joint action of BPI | "la Caixa" Foundation under their social commitment has a budget allocation of 40 million euros for 2022 (+10 million euros than in 2021). At the same time, BPI's Employees remained engaged to the BPI Volunteering Programme, which held 76 initiatives, involving 803 volunteers and more than 9,510 beneficiaries in the first nine months of 2022.

On another front, BPI's leading positions as an employer are also noteworthy: 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. In line with this leadership, the Bank received more than 1,000 applications to the 1st edition of the BPI Trainees Academy.

BPI reinforced its sustainable offering for individuals and companies with the launch of new products and greater participation in sustainable debt operations. In this context, over the last few months BPI advised on sustainable finance operations by NOS, Sonae Sierra, Lusiaves and Lidl.

BPI Gestão de Ativos launched the BPI *Impacto Clima* funds, the first Portuguese funds with a sustainable investment target and compliant with the transparency requirements in the disclosure of pre-contractual information (Art. 9 of Reg. UE 2019/ 2088).

BANCO BPI, S.A.

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