



**#DÁ  
MAIS  
VALOR**

**AO NÓS QUE AO EU**

**9M20**

EARNINGS

**Banco BPI  
Consolidated Results**

3 November 2020



Grupo  CaixaBank

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# BPI stands prepared to continue being the partner of families and companies and to support the recovery of the Portuguese economy

- BPI recorded a **strong commercial dynamism** despite the unfavourable economic backdrop, with **significant increase in deposits, growth in loans and market share gains**.
- **Core earnings** continue to show strong **resilience** in an adverse context
- **Net loan impairments of 100 M.€** in the 9 months 2020, including non-allocated impairments due to Covid19.
- Acceleration of **digital transformation** and **innovation** to improve the quality of service and Client's experience.
- **Support to families and companies** and reinforced **social commitment**, in cooperation with the **"la Caixa" Foundation**.
- **Strong financial position**, with **low risk profile** (NPE ratio of 1.9% and a high coverage), **solid solvency position**, **balanced funding structure**, **comfortable liquidity position** and **investment grade ratings** by Fitch Ratings, Moody's and S&P Global.

# BPI results in September 2020

## Net income in Portugal and in the consolidated

- **Net profit in Portugal of 47.4 M.€** in September 2020 (-69% yoy)  
**Net profit in Portugal in the 3<sup>rd</sup> quarter 2020 of 40.9 M.€** (-38% vs 3Q 19)
- **Consolidated net profit of 85.5 M.€** in September 2020 (-66% yoy)
- **Loan impairments (net) of 100 M.€** in the 9 months 2020

## Customer resources and loans

- **Customer deposits increased 2 271 M.€ (+9.9% ytd)**
- **Loan portfolio increased 861 M.€ (+3.5% ytd)**

## High asset quality

- **Non-performing exposures ratio (NPE, EBA definition) decreased to 1.9%** in September 2020
- **NPE coverage** by impairments and collateral **increased to 138%**

## Strong capitalisation

- **Strengthened capital ratios** (phasing-in<sup>1)</sup>): **CET1 of 13.9%, T1 of 15.4% and total capital of 17.1%**
- **Leverage ratio** (phasing-in<sup>1)</sup>) of **7.2%**

## BPI debt and deposits ratings at investment grade

- **BPI senior debt:** rated **Baa3** by Moody's, **BBB+** by Fitch and **BBB** by S&P.
- **BPI deposits:** rated **Baa1** by Moody's and **BBB+** by Fitch Ratings

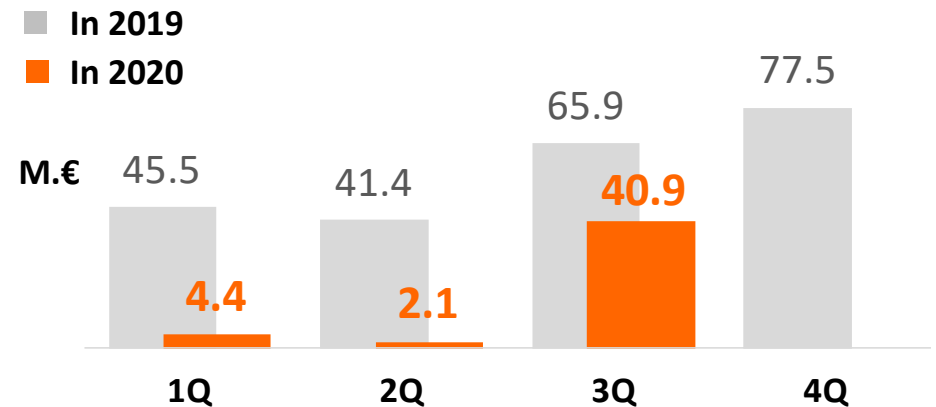
# Consolidated net profit of 85.5 M.€ in September 2020

## Consolidated net profit

In M.€	Sep 19	Sep 20	Δ%
<b>Net profit in Portugal</b>	<b>152.7</b>	<b>47.4</b>	<b>-69%</b>
BFA contribution	86.4	31.2	
BCI contribution	14.5	6.9	
<b>Consolidated net profit</b>	<b>253.6</b>	<b>85.5</b>	<b>-66%</b>

	Δ yoy
▪ Commercial banking gross income <sup>1)</sup>	-12 M.€
▪ Loan impairments	-119 M.€
▪ Other	+26 M.€

## Net profit in Portugal Quarterly evolution



## Recurrent ROTE in Portugal

	Sep.19	Sep.20
<b>Recurrent ROTE (last 12 months)</b>	<b>8.0%</b>	<b>4.3%</b>

1) Net interest income, net fees and commissions, dividends and equity accounted income.

# Loan portfolio increased 3.5% YtD

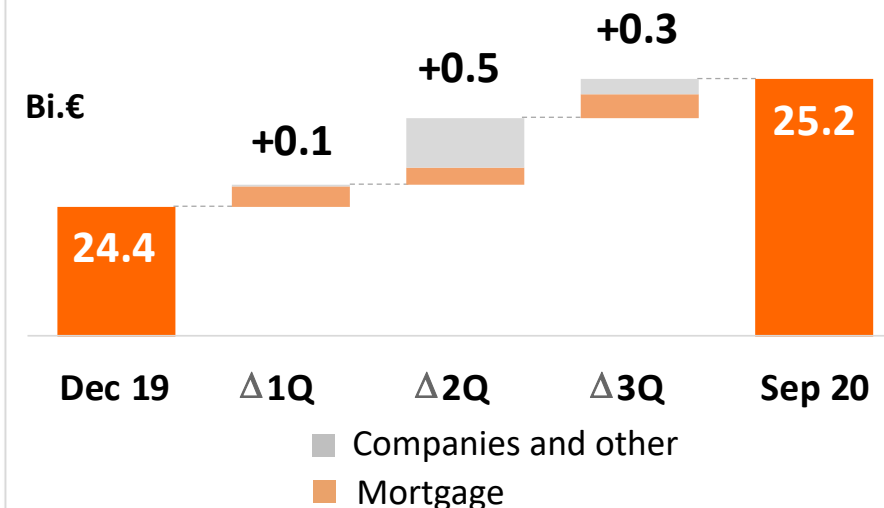
## Loans to customers by segments

Gross portfolio, in M.€	Dec 19	Sep 20	YtD	YoY (Sep.20/Sep.19)
<b>I. Loans to individuals</b>	<b>13 045</b>	<b>13 505</b>	<b>3.5%</b>	<b>5.5%</b>
Mortgage loans	11 377	11 803	3.7%	5.5%
Other loans to individuals	1 668	1 703	2.1%	5.4%
<b>II. Loans to companies</b>	<b>9 513</b>	<b>9 921</b>	<b>4.3%</b>	<b>6.6%</b>
<b>III. Public sector</b>	<b>1 823</b>	<b>1 816</b>	<b>(0.4%)</b>	<b>(1.8%)</b>
<b>Total loans</b>	<b>24 381</b>	<b>25 243</b>	<b>3.5%</b>	<b>5.4%</b>
Note:				
Loan portfolio net of impairments	23 987	24 775	3.3%	5.6%

**Total loan portfolio** market share

**10.5%**  
(August 2020)

## Loans to Customers (quarterly evolution)



## Support to Families and Companies

- BPI implemented loan moratoria for families and companies
- Operationalisation of **state guaranteed credit lines to support companies** in the context of the pandemic. BPI advanced up to **20% of the approved amount**.
- **Maintenance of all outstanding credit line contracts** until 30 September 2020, keeping interest rates unchanged

# Moratoria and support credit lines COVID-19

## Moratoria<sup>1)</sup>

(30 September 2020)

	Housing loans	Personal loans and car finance	Companies	TOTAL
# requests approved	33.3 th.	25.4 th.	19.1 th.	77.8 th.
# contracts	43.0 th.	32.2 th.	33.4 th.	108.6 th.
Loan amount (M.€)	2 721	388	3 018	6 127
as % of the segment loan portfolio	23%	28%	26%	24%
% performing of loan moratoria	98.9%	99.0%	98.3%	98.6%

## Public support credit lines COVID-19

30 September 2020

# Applications **7 973**

Loan amount (M.€) **704 M.€<sup>2)</sup>**

Credit grant by BPI and credit approved / under analysis by SGM

## BPI offer to Companies

30 September 2020

Amount available of approved credit lines **3 012 M.€**

1) Includes COVID-19 renegotiations (bank's initiative moratoria). Breakdown by type of moratoria.

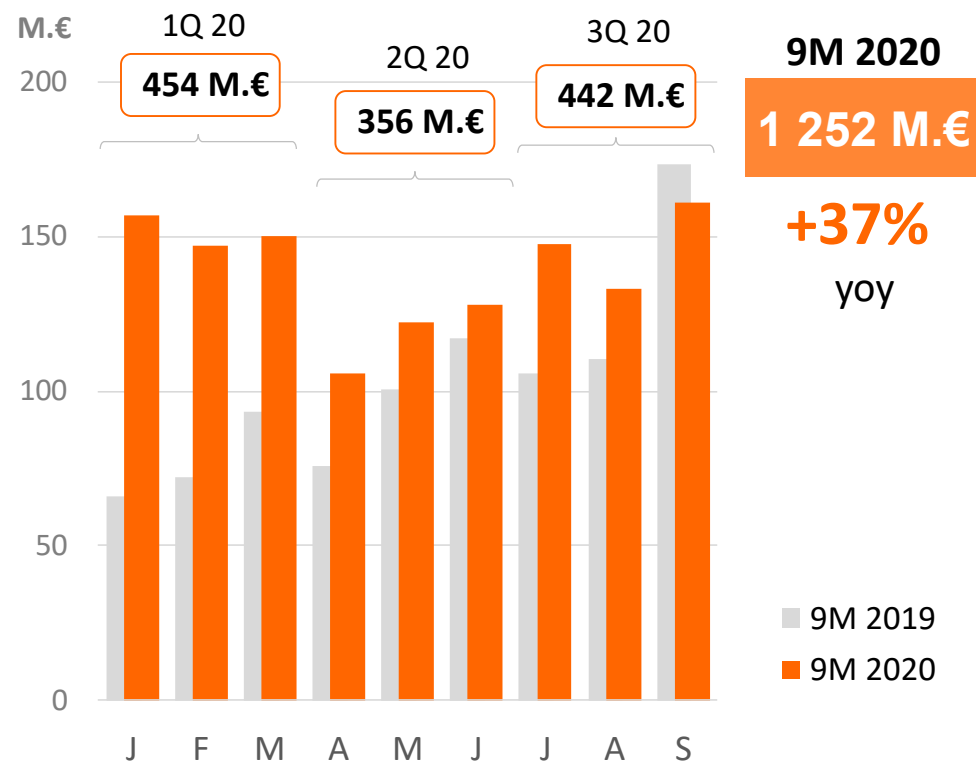
2) Of which 591 M.€ already signed by BPI.



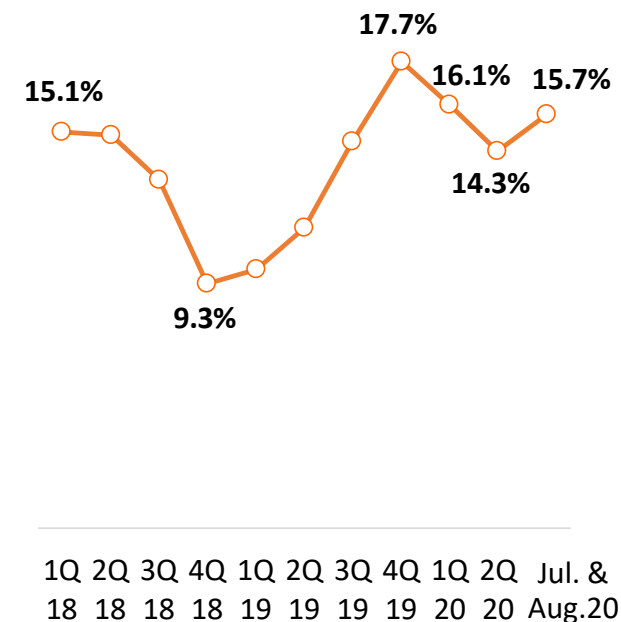
# Mortgage loan origination increases 37% yoy and market share gain

## MORTGAGE LOANS

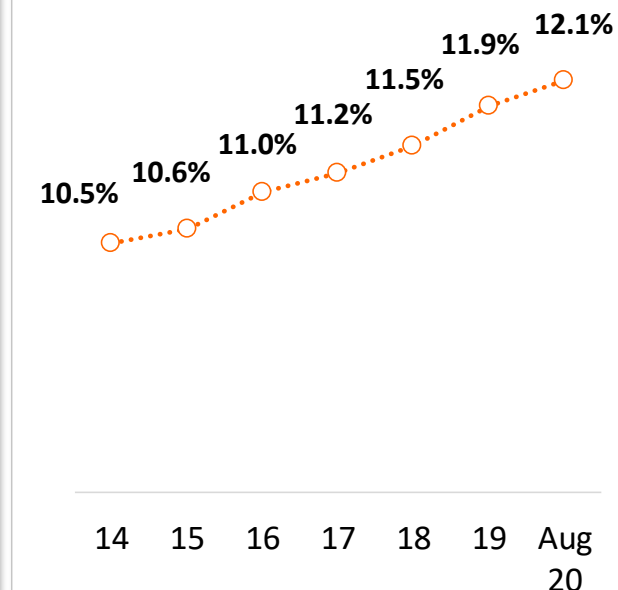
### Loan origination



### Market share in origination



### Market share in loan portfolio

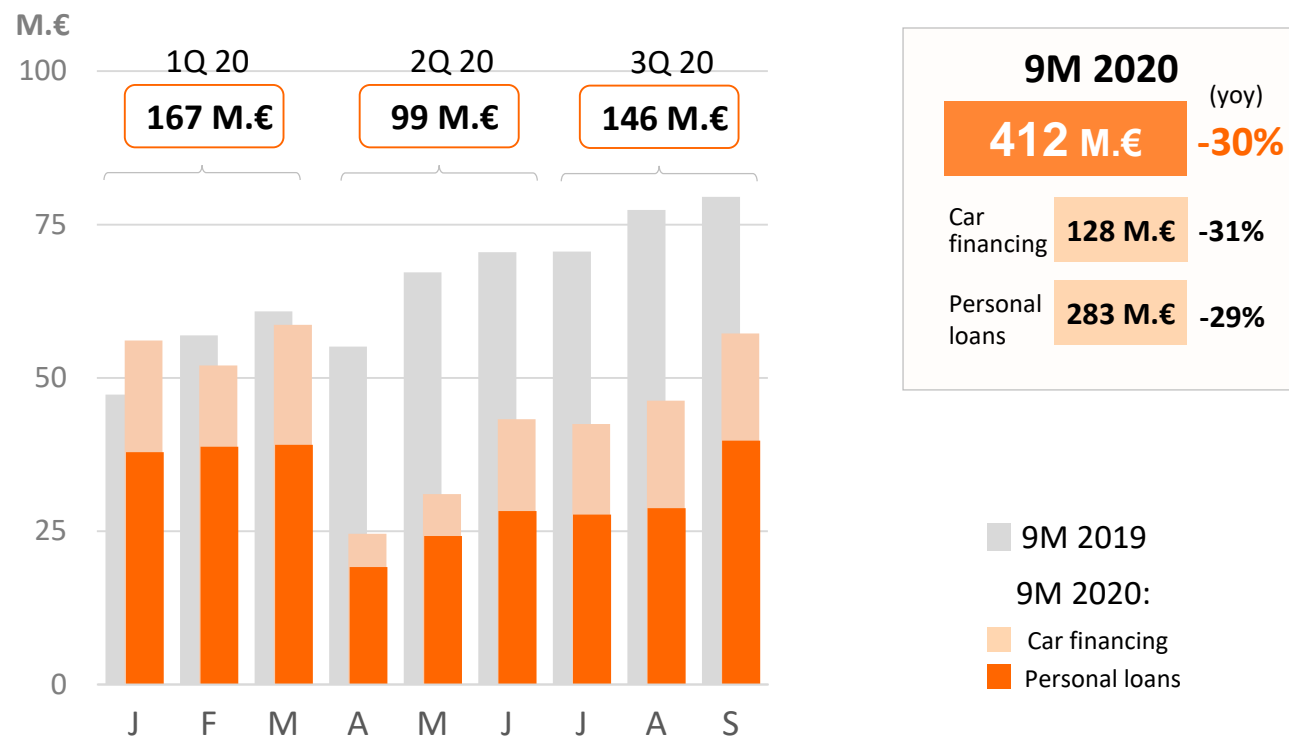




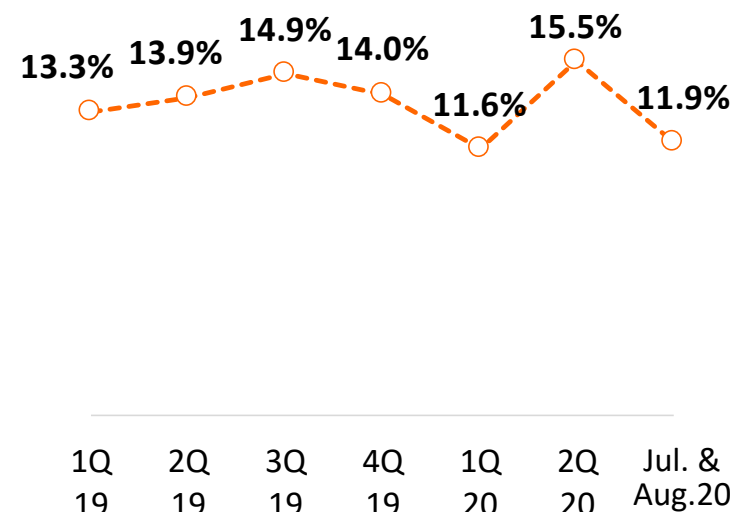
# Personal loans and car financing gradually recovering after confinement

## PERSONAL LOANS AND CAR FINANCING

### Loan origination



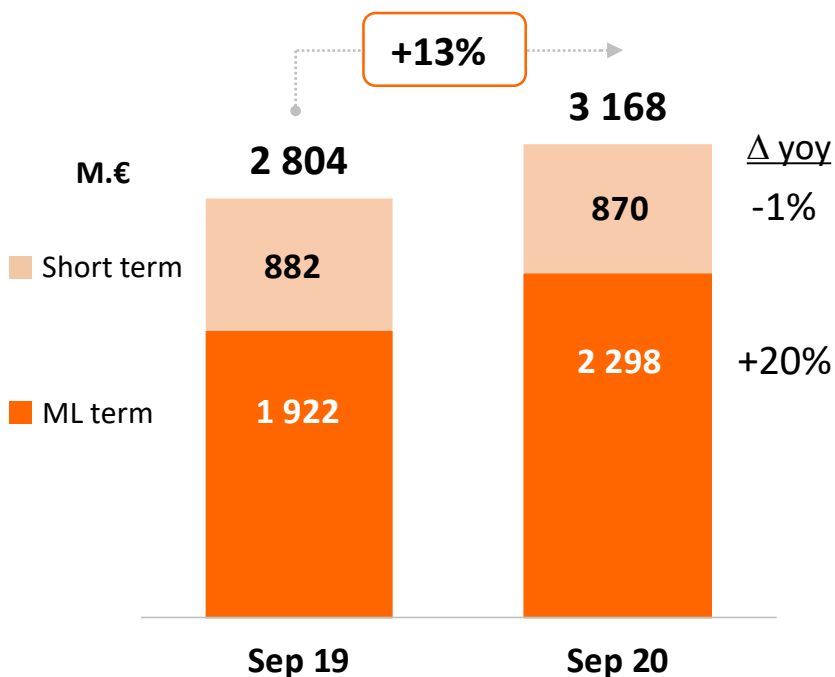
### Market share in personal loan origination



# BPI, a Bank that #Gives More Value to Companies

## Loan origination <sup>1)</sup>

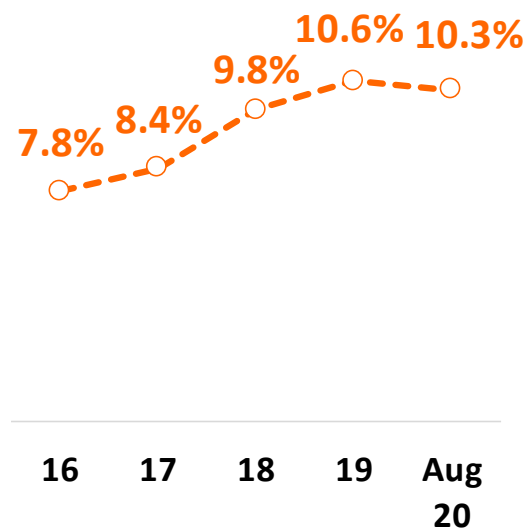
NEW LOANS (ST and MLT)



Companies and small businesses

## Market share

Companies and Small Businesses loan portfolio



Source: BPI and BoP,  
Loans to resident non-financial corporations.

## New support credit lines COVID-19

Operationalisation of new support credit lines launched in the 3<sup>o</sup> quarter

**1000 M.€ SUPPORT TO MICRO AND SMALL COMPANIES**

12% allotted to BPI

*Linha de Apoio à Economia COVID-19-MPE*



**20 M.€ SUPPORT TO MADEIRA ISLAND COMPANIES**

(no allotment)

*Linha Apoiar Madeira 2020*



**165 M.€ SUPPORT TO SOCIAL ECONOMY**

(no allotment)

*Linha de Apoio ao Setor Social Covid-19*



**400 M.€ SUPPORT TO COMPANIES**

12% allotted to BPI

*Linha de Apoio às Médias Empresas, Small Mid Caps e Mid Caps*



# Activity in the Agriculture and Tourism segments

## BPI, the ever-present partner



### 9th edition of the National Agriculture Award

Applications until 30 October [www.premioagricultura.pt](http://www.premioagricultura.pt)

- Award promoted by **BPI** in partnership with **Cofina** and institutional support from the **Ministry of Agriculture, Forestry and Rural Development**
- Main national award for the award of a **Seal of Trust and Excellence to the best in Portugal** in the agriculture sector



### 2nd edition of the National Tourism Award

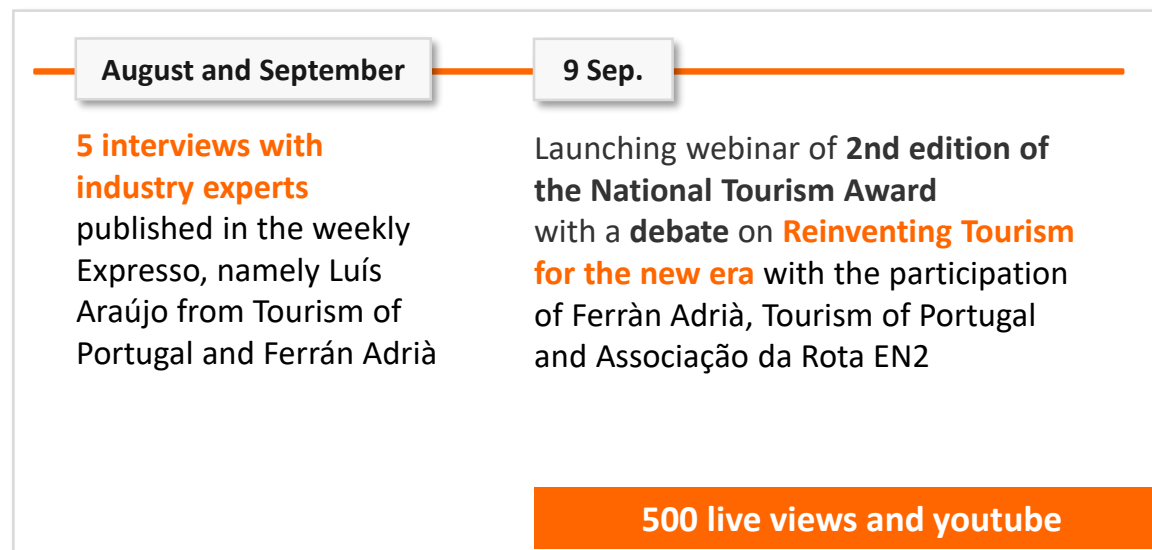
**401 projects submitted**

- Award promoted by **BPI** in partnership with **Expresso** and institutional support from the **Ministry of Economy**
- Main national award, to reward the **best companies and the best projects** that have stood out in the tourism sector

## Agriculture



## Tourism



# BPI, a Bank that #Gives More Value to Families and Businesses

## Simplification and greater accessibility in the relationship with Customers

### Day to Day

"Conta Valor" account, Commerce account, cards, transfer, App BPI and housing loans



#### + Innovation to Simplify Customers' Day to Day

- Maximizing the use of the New contact platform between manager and Client, for exchanging quick messages and documents
- New Products and Services available on Digital channels
- Subscription to BPI Net and BPI APP totally digital



### Sleep peacefully

Life and non-life insurance and security alarm solutions

**More Information and Simplification of the Insurance process** with Insurance Information and claims reporting on the Online channels.



**Protection and Safety Campaigns,** with offers to Customers.

### Enjoy life

Consumer loans, car financing and renting

**Non-financial products** available in the **new contact platform with Clients.**

**Credit Campaign with exemption of the credit opening commission.**  
Savings up to 450€.

Soluções de Crédito Pessoal BPI

**INVISTA NOS SEUS PROJETOS.**

Isenção da Comissão de Abertura de Crédito (até € 450) para contratos celebrados até 30 setembro de 2020 (voucher crédito para aplicação de produtos de prestígio).

SAIBA MAIS >



### New Product

Launch of the **Personal Credit for home improvements**

# BPI, a Bank that #Gives More Value to Families and Businesses

## Innovation, improving Service and strengthening the Value Proposition

inTouch



A growing  
service

Acceptance  
rate **97%**

**New model** of omnichannel  
relationship with Customers,  
through a **Personalized  
Remote Manager**  
(launched on 31 Jan. 20)

### Premier



Improvement in  
**Advised Sales and  
Consulting Services**

### Planning for the future

*Savings, investments and retirement savings plans*

Strengthen the  
**Advised Sales Service  
at the Retail Branches**

### Businesses

PROTEJA  
O SEU NEGÓCIO.



Strengthen the **Value Proposition**  
for Businesses and Small Companies

### Financing

Launch of **Micro and Small  
Companies credit line**, to  
support Businesses



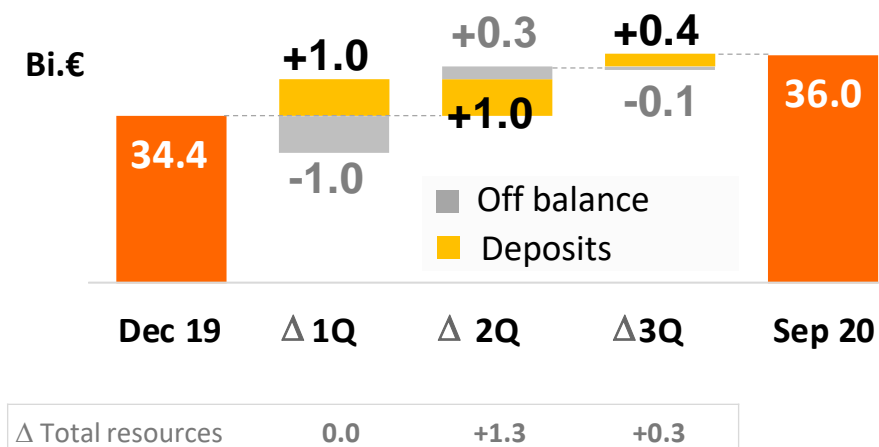
# Total customer resources increased 1.6 Bi.€ YtD (+4.6%)

- Customer deposits increased 2.3 Bi.€ YtD (+9.9%)

## Customer resources

In M.€	Dec 19	Sep 20	YtD	YoY (Sep.20/Sep.19)
<b>I. Customer deposits<sup>1)</sup></b>	<b>23 015</b>	<b>25 287</b>	<b>9.9%</b>	<b>11.5%</b>
<b>II. Assets under management</b>	<b>9 797</b>	<b>9 266</b>	<b>-5.4%</b>	<b>-3.2%</b>
Mutual funds	5 245	4 926	-6.1%	-3.4%
Capitalisation insurance	4 552	4 340	-4.7%	-3.0%
<b>III. Public offerings</b>	<b>1 569</b>	<b>1 402</b>	<b>-10.7%</b>	<b>-16.1%</b>
<b>Total</b>	<b>34 382</b>	<b>35 954</b>	<b>4.6%</b>	<b>6.0%</b>

## Customer resources (quarterly evolution)



## Market shares

	Aug. 20
Deposits	10.5%
Mutual funds <sup>2)</sup>	10.7%
Capitalisation insurance	16.5%
Retirement savings plans	11.3%

# BPI in the lead of digital banking

## Increased proximity to Customers and Digital Sales

### More Digital Clients

Growth with focus on mobile

**+68 th.** active users  
of BPI App  
Δ yoy

**74%** digital clients  
(individuals)  
using BPI App

### Increased proximity to Clients

Increase in digital interactions

**14.4 Millions** Logins (68% in mobile)  
+20% Δ yoy  
(in the month of Sep.20)

**97%** of transactions performed on  
digital channels (Net, Mobile or ATM)

### Increase in Digital Sales

Growth in sales on the digital channels

**+40%** in sales in Digital Channels  
Δ yoy (Jan.-Sep. 20)

with increasing weight of digital sales in Personal Loans,  
Credit Cards, Savings and Non-financial Products

### Digital channels penetration

Individuals

**# 2**

**"Net+Mobile" penetration**  
(BASEF, Sep.20) <sup>1)</sup>

Companies

**# 1**

**Market share in  
Net and Mobile banking**  
(DATAE 2020) <sup>2)</sup>



### High Client Satisfaction

Individuals

**# 1**

**Digital Channels satisfaction**  
(CSI Banca, 1st Wave 2020) <sup>3)</sup>

Companies

**# 2**

**Internet Banking satisfaction**  
(DATAE 2020) <sup>2)</sup>



# Innovation and Transformation in Digital Channels

## Development and launch of new solutions

New in  
2020



### Digital Sales new solutions

- Launch of **BPI Vida Familiar** insurance
- Extending the offer of **Retirement Savings Plans**
- Increase in limits of **Immediate Credit** product
- Subscription of **Account Valor BPI** and **BPI Automóvel** offer

### New solutions for Companies

- Launch and evolution of **iFactoring** solution
- **BPI Drive** - online access for dealers
- Solutions for **Digital Signature Validation** (Citizen Card, Digital Mobile Key and Electronic Certificate)

### Reinforcement of Digital Service

- Evolution of **personal finance management**
- Increase in **digital documentation**
- **Remote subscription** to digital channels
- Extending the **Secure Communication** between Client and Manager
- **Loan moratoria** applications



# A safe Bank, always available to Customers

## Physical distribution network



**In operation** (30 Sep. 20)

**98%** Branches and Premier Centres

> 86% during the pandemic period

>94% since beginning of June

**100%** Corporate Centres



**#1** bank  
to get **COVID SAFE**  
trademark from  
**APCER**

## EMPLOYEES in telework from home (30 Sep. 20)

**5%** in the commercial networks

**48%** in central services

Progressive return to the Bank's  
premises in central services

**24%** TOTAL

Verification of the implementation of the  
pandemic control, determined by the health and  
labour authorities, in the Commercial Network  
and Central Premises.

# Resilience of net interest income in a negative interest rate environment

## Gross income in the activity in Portugal

In M.€	Sep 19	Sep 20	Δ%
Net interest income	326.1	330.8	+ 1.4%
Dividends and equity accounted income	17.9	16.0	- 10.8% <sup>1)</sup>
Net fee and commission income	192.5	177.5	- 7.8%
<b>COMMERCIAL BANKING GROSS INCOME</b>	<b>536.5</b>	<b>524.2</b>	<b>- 2.3%</b>
Gains/(losses) on financial assets and liabilities	2.8	-7.6	
Banking sector contribution and additional solidarity levy <sup>2)</sup>	-11.7	-18.8	
Other net income	-9.0	-7.6	
<b>Gross income</b>	<b>518.5</b>	<b>490.3</b>	<b>- 5.4%</b>



Growth in loan volumes



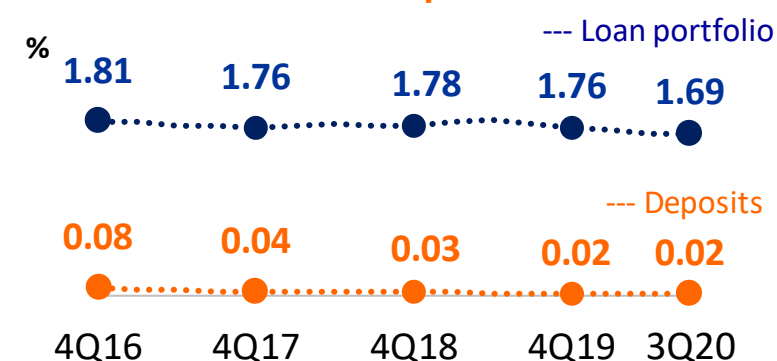
ALCO management



Intermediation margin narrowing

## Yields on customer loans and cost of deposits

(quarterly average yield; in %)

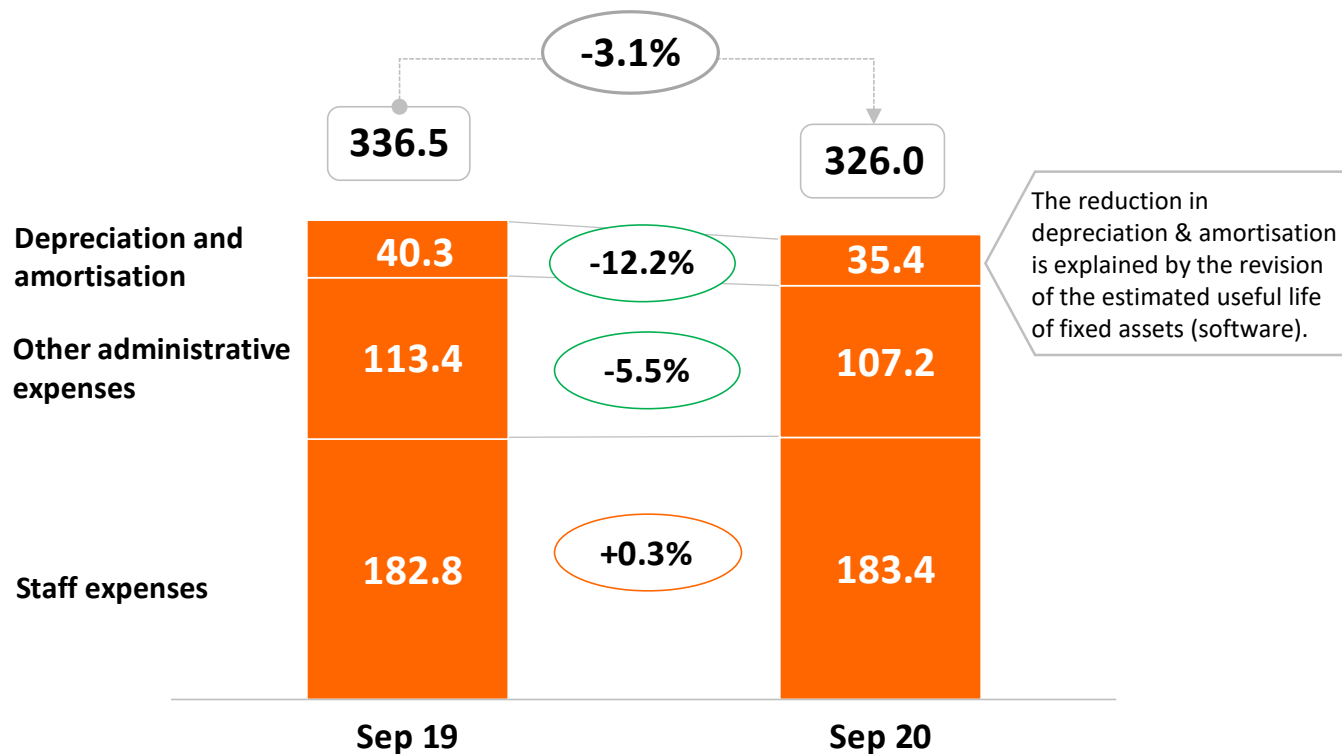


Intermediation margin

1.73	1.72	1.75	1.74	1.67
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# Operating expenses decreased 3.1% yoy

## Operating expenses, M.€



## Staff

No.	Dec.19	Sep.20	<u>Δ ytd</u>	<u>Δ qoq</u>
Staff	4 840	4 766	-74	-51

## Distribution network

No.	Dec.19	Sep.20	<u>Δ ytd</u>	<u>Δ qoq</u>
Retail branches	406	365	-41	-12
Premier Centres	36	29	-7	-7
Mobile branch	1	1		
Corporate Centres	34	34		
<b>Distribution network</b>	<b>477</b>	<b>429</b>	<b>-48</b>	<b>-19</b>

# Core cost-to-income of 59.9% in September 2020

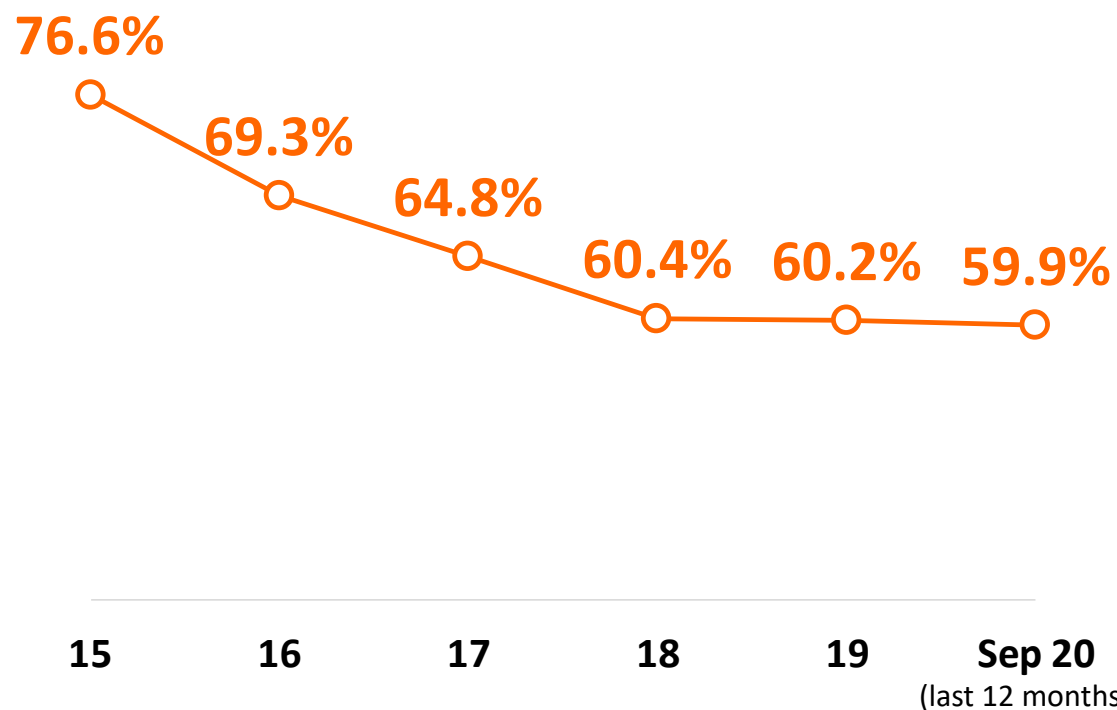
## Core cost-to-income

**59.9%**

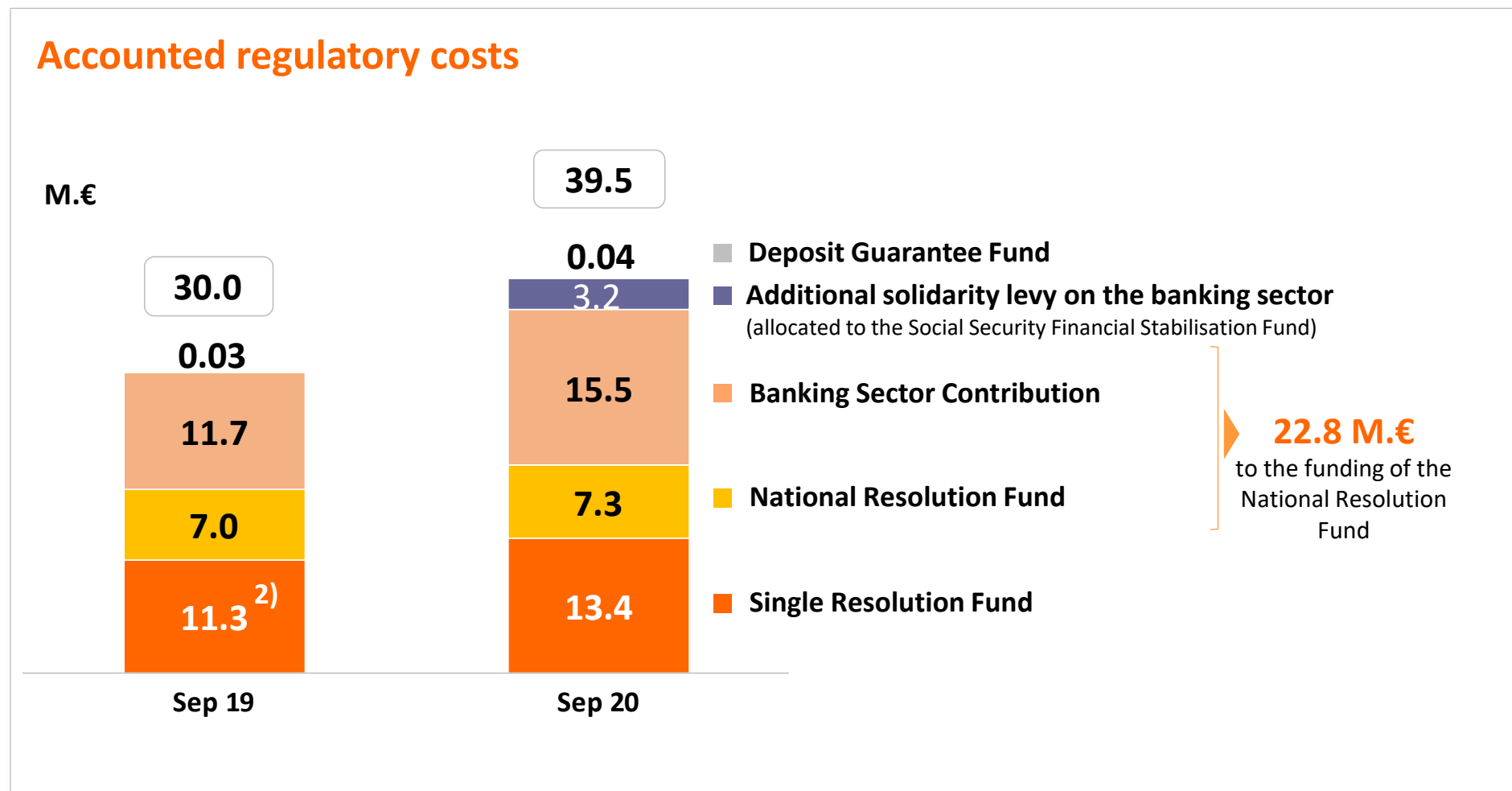
Sep.20 (last 12 months)

## Core cost-to-income

(Recurrent operating expenses as % of commercial banking gross income)



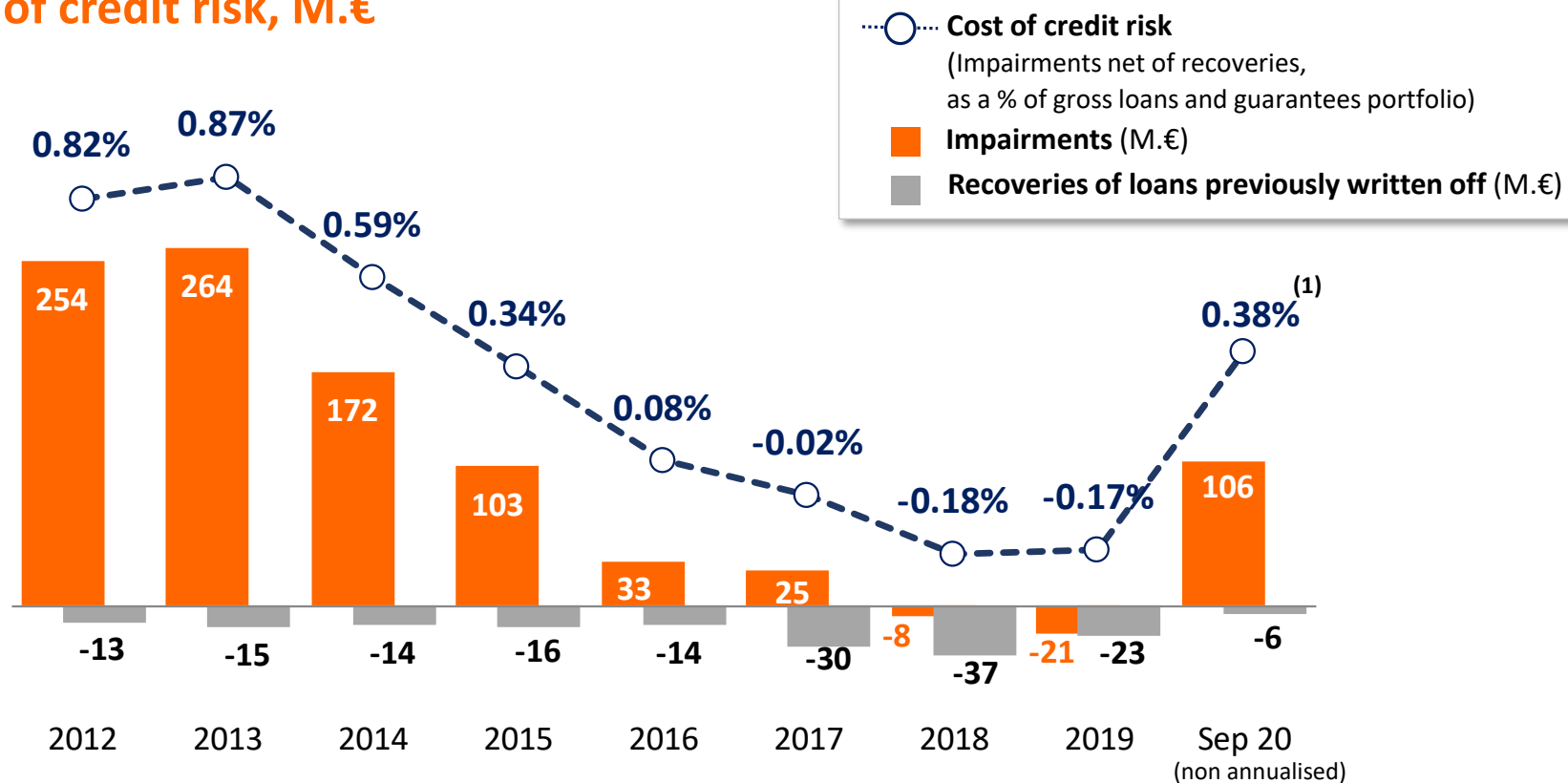
# Regulatory costs of 39.5 M.€ in September 2020<sup>1)</sup>



# Loan impairments net of recoveries of 100 M.€ (September 2020)

## Evolution of cost of credit risk, M.€

- Loan impairments of 106 M.€ in Sep. 2020 includes **47.5 M.€ of non-allocated impairments** resulting from the updated macroeconomic scenario due to Covid19



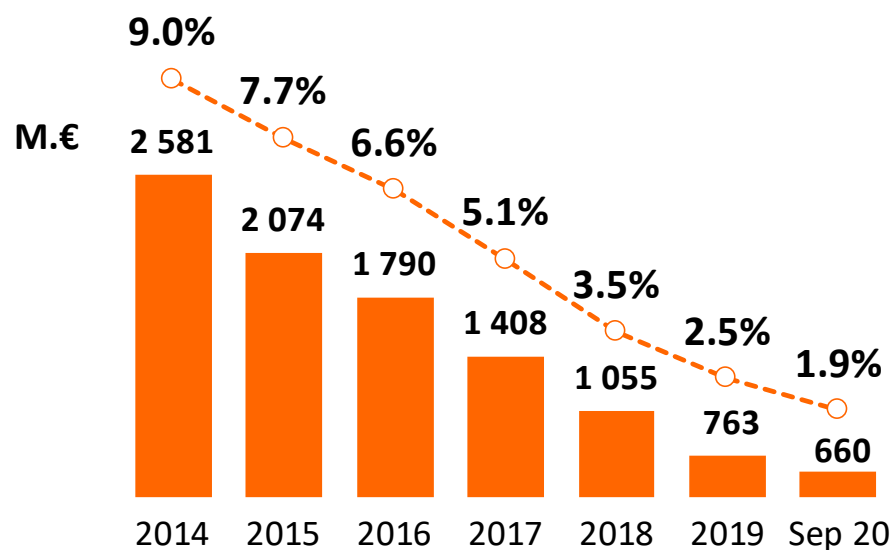
Loan impairments  
net of recoveries (M.€)

2012	242	249	158	87	19	(5)	(45)	(43)	100
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# NPE ratio of 1.9% and NPL ratio of 2.3%

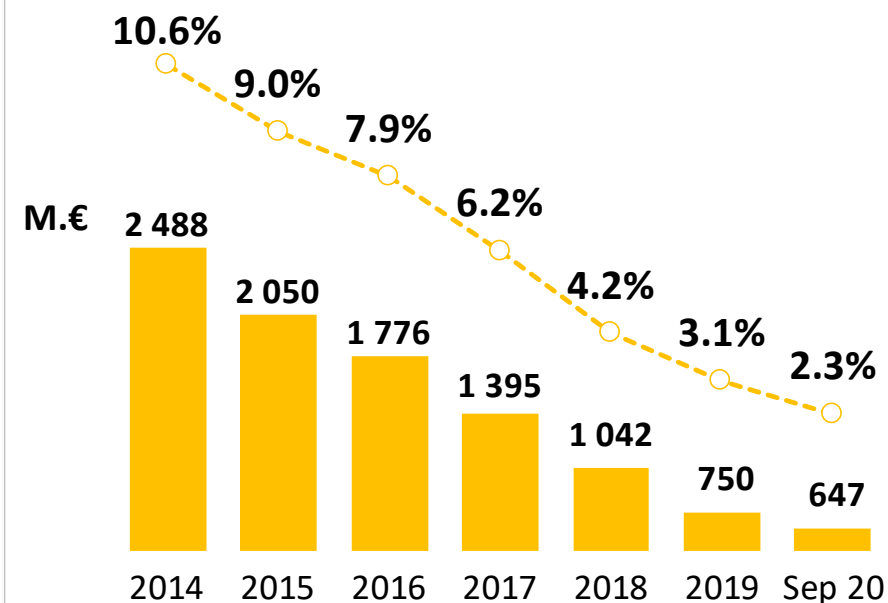
## Non-Performing Exposures - NPE (EBA criteria)



### Coverage:

by impairments	38%	43%	39%	43%	53%	54%	74%
by impairments and collaterals	110%	117%	127%	124%	138%		

## Non-Performing Loans - NPL (EBA criteria)



39%	44%	40%	43%	54%	55%	76%
110%	118%	127%	124%	139%		

# Employees pension liabilities covered by 96%

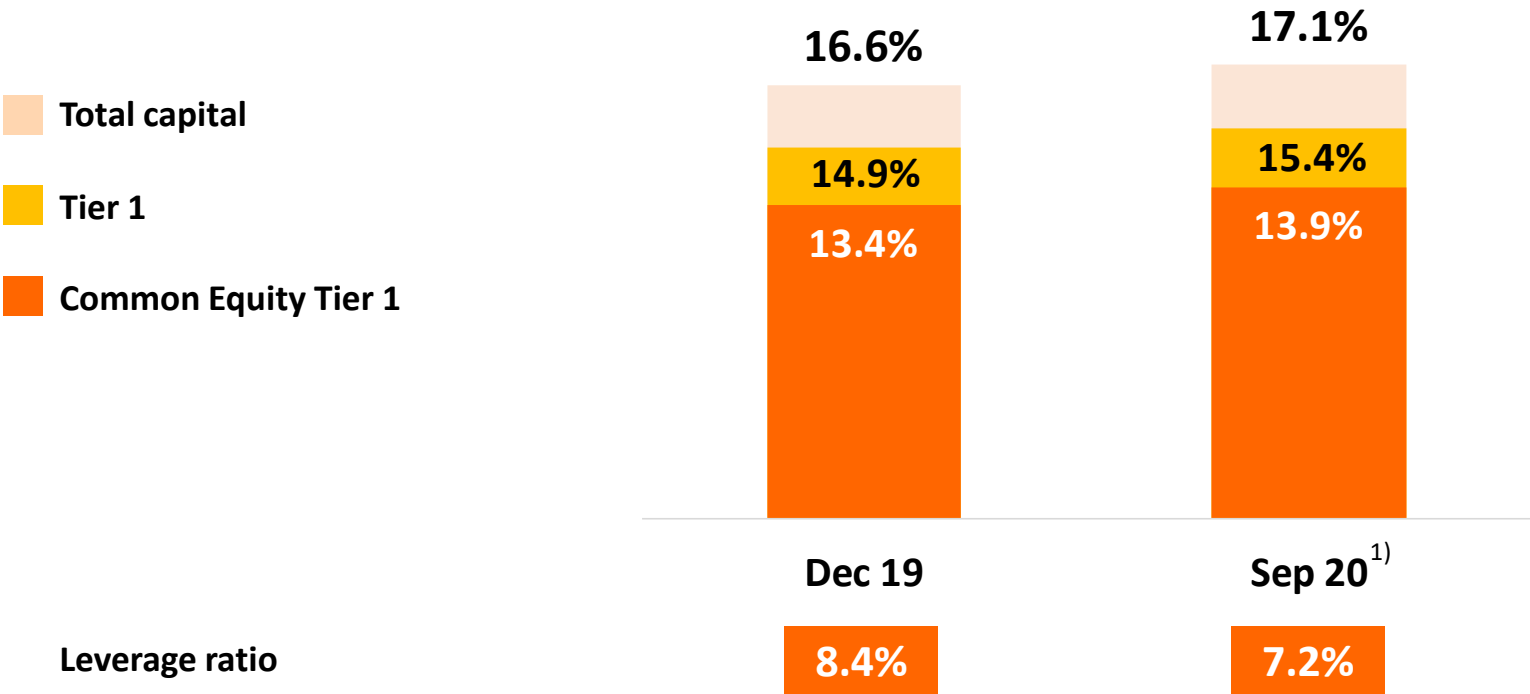
## Employees pension liabilities

M.€	Dec 19	Mar 20	Jun 20	Sep 20
Total past service liability	1 804	1 645	1 759	1 796
Net assets of the pension funds	1 767	1 643	1 707	1 719
Level of coverage of pension liabilities	98%	100%	97%	96%
Pension funds return <sup>1)</sup>	12.6%	-6.6%	-2.1%	-0.8%
Discount rate	1.34%	1.85%	1.43%	1.29%

Actuarial deviations (M.€)	1Q 20	2Q 20	3Q 20	2020
Income from investment portfolio	(123)	+72	+17	(33)
Change in the discount rate	+152	(123)	(44)	(15)
Actuarial deviations	+30	(51)	(26)	(48)

# Solid capital position

## Consolidated capital ratios



Capital ratios in September 2020 are deducted from Banco BPI's 2019 dividend (117 M.€) whose payment was suspended in April.

## Capital requirements (SREP)<sup>2)</sup>

	In 2020
Total capital	12.875%
T1	10.375%
CET1	8.50%
Buffer MDA <sup>3)</sup>	4.3%
Leverage <sup>4)</sup>	3.0%

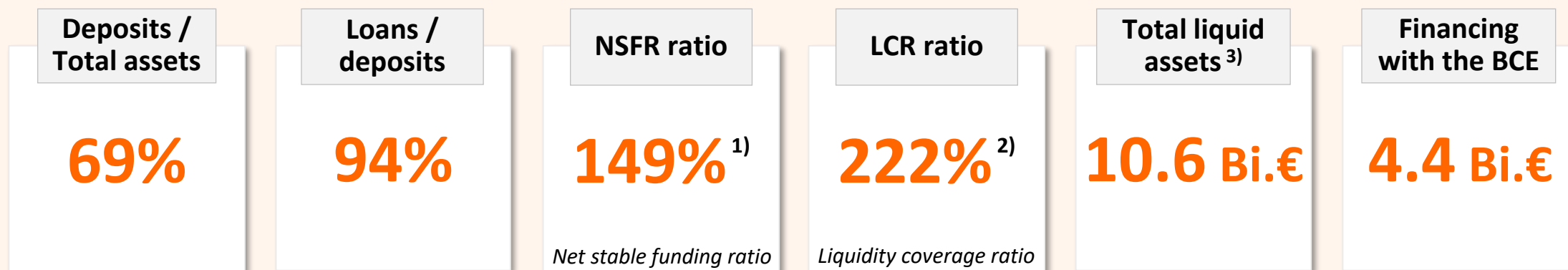
2) Excludes Pillar 2 Guidance and reflects changes in the composition of Pillar 2 Requirement.  
3) Capital buffer without limitations on results distribution.  
4) Regulatory minimum from June 2021.

1) Capital ratios with the phasing-in of IFRS9 implementation (impact +0.2 p.p.), including the net income in September 2020 and assuming an earnings distribution according to the upper limit of the long-term dividend policy. The phasing-in capital ratios in September 2020 calculated for the purposes of prudential reporting COREP (excluding the net income for the period) are: CET1 of 13.6%, Tier 1 of 15.1% and total capital ratio of 16.8%.

## Balanced funding structure and comfortable liquidity position

- Customer resources constitute the main source of financing of the balance sheet

30 September 2020



# BPI's quality, innovation and dedication to Customers continue to be publicly distinguished

IN 2020

**"Consumer Choice"** Award (Best Large Bank), **"Five Stars"** Award (Best Large Bank) and **Portuguese Most Trusted Banking Brand**, for the 7th consecutive year. This is the first time a bank earns the three awards simultaneously.

**"Brand of Excellence" Superbrands**, for the 7th consecutive year.

**Best Private Bank for Portfolio Management Technology in Europe**, assessing the impact of BPI's digital transformation on Customer Relationship and Wealth Management services.

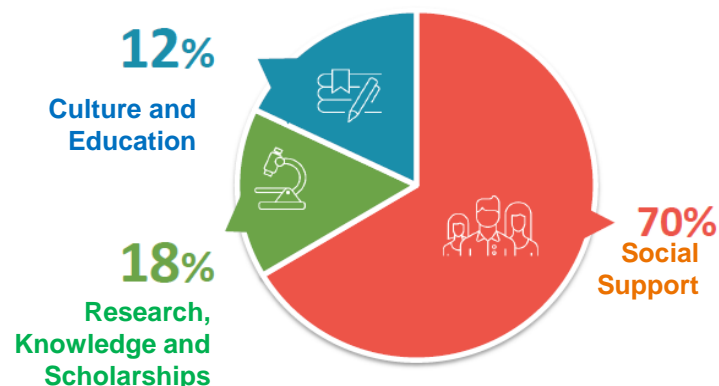
**Best Agile Leadership** Award, in the category "Leadership", from the World Agility Forum.



# BPI and "la Caixa" Foundation reinforce their social action in projects aimed at helping people and the most needy sectors

"la Caixa" Foundation budget  
for 2020: 30 M.€

+ 55% vs 2019



Expects to reach a budget of **50 M.€**  
when all programs are implemented  
and fully operational



## Social Support

Humaniza Programme  
Incorpora Programme  
Proinfância Programme  
Promove Contest  
BPI "la Caixa" Awards  
Volunteering BPI "la Caixa"  
Award Reviewers  
Volunteering CooperantesCaixa  
Decentralised Social Initiative  
Pauleta Foundation  
Global Platform for Syrian Students



## Research, Knowledge and Scholarships

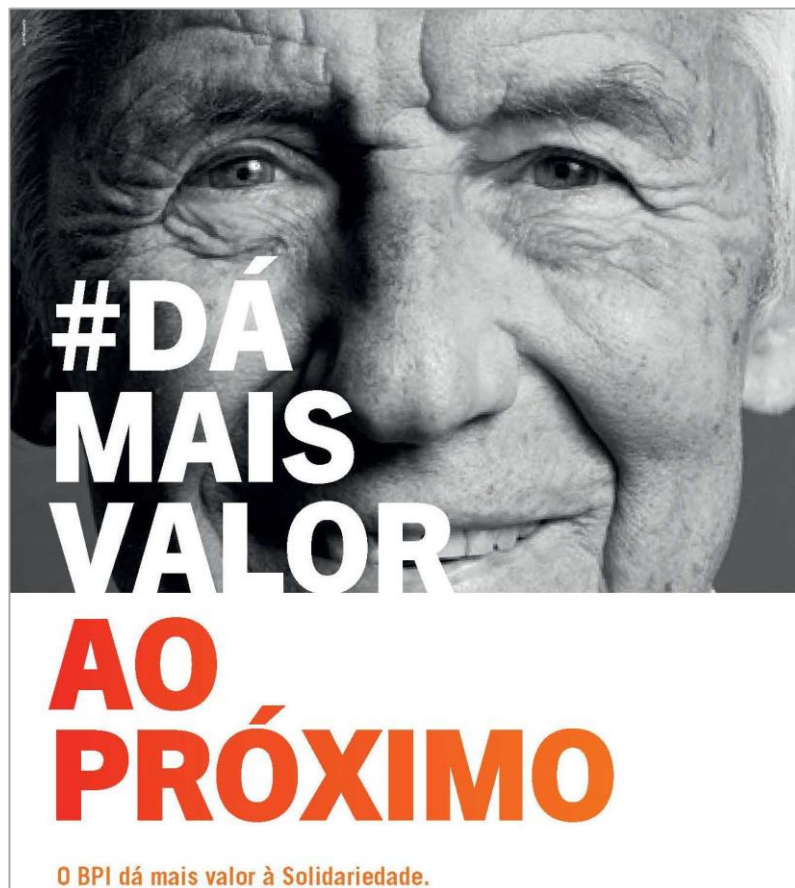
Health research  
CaixaImpulse  
Scholarships  
Research in Social Sciences  
Social Equity Initiative-Nova SBE



## Culture and Education

Creativity, Itinerant Exhibitions,  
Participatory and School Concerts,  
"Desafio Empreende"  
Serralves Foundation  
Casa da Música  
National Museum of Ancient Art  
Natural History and Science Museum  
of the University of Porto  
Museum of Contemporary Art of Elvas  
Orchestra XXI  
Casa de São Roque  
"Orquestra Sem Fronteiras"  
Caramulo Museum  
Creation Support Programme  
Partis Contest - Art for Change

# 3,75 M.€ to improve the quality of life of people in situation of social vulnerability through the 2020 BPI "la Caixa" Awards



## 5 BPI "la Caixa" 2020 awards

- **Childhood** - Children and Adolescents (since 2019)
- **Solidary** - Youth and Adults (since 2016)
- **Seniors** - People aged over 65 years (since 2013)
- **Capacitar** - People with disabilities (since 2010)
- **Rural** - Social activities in rural areas (since 2019)

In the last 10 years:

26 editions

17.3 M.€

591  
projects

Support to  
138 000  
people



# BPI has investment grade ratings for LT debt and deposits

Investment Grade

Non-Investment grade

**S&P Global** (Long Term Debt / Issuer Credit Rating)

... AA-, AA, AA+ e AAA

A+
A
A-
BBB+
BBB Portugal BPI Bank 1
BBB-
BB+ Bank 2
BB
BB-
B+
B
B-
CCC+

... CCC, CCC-, CC, C e D

**MOODY'S** (Long Term Debt / Issuer rating)

... Aa2, Aa1 e Aaa

Aa3 BPI Mortgage bonds
A1
A2
A3
Baa1 BPI Deposits LT
Baa2
Baa3 Portugal BPI Bank 1
Ba1 Bank 2 Bank 3
Ba2
Ba3
B1
B2
B3
Caa1 Bank 4
Caa2 Bank 5

... Caa3, Ca e C

**FitchRatings** (Issuer Default Rating)

... AA-, AA, AA+ e AAA

A+
A
A-
BBB+ Bank 1 BPI Deposits LT Senior debt LT
BBB Portugal BPI
BBB-
BB+ Bank 3
BB Bank 2
BB-
B+
B
B- Bank 4
CCC+

... CCC, CCC-, CC, C e D



(Long-Term Debt / Issuer Rating)

... AA, AA (high), AAA

AA (low) BPI Mortgage bonds
A (high)
A Bank 1
A (low)
BBB (high) Portugal
BBB Bank 3
BBB (low) Bank 2
BB (high)
BB
BB (low)
B (high) Bank 5
B Bank 4
B (low)
CCC (high)

... CCC, CCC (low), CC (high), CC, CC (low), C (high), C, C (low), D

- **S&P** (20 Oct.20) reaffirmed **BPI** and its **long term senior debt** rating of **BBB**, with Stable outlook.
- **Moody's** (11 Mar.20) upgraded **BPI** and its **long term senior debt** rating from **Ba1** to **Baa3** and reaffirmed its **LT deposits** rating at **Baa1**. The ratings outlook is Stable.
- **Fitch** (19 Oct.20) reaffirmed BPI's **LT senior debt** and **LT deposits** ratings of **BBB+** and **BPI** rating of **BBB**, with Negative outlook.

# BPI results in September 2020

## Commercial activity in Portugal

**Loan portfolio**  
**+861 M.€**  
**+3.5%**

Sep. 20, ytd

**Customer deposits**  
**+2 271 M.€**  
**+9.9%**

Sep. 20, ytd

**Net interest income**  
**+1.4%**

9M 20, yoy

**Digital Banking**  
 Regular users  
**701 th.**  
**+5%**

Sep. 20, yoy

## Risk and capitalisation

**NPE**  
**1.9%**

Sep.20

**NPE coverage**  
**138%**

(by impairments and collaterals)

set.20

**Cost of credit risk**  
**0.38%**

((% of gross loans and guarantees, non-annualised)

9M 20

**CET1 13.9%**

**T1 15.4%**

**Total 17.1%**

Phasing-in<sup>1)</sup>, Sep.20

## Profitability and efficiency

**Net profit in Portugal**  
**47.4 M.€**  
**-69%**

9M 20, yoy

**ROTE**  
**in Portugal**  
**4.3%**

Recurrent  
 (last 12 months until Sep.20)

**Cost-to-income**  
**in Portugal**  
**59.9%**

(last 12 months until Sep.20)

**Consolidated net profit**  
**85.5 M.€**  
**-66%**

9M 20, yoy

1) With the phasing-in of IFRS9 implementation (impact +0.2 p.p.).

# Highlights of BPI results in September 2020

- **High commercial dynamism despite the adverse economic backdrop**

Significant increase in deposits, growth in loans and market share gains

- **Resilience of core operating income**

- **Reinforcement of loan impairments, which include non-allocated impairments** due to COVID-19

- **Digital transformation and innovation** to improve the quality of service and client experience



- **Adoption of several measures to support families and companies**

- **Reinforced social commitment, in cooperation with the "la Caixa" Foundation**

- **Strong financial position and strengthened liquidity position**

Solid solvency position, low risk profile, balanced funding structure and comfortable liquidity position



**BPI stands prepared to continue being the partner of families and companies and to support the recovery of the Portuguese economy**

# Results in September 2020

(unaudited accounts)



## Annexes

- Income Statements and Balance sheet in accordance with IAS / IFRS and consolidated indicators
- Reconciliation between BPI reported figures and BPI Segment contribution to CaixaBank Group
- Alternative performance measures

# Income Statement of the activity in Portugal

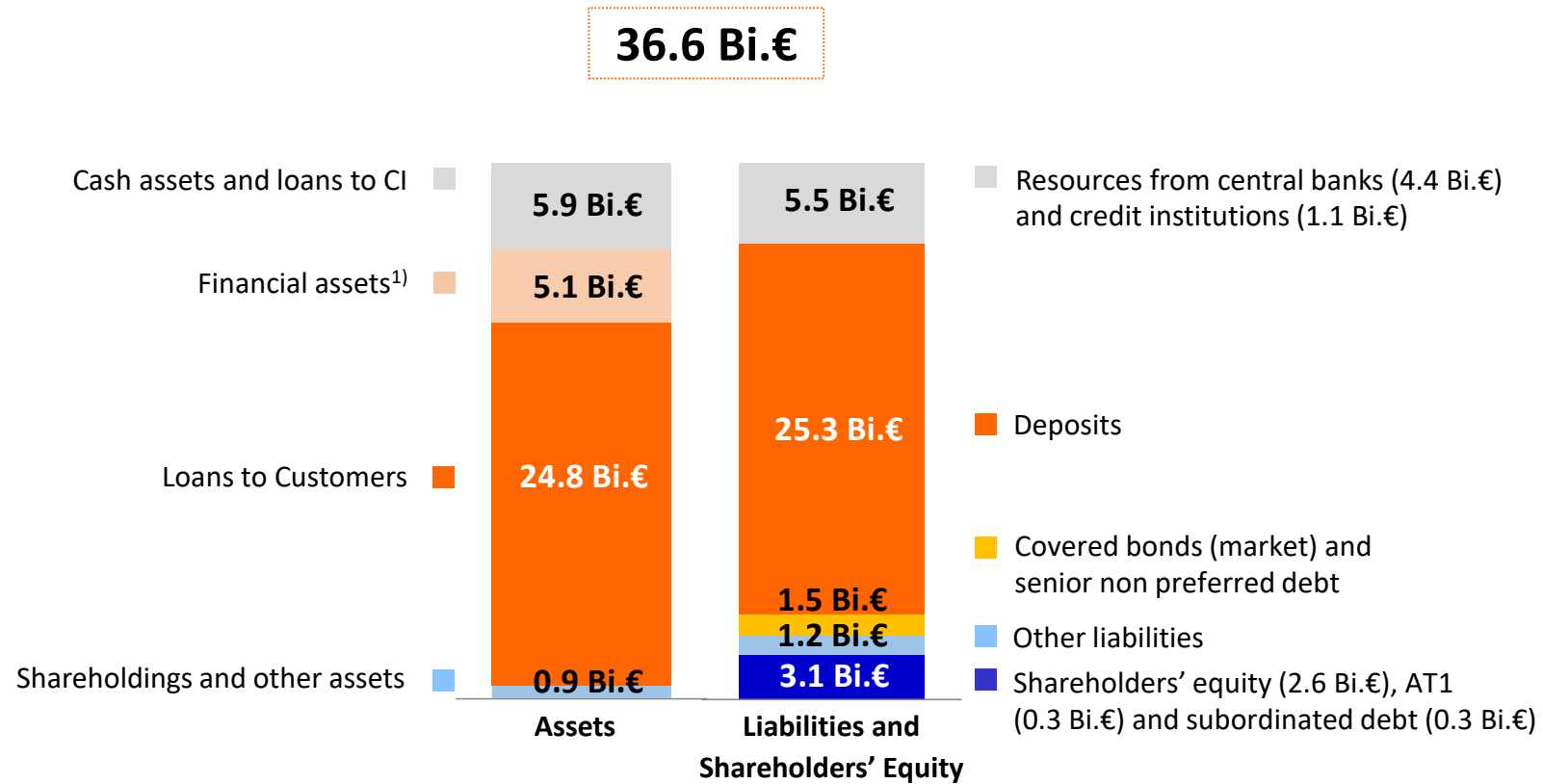
(unaudited)

In M.€	Sep 19 restated <sup>1)</sup>	Sep 20	Δ%
Net interest income	326.1	330.8	1.4%
Dividend income	2.4	2.1	-11.5%
Equity accounted income	15.6	13.9	-10.7%
Net fee and commission income	192.5	177.5	-7.8%
Gains/(losses) on financial assets and liabilities and other	2.8	(7.6)	-
Other operating income and expenses	(20.7)	(26.3)	-27.2%
<b>Gross income</b>	<b>518.5</b>	<b>490.3</b>	<b>-5.4%</b>
Staff expenses	(182.8)	(183.4)	0.3%
Other administrative expenses	(113.4)	(107.2)	-5.5%
Depreciation and amortisation	(40.3)	(35.4)	-12.2%
<b>Operating expenses</b>	<b>(336.5)</b>	<b>(326.0)</b>	<b>-3.1%</b>
<b>Net operating income</b>	<b>182.0</b>	<b>164.3</b>	<b>-9.7%</b>
Impairment losses and other provisions	18.5	(101.3)	-
Gains and losses in other assets	2.2	0.8	-61.5%
<b>Net income before income tax</b>	<b>202.7</b>	<b>63.9</b>	<b>-68.5%</b>
Income tax	(50.0)	(16.5)	-67.0%
<b>Net income</b>	<b>152.7</b>	<b>47.4</b>	<b>-69.0%</b>

# Balance sheet of the activity in Portugal

(unaudited)

(30 Sep. 2020)



# Consolidated income statement

(unaudited)

In M.€	Sep 19 restated <sup>1)</sup>	Sep 20
Net interest income	326.1	330.8
Dividend income	48.4	42.3
Equity accounted income	31.4	21.5
Net fee and commission income	192.5	177.5
Gains/(losses) on financial assets and liabilities and other	(5.2)	(15.6)
Other operating income and expenses	(25.3)	(29.6)
<b>Gross income</b>	<b>567.8</b>	<b>526.9</b>
Staff expenses	(182.8)	(183.4)
Other administrative expenses	(113.4)	(107.2)
Depreciation and amortisation	(40.3)	(35.4)
<b>Operating expenses</b>	<b>(336.5)</b>	<b>(326.0)</b>
<b>Net operating income</b>	<b>231.3</b>	<b>200.9</b>
Impairment losses and other provisions	18.5	(101.3)
Gains and losses in other assets	2.2	0.8
<b>Net income before income tax</b>	<b>251.9</b>	<b>100.4</b>
Income tax	1.6	(14.9)
<b>Net income</b>	<b>253.6</b>	<b>85.5</b>

## EARNINGS PER SHARE

	Sep 19	Sep 20
Earnings per share (€)	0.17	0.05
Average weighted nr. of shares (in millions)	1 457	1 457



# Consolidated balance sheet

(unaudited)

In M.€	Dec 19	Sep 20
<b>ASSETS</b>		
Cash and cash balances at central banks and other demand deposits	1 068.3	4 329.2
Financial assets held for trading, at fair value through profit or loss and at fair value through other comprehensive income	2 326.8	2 233.4
Financial assets at amortised cost	27 439.3	29 527.8
Of which:		
Loans to Customers	23 987.4	24 774.6
Investments in joint ventures and associates	247.2	248.2
Tangible assets	169.6	144.5
Intangible assets	65.8	78.5
Tax assets	272.5	264.7
Non-current assets and disposal groups classified as held for sale	14.6	9.0
Other assets	207.6	236.3
<b>Total assets</b>	<b>31 811.6</b>	<b>37 071.5</b>
<b>LIABILITIES</b>		
Financial liabilities held for trading	146.2	144.0
Financial liabilities at amortised cost	27 640.2	33 039.7
Deposits - Central Banks and Credit Institutions	2 777.1	5 424.7
Deposits - Customers	23 231.4	25 407.0
Debt securities issued	1 358.7	1 799.9
Memorandum items: subordinated liabilities	304.4	300.3
Other financial liabilities	273.0	408.1
Provisions	44.4	43.4
Tax liabilities	17.2	22.4
Other liabilities	527.4	578.4
<b>Total Liabilities</b>	<b>28 375.4</b>	<b>33 827.8</b>
Shareholders' equity attributable to the shareholders of BPI	3 436.1	3 243.7
Non controlling interests	0.0	0.0
<b>Total Shareholders' equity</b>	<b>3 436.1</b>	<b>3 243.7</b>
<b>Total liabilities and Shareholders' equity</b>	<b>31 811.6</b>	<b>37 071.5</b>

# Consolidated indicators

(unaudited)

According to Bank of Portugal Instruction no. 16/2004 with the amendments of Instruction 6/2018

	Sep 19	Sep 20
Gross income / ATA	2.4%	2.0%
Net income before income tax and income attributable to non-controlling interests / ATA	1.1%	0.4%
Net income before income tax and income attributable to non-controlling interests / average shareholders' equity (including non-controlling interests)	10.4%	4.0%
Staff expenses / Gross income <sup>1</sup>	32.2%	34.8%
Operating expenses / Gross income <sup>1</sup>	59.3%	61.9%
Loans (net) to deposits ratio	104%	98%

**NPE ratio and forborne** (according to the EBA criteria)

	Sep 19	Sep 20
Non-performing exposures - NPE (M.€)	978	660
NPE ratio	3.2%	1.9%
NPE cover by impairments	53%	74%
NPE cover by impairments and collaterals	124%	138%
Ratio of forborne not included in NPE <sup>2)</sup>	0.4%	0.5%

**"Crédito duvidoso" (non-performing loans)**, according to Bank of Spain criteria

	Sep 19	Sep 20
"Crédito duvidoso" (M.€)	987	716
"Crédito duvidoso" ratio	3.8%	2.7%
"Crédito duvidoso" cover by impairments	53%	68%
"Crédito duvidoso" cover by impairments and collaterals	116%	127%

<sup>1)</sup> Excluding early-retirement costs.

<sup>2)</sup> Forborne according to EBA criteria and considering the scope of prudential supervision. On 30 Sep. 2020, the forborne was 513 M.€ (forborne ratio of 1.3%), of which 181 M.€ was performing loans (0.5% of the gross credit exposure) and 332 M.€ was included in NPE (0.9% of the gross credit exposure).

# Reconciliation between BPI reported figures and BPI Segment contribution to CaixaBank Group

## Profit & loss account (Sep. 20)

In millions of euro (M.€)	Sep 20 reported by BPI	Consolidation, standardisation and net change in FV adjustments derived from the combination of businesses	Sep.20 BPI contribution to CABK Group	BPI segment	Equity investments and other segment
<b>Net interest income</b>	<b>331</b>	<b>(7)</b>	<b>324</b>	<b>327</b>	<b>(3)</b>
Dividends	42		42	2	40
Equity accounted income	21	(2)	19	12	7
Net fees and commissions	177	1	178	178	
Trading income	(16)		(16)	(8)	(8)
Other operating income & expenses	(30)	8	(22)	(22)	
<b>Gross income</b>	<b>527</b>	<b>(1)</b>	<b>526</b>	<b>489</b>	<b>37</b>
Recurrent operating expenses	(326)	(14)	(340)	(340)	
Extraordinary operating expenses					
<b>Pre-impairment income</b>	<b>201</b>	<b>(15)</b>	<b>186</b>	<b>149</b>	<b>37</b>
<b>Pre-impairment income without extraordinary expenses</b>	<b>201</b>	<b>(15)</b>	<b>186</b>	<b>149</b>	<b>37</b>
Impairment losses on financial assets	(100)	88	(12)	(12)	
Other impairments and provisions	(1)		(1)	(1)	
Gains/losses on disposals & others	1	2	3	3	
<b>Pre-tax income</b>	<b>101</b>	<b>74</b>	<b>175</b>	<b>138</b>	<b>37</b>
Income tax	(15)	(23)	(38)	(38)	
<b>Profit for the period</b>	<b>86</b>	<b>51</b>	<b>137</b>	<b>101</b>	<b>37</b>
Minority interests & other					
<b>Net income</b>	<b>86</b>	<b>51</b>	<b>137</b>	<b>101</b>	<b>37</b>

The difference between the earnings released by BPI and the earnings attributable to CaixaBank Group is largely a result of consolidation adjustments, standardisation adjustments and the net change in the fair value adjustments generated from the business combination.

Additionally, the BPI contribution to CaixaBank Group results is broken down into BPI segment and Investments segment contributions, the latter including the contributions from BFA and BCI.

## Loan portfolio & customer funds (Sep. 20)

September 20 In millions of euro (M.€)	Reported by BPI	Adjustments	BPI contribution to CABK Group (BPI segment)
<b>Loans and advances to customers, net</b>	<b>24 775</b>	<b>( 123)</b>	<b>24 652</b>
<b>Total customer funds</b>	<b>35 954</b>	<b>(4 348)</b>	<b>31 606</b>

The difference between BPI reported figures and those reported by CaixaBank for the BPI segment can largely be explained:

- in **Loans and advances to customers (net)**, by the associated fair value adjustments generated by the business combination at 30 September 2020 and consolidation adjustments (elimination of intra-group balances: BPI credit to CaixaBank Payments);
- in **Customer funds**, by the liabilities under insurance contracts and their fair value adjustments at 30 September 2020, as generated by the business combination, which have been reported in the banking and insurance business segment of CaixaBank following the sale of BPI Vida to VidaCaixa de Seguros y Reaseguros.

# Alternative Performance Measures – reconciliation of the income statement

The European Securities and Markets Authority (ESMA) published on 5 October 2015 a set of guidelines relating to the disclosure of Alternative Performance Measures by entities (ESMA / 2015 / 1415). These guidelines are to be obligatorily applied with effect from 3 July 2016.

In addition to the financial information prepared in accordance with the International Financial Reporting Standards (IFRS), BPI uses a set of indicators for the analysis of performance and financial position, which are classified as Alternative Performance Measures, in accordance with the abovementioned ESMA guidelines. The information relating to those indicators has already been the object of disclosure, as required by the ESMA guidelines.

In the current presentation, the information previously disclosed is inserted by way of cross-reference. A summarized list of the Alternative Performance Measures is presented next.

### Acronyms and designations adopted

<b>ytd</b>	<i>Year-to-date</i>
<b>yoy</b>	<i>Year-on-year</i>
<b>qoq</b>	quarter-on-quarter
<b>RCL</b>	Reclassified
<b>ECB</b>	European Central Bank
<b>BoP</b>	Bank of Portugal
<b>CMVM</b>	<i>Comissão do Mercado of Valores Mobiliários</i> (Securities Market Commission)
<b>APM</b>	Alternative Performance Measures
<b>IMM</b>	Interbank Money Market
<b>T1</b>	Tier 1
<b>CET1</b>	Common Equity Tier 1
<b>RWA</b>	Risk weighted assets
<b>TLTRO</b>	Targeted longer-term refinancing operations
<b>LCR</b>	Liquidity coverage ratio

### Units, conventional signs and abbreviations

<b>€, Euros, EUR</b>	euros
<b>M.€, M. euros</b>	million euros
<b>th.€, th. euros</b>	thousand euros
<b>Δ</b>	change
<b>n.a.</b>	not available
<b>0, –</b>	null or irrelevant
<b>Liq.</b>	liquid
<b>vs.</b>	versus
<b>b.p.</b>	basis points
<b>p.p.</b>	percentage point
<b>E</b>	Estimate
<b>F</b>	Forecast

# Alternative Performance Measures – reconciliation of the income statement

## Reconciliation of the income statement

The following table presents, for the consolidated income statement, the reconciliation of the structure used in the current document (Banco BPI Consolidated results in September 2020) with the structure used in the financial statements and respective notes of the 1<sup>st</sup> Half 2020 Annual Report.

### Consolidated income statement

Structure used in the Results' Presentation	Sep 20	Sep 20	Structure presented in the financial statements and respective notes
Net interest income	330.8	330.8	Net interest income
Dividend income	42.3	42.3	Dividend income
Equity accounted income	21.5	21.5	Share of profit/(loss) of entities accounted for using the equity method
Net fee and commission income	177.5	193.0	Fee and commission income
		(15.5)	Fee and commission expenses
Gains/(losses) on financial assets and liabilities and other	(15.6)	0.1	Gains/(losses) on derecognition of financial assets and liabilities not measured at fair value through profit or loss, net
		4.0	Gains/(losses) on financial assets and liabilities held for trading, net
		(17.4)	Gains/(losses) on financial assets not designated for trading compulsorily measured at fair value through profit or loss, net
		(2.0)	Gains/(losses) from hedge accounting, net
		(0.2)	Exchange differences (gain/loss), net
Other operating income and expenses	(29.6)	24.9	Other operating income
		(54.5)	Other operating expenses
<b>Gross income</b>	<b>526.9</b>	<b>526.9</b>	<b>GROSS INCOME</b>
Staff expenses	(183.4)	(183.4)	Staff expenses
Other administrative expenses	(107.2)	(107.2)	Other administrative expenses
Depreciation and amortisation	(35.4)	(35.4)	Depreciation and amortisation
<b>Operating expenses</b>	<b>(326.0)</b>	<b>(326.0)</b>	<b>Administrative expenses, depreciation and amortisation</b>
<b>Net operating income</b>	<b>200.9</b>	<b>200.9</b>	
Impairment losses and other provisions	(101.3)	0.1	Provisions or reversal of provisions
		(101.4)	Impairment/(reversal) of impairment losses on financial assets not measured at fair value through profit or loss
Gains and losses in other assets	0.8		Impairment (reversal) of impairment in subsidiaries joint ventures and associates
			Impairment/(reversal) of impairment on non-financial assets
		(0.0)	Gains/(losses) on derecognition of non-financial assets, net
		0.9	Profit/(loss) from non-current assets and disposal groups classified as held for sale not qualifying as discontinued operations
<b>Net income before income tax</b>	<b>100.4</b>	<b>100.4</b>	<b>PROFIT/(LOSS) BEFORE TAX FROM CONTINUING OPERATIONS</b>
Income tax	(14.9)	(14.9)	Tax expense or income related to profit or loss from continuing operations
<b>Net income from continuing operations</b>	<b>85.5</b>	<b>85.5</b>	<b>PROFIT/(LOSS) AFTER TAX FROM CONTINUING OPERATIONS</b>
Net income from discontinued operations			Profit/(loss) after tax from discontinued operations
Income attributable to non-controlling interests			Profit/(loss) for the period attributable to non-controlling interests
<b>Net income</b>	<b>85.5</b>	<b>85.5</b>	<b>PROFIT/(LOSS) FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE PARENT</b>

# Alternative Performance Measures

## EARNINGS, EFFICIENCY AND PROFITABILITY INDICATORS

The following earnings, efficiency and profitability indicators are defined by reference to the above structure of the profit and loss account used in this document.

**Gross income** = Net interest income + Dividend income + Net fee and commission income + Equity accounted income + Gains/(losses) on financial assets and liabilities and other + Other operating income and expenses

**Commercial banking gross income** = Net interest income + Dividend income + Net fee and commission income + Equity accounted income excluding the contribution of stakes in African banks

**Operating expenses** = Staff expenses + Other administrative expenses + Depreciation and amortisation

**Net operating income** = Gross income - Operating expenses

**Net income before income tax** = Net operating income – Impairment losses and other provisions + Gains and losses in other assets

**Cost-to-income ratio (efficiency ratio)** <sup>1)</sup> = Operating expenses / Gross income

**Core cost-to-income ratio (core efficiency ratio)** <sup>1)</sup> = (Operating expenses, excluding costs with early-retirements and voluntary terminations and (only in 2016) gains with the revision of the Collective Labour Agreement (ACT) - Income from services rendered to CaixaBank Group) / Commercial banking gross income

**Return on Equity (ROE)** <sup>1)</sup> = Net income for the period, less the interest cost of AT1 capital instruments recorded directly in shareholders' equity / Average value in the period of shareholders' equity attributable to BPI shareholders, excluding AT1 capital instruments

**Return on Tangible Equity (ROTE)** <sup>1)</sup> = Net income for the period, less the interest cost of AT1 capital instruments recorded directly in shareholders' equity / Average value in the period of shareholders' equity attributable to BPI shareholders (excl. AT1 capital instruments) after deduction of intangible net assets and goodwill of equity holdings

**Return on Assets (ROA)** <sup>1)</sup> = (Net income attributable to BPI shareholders + Income attributable to non-controlling interests - preference shares dividends paid) / Average value in the period of net total assets

**Unitary intermediation margin** = Loan portfolio (excluding loans to employees) average interest rate - Deposits average interest rate

**Gross income** = Net interest income + Dividend income + Net fee and commission income + Equity accounted income + Gains/(losses) on financial assets and liabilities and other + Other operating income and expenses

## BALANCE SHEET AND FUNDING INDICATORS

**On-balance sheet Customer resources** <sup>2)</sup> = Deposits + Capitalisation insurance of fully consolidated subsidiaries + Participating units in consolidated mutual funds

- Deposits = Demand deposits and other + Term and savings deposits + Interest payable + Retail bonds (Fixed rate bonds placed with Customers: 6.5 M.€ in Dec.2019 and 0.7 M.€ in Sep.2020)
- Capitalisation insurance of fully consolidated subsidiaries (BPI Vida e Pensões sold on Dec.17) = Unit links capitalisation insurance and “Aforro” capitalisation insurance and others (Technical provisions + Guaranteed rate and guaranteed retirement capitalisation insurance)

**Assets under management** <sup>3)</sup> = Mutual funds + Capitalisation insurance + Pension plans

- Mutual funds = Unit trust funds + Real estate investment funds + Retirement-savings and equity-savings plans (PPR and PPA) + Hedge funds + Assets from the funds under BPI Suisse management + Third-party unit trust funds placed with Customers
- Capitalisation Insurance <sup>4)</sup> = Third-party capitalisation insurance placed with Customers
- Pension plans <sup>4)</sup> = pension plans under BPI management (includes pension plans of BPI Group)

1) Ratio referring to the last 12 months, except when indicated otherwise. The ratio can be computed for the cumulative period since the beginning of the year, in annualised terms.

2) The amount of on-balance sheet Customer resources is not deducted from the applications of off-balance sheets products (mutual funds and pension plans) in on-balance sheet products.

3) Amounts deducted from participating units in the Group banks' portfolios and from off-balance sheet products investments (mutual funds and pension plans) in other off-balance sheet products.

4) Following the sale of BPI Vida e Pensões in Dec.17, the capitalisation insurance placed with BPI's Customers are recorded off balance sheet, as "third-party capitalisation insurance placed with Customers", and pension funds management is excluded from BPI's consolidation perimeter.

# Alternative Performance Measures

## BALANCE SHEET AND FUNDING INDICATORS (continuation)

**Subscriptions in public offerings** = Customers subscriptions in third parties' public offerings

**Total Customer Resources** = On-balance sheet Customer Resources + Assets under management + Subscriptions in public offerings

**Gross loans to customers** = Gross loans and advances to customers (financial assets at amortised cost), excluding other assets (guarantee accounts and others) and reverse repos + Gross debt securities issued by Customers (financial assets at amortised cost)

Note: gross loans = performing loans + loans in arrears + receivable interests

**Net loans to Customers** = Gross loans to customers – Impairments for loans to customers

**Loan-to-deposit ratio** (CaixaBank criteria) = (Net loans to Customers - Funding obtained from the EIB, which is used to provide credit) / Deposits and retail bonds

## ASSET QUALITY INDICATORS

**Impairments and provisions for loans and guarantees (in income statement)** = Impairment or reversal of impairment on financial assets not measured at fair value through profit or loss relative to loans and advances to Customers and to debt securities issued by Customers (financial assets at amortised cost), before deduction of recoveries of loans previously written off from assets, interest and others + Provisions or reversal of provisions for commitments and guarantees

**Cost of credit risk** = Impairments and provisions for loans and guarantees (in income statement) - Recoveries of loans previously written off from assets, interest and other (in income statement)

**Cost of credit risk as % of loan portfolio** <sup>1)</sup> = [Impairments and provisions for loans and guarantees (in income statement) - Recoveries of loans previously written off from assets, interest and other] / Average value in the period of the gross loans and guarantees portfolio.

**Performing loans portfolio** = Gross customer loans - (Overdue loans and interest + Receivable interests and other)

**NPE Ratio** = Ratio of non-performing exposures (NPE) in accordance with the EBA criteria (prudential perimeter)

**Coverage of NPE** = [Impairments for loans and advances to Customers (financial assets at amortised cost) + Impairments for debt securities issued by Customers (financial assets at amortised cost) + Impairments and provisions for guarantees and commitments] / Non-performing exposures (NPE)

**Coverage of NPE by impairments and associated collaterals** = [Impairments for loans and advances to Customers (financial assets at amortised cost) + Impairments for debt securities issued by Customers (financial assets at amortised cost) + Impairments and provisions for guarantees and commitments + Collaterals associated to NPE] / Non-performing exposures (NPE)

**Non-performing loans ratio ("credito dudoso", Bank of Spain criteria)** = Non performing loans (Bank of Spain criteria) / (Gross customer loans + guarantees)

**Non-performing loans (Bank of Spain criteria) coverage ratio** = [Impairments for loans and advances to customers (financial assets at amortised cost) + Impairments for debt securities issued by Customers (financial assets at amortised cost) + Impairments and provisions for guarantees and commitments] / Non performing loans (Bank of Spain criteria)

**Coverage of non-performing loans (Bank of Spain criteria) by impairments and associated collaterals** = [Impairments for loans and advances to customers (financial assets at amortised cost) + Impairments for debt securities issued by Customers (financial assets at amortised cost) + Impairments and provisions for guarantees and commitments + Collateral associated to credit] / Non performing loans (Bank of Spain criteria)

**Impairments cover of foreclosed properties** = Impairments coverage of foreclosed properties = Impairments for real estate received in settlement of defaulting loans / Gross value of real estate received in settlement of defaulting loans

1) Ratio referring to the last 12 months, except when indicated otherwise. The ratio can be computed for the cumulative period since the beginning of the year, in annualised terms.



*Grupo*  CaixaBank

**BANCO BPI, S.A.**

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