

BANCO BPI 1ST QUARTER 2020 CONSOLIDATED RESULTS

Porto, 4 May 2020

BPI posts consolidated net profit of €6.3 million in the first quarter, following a €32 million credit impairment charge in the context of Covid-19

- **BPI's strong financial position, reflected in the high quality of its assets and strong capitalisation, will allow it to weather the current crisis and contribute to the economic recovery, supporting its customers:**
 - **NPE Ratio** (EBA definition) **of 2.3% (0.2 p.p. improvement vs. December 2019). 125% coverage of NPEs** by impairments and collaterals.
 - **Capital ratios (fully loaded) increased and BPI meets supervisory requirements with significant leeway:** CET1 of 13.7%, T1 of 15.2%, and total capital ratio of 16.9%.
- **BPI is supporting its clients, having adopted measures for both families and companies:**
 - **57.5 thousand moratoria requests on €4.8 billion of loans:** mortgage loans (24.8 thousand requests on €2.11 billion of loans); consumer and car loans (15.9 thousand requests on €249 million of loans); corporate loans (16.7 thousand requests on €2.41 billion of loans).
 - **€1.1 billion applications received for COVID-19 credit lines with public sector support.**
 - **€2.43 billion in BPI credit lines contracted with companies, available for immediate use.**
- **Business activity made good progress during the first quarter, confirming the positive evolution of the Portuguese economy prior to the pandemic outbreak.**
- **Commercial banking gross income in Portugal increased by €4.5 million, to €176.5 million (+2.6% yoy).**
- **Customer deposits increased by €765 million in the quarter (+3.4% vs. Dec. 2019).** The increase in customer deposits versus March 2019 was 10.4%.
- **Mortgage loan production nearly doubles in yoy terms, reaching €452 million in the first quarter of 2020.**
- **Positive performance of net interest income, which rises by 2.9% yoy, to €109.9 million.**

- **Loan book grows by 4.9% yoy** (vs. March 2019) and by +0.6% ytd.
- **Regular users of BPI's digital banking increased by 5% yoy**, totalling 679 thousand Clients. **The number of BPI App users grew by 27% yoy**, to 420 thousand Clients.

In the first three months of 2020, BPI recorded a consolidated net profit of €6.3 million, of which €4.4 million correspond to the net profit from the activity in Portugal.

The consolidated results are 87% lower than in the 1st quarter of 2019, having been impacted by factors related to the Covid-19 pandemic crisis, namely the drop in the financial markets and the reinforcement of impairment charges to provide for future impacts, which together had a negative effect of €47 million on pre-tax profits. In addition, the evolution of the period's results is also affected by the accounting in the 1st quarter of 2020 of the full year's banking sector levy (€15.5 million), whilst in 2019 it was booked on an accrual basis (€4.0 million in the 1st quarter of 2019).

The contribution of the equity investments in BFA and BCI totalled €1.9 million in the 1st quarter of 2020.

Commercial banking gross income and net interest income with a positive performance

Commercial activity made good progress during the first quarter, confirming the positive evolution of the Portuguese economy in the period preceding the pandemic outbreak.

Commercial banking gross income in Portugal increased by 2.6% yoy, or €4.5 million, to €176.5 million.

Net interest income expanded by 2.9% yoy, to €109.9 million, underpinned by the revenue generated through the growth of the loan book in the last quarters.

Net fee and commission income remained flat yoy, at €60.8 million.

Customer deposits show significant growth

Customer deposits were up by €765 million, to €23,472 million (+3.4% ytd). The growth of deposits in the last 12 months stands at 10.4% yoy. In addition, institutional and financial investors' deposits grew by €187 million in the quarter, to €495 million.

Deposits account for 69% of assets and are the main source of on-balance sheet funding.

Assets under management contracted by 8.6%, to €8,954 million, this decrease being largely explained by the drop in market prices of the underlying financial assets portfolios in March 2020.

Total customer resources remained stable, totalling €34,380 million at the end of March of this year.

Production of mortgage loans doubles. Market share in corporate loans rises

The total customer loans portfolio (gross) expanded by €142 million ytd (+0.6% since December 2019), to €24,523 million. In the last 12 months, the loan portfolio grew by 4.9% yoy. The market share in total loans kept a rising trend, having reached 10.5% in January of 2020.

The corporate loan book in Portugal remained unchanged relative to December 2019, at €9.514 million, and increased by 5.3% since March 2019. The market share in corporate loans continued to rise, reaching 10.6% in January 2020.

New mortgage loans production reached €452 million in the first quarter, practically doubling compared to the same period last year (€231 million). At BPI, the 1st quarter of 2020, together with the last quarter of 2019, saw the highest quarterly volume of new mortgage loans production in the last 10 years. BPI achieved a market share in new mortgage loans production of 16.2% in February 2020.

The mortgage loans portfolio grew by 1.2% ytd, totalling €11,517 million in March 2020.

The portfolio of other loans to individuals remained stable, totalling €1,678 million. New consumer loans production remained broadly in line with the 1st quarter of 2019 volume, at €167 million.

Quality of the loan portfolio at comfortable levels. NPE ratio at 2.3%

BPI continues to record a positive trend in the Non-performing Exposures (NPE) ratio - the best in the financial sector in Portugal -, which dropped by 0.2 pp, to 2.3% (EBA criteria), reflecting the high quality of the Bank's credit assets. The coverage of NPEs by impairments and collaterals increased to 125%.

Loan impairments booked up to March, including non-allocated impairments resulting from the revision of the macroeconomic scenario in the context of Covid-19, totalled €34 million.

In the first quarter of 2020 BPI recognised €2 million in recoveries of loans previously written off from assets. Thus the cost of credit risk, measured by impairments net of loan recoveries previously written off from assets, was €32 million (0.12% of the loan portfolio, non-annualised) in the first quarter of 2020.

BPI meets ECB minimum regulatory ratios by a significant margin

The capital ratios (fully loaded) increased by 0.3 p.p. in the 1st quarter of 2020 (Mar.20 vs Dec.19): the CET1 ratio reached 13.7%, the Tier 1 ratio 15.2%, and the total capital ratio 16.9%. The leverage ratio stood at 7.7% in March 2020. BPI meets, by a significant margin, the European Central Bank (ECB)'s minimum requirements for the CET1, Tier 1 and total ratios.

In February, BPI issued €450 million of senior non-preferred debt, fully subscribed by CaixaBank, with the objective of reinforcing eligible assets for compliance with the future MREL requirement.

In April 2020, Banco BPI, together with its shareholder CaixaBank, decided to suspend the distribution of dividends on the 2019 results, thus reinforcing its capacity to support the economy.

Core efficiency ratio of 60%

BPI's operating expenses registered a slight increase of 0.8% yoy. Staff expenses increased 0.8% yoy.

The core efficiency ratio stood at 60.0% at the end of March 2020 (last 12 months).

In March 2020 Banco BPI had a workforce of 4,831 employees (a net increase of 10 since March 2019). On the same date the Bank's distribution network comprised 454 commercial units, including 383 branches, 36 premier centres, 1 mobile branch, and 34 corporate centres.

Recurring ROTE in Portugal at 7.1%

In the last 12 months BPI reached a recurring return on tangible equity (ROTE) in the domestic activity of 7.1%.

BPI with investment grade ratings assigned by the major agencies

In the first quarter, both Moody's and Fitch raised by 1 notch BPI's long-term debt rating, to Baa3 and BBB+, respectively. Standard & Poor's maintains its rating of BPI at the second investment grade level (BBB).

Banco BPI's long-term debt is rated investment grade by the three big international agencies – Fitch Ratings, Moody's e 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 strength and of its capacity to support the Portuguese economy.

Digital transformation in BPI

The total number of regular users of BPI's digital banking services increased by 5% yoy, to 679 thousand. The number of BPI App's regular mobile users increased by 27% yoy, to 420 thousand. This corresponds to nearly 90 thousand new users of BPI App added in one year.

BPI is the market leader in internet and mobile banking penetration (individual clients), according to BASEF data, and ranks first in the digital channels satisfaction index (ECSI). In the corporate segment, BPI holds the 2nd position in internet banking and in the digital channels satisfaction index (DATAE). 45% of the Bank's customers are active digital clients.

As part of the measures intended to support its customers in the context of the pandemic, BPI has made available new forms of signing up to the digital channels, and expanded the functionalities for contact between Customers and their Account Managers, using secure messaging through the digital channels.

The Bank is also promoting the use of automated areas for transactions carried out in the Branches and in the Corporate and Institutional Centres. BPI has more than 150 self-service machines (the largest network in the country), which allow customers to perform a very wide range of automated current operations, including the deposit of cheques or cash, account inquiries, requesting cheques, and changing banknotes for coins.

BPI reinforces commitment to families, companies and vulnerable groups

Since the outbreak of the crisis, BPI has been extremely active in supporting the Portuguese companies and families, including the most vulnerable groups. Among others, the following measures were taken:

Support for families – Application of moratoria for all types of credit. By the 24th of April Banco BPI had received 40.8 thousand requests for moratoria on mortgage, consumer and car loans, corresponding to a total of €2,363 million in credit:

- Mortgage loans moratoria: 24.8 thousand requests on loans of €2.11 billion.
- Consumer and car loans moratoria: 15.9 thousand requests on loans of €249 million.

The Bank is also offering six months free of charge for new subscriptions of the basic Services Package ('Valor', 'Premier', and 'Commerce' accounts), which includes all the services needed to make transactions from home (Account, Digital Transactions and Cards).

For Clients with their pensions credited to a BPI Account, the Bank has advanced the usual credit date, the 9th of April, to the 6th of April, at no cost.

Under a partnership with Allianz, BPI has made available to all Customers a medical team that can be reached by a simple phone call, 24 hours a day, 7 days a week.

Support to companies – Execution of the public support for all types of credit. By the 27th of April the Bank had received applications to the public support credit lines created in connection with Covid-19 corresponding to a total of €1,130 million of credit. Once the clients' requests are approved internally, BPI advances up to 20% of the amount of the credit line, subject to the Bank's approval, even before receipt of the approval by the mutual guarantee societies.

By the 24th of April Banco BPI had received 16.7 thousand requests for moratoria on corporate loans, corresponding to a total of €2,415 million in credit. Banco BPI has €2,430 million in credit lines contracted with companies, available for immediate use.

Support to society - In the social area, the "la Caixa" Foundation, in association with BPI, has maintained all the programmes scheduled for 2020, to which an annual budget of €30 million has been committed. Since the start of the crisis, the two entities have endorsed new initiatives to support the most vulnerable, namely the distribution of tablets to health institutions to facilitate communication with hospitalised patients, and the development of a project to produce a Portuguese ventilator, in association with other institutions.

BPI and the "la Caixa" Foundation have also announced their decision to extend the deadline for application to the 'Capacitar', 'Seniores' and 'Rural' awards, so as to allow supporting new initiatives aimed at helping those most affected by the crisis provoked by



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the coronavirus pandemic. Together, these three awards have a combined allocation of €2.25 million.

Following BPI's incorporation into the CaixaBank Group, the two entities established a cooperation agreement to develop social and cultural projects in Portugal.

BANCO BPI, S.A.

Registered office: Rua Tenente Valadim, 284, Porto

Share capital: € 1 293 063 324.98

Registered at Commercial Registry of Porto

under registration number PTIRNMJ 501 214 534

and tax identification number 501 214 534