

# BANCO DO ANO

PARA A REVISTA THE BANKER E PARA CLIENTES E COLABORADORES.

O BPI foi eleito o Banco do Ano 2020 em Portugal pela Revista The Banker, Grupo Financial Times.



**12M20** Banco BPI  
Consolidated Results

4 February 2021



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## BPI in 2020:

# Supporting Families, Companies and the Portuguese Economy

- **STRONG COMMERCIAL DYNAMISM**, in a very adverse backdrop: loans grew 5.4% and deposits 13%, with gains in market share;
- **UNPRECEDENTED SUPPORT TO FAMILIES AND COMPANIES**: 5.6 Bi.€ of moratoria and 0.7 Bi.€ of loans from public support lines COVID-19;
- **STABLE GROSS INCOME**, that show remarkable resilience in an unforeseen and unprecedented recession;
- **STRONG ECONOMIC AND FINANCIAL POSITION**: NPE of 1.7%, covered at 140%; Capital CET1 of 14.1% and Total Capital of 17.3%; comfortable liquidity position, loan-to-deposits ratio of 93%; investment grade ratings by the three main international agencies;
- **ACCELERATION OF DIGITAL TRANSFORMATION AND INNOVATION**: 711 thousand digital clients, of which 462 thousand with BPI app (+61 th.).
- **REINFORCED SOCIAL COMMITMENT**, with "la Caixa" Foundation: all the programs and support planned for 2020, totalling 26 M.€, and special initiatives to support the most vulnerable, in association with other patrons, were maintained: 1.7 M.€ raised for the Food Emergency Network; 1 000 new computers delivered to schools and more than 500 tablets distributed to facilitate communication between patients and their families;
- **RECURRENT NET PROFIT IN THE ACTIVITY IN PORTUGAL OF 84.3 M.€** and consolidated net profit of 104.8 M.€, with a yoy drop largely explained by non-allocated loan impairments of 97 M.€, to prevent future impacts of the pandemic.

# BPI results in 2020

## Net income in Portugal and in the consolidated

- **Recurrent net profit in Portugal of 84.3 M.€** in 2020 (-64% yoy)
- **Consolidated net profit of 104.8 M.€** in 2020 (-68% yoy)
- **Loan impairments (net) of 151 M.€** in 2020, includes **97 M.€ of non-allocated impairments** in the context of Covid-19

## Customer resources and loans

- **Total Customer resources increased 2 607 M.€ (+7.6% yoy); Deposits increased 13.0%**
- **Loan portfolio increased 1 314 M.€ (+5.4% yoy)**

## High asset quality

- **Non-performing exposures ratio (NPE EBA) decreased to 1.7%** in December 2020
- **NPE coverage** by impairments and collateral **increased to 140%**

## Strong capitalisation

- **Capital ratios (phasing-in) : CET1 of 14.1%, T1 of 15.6% and total capital of 17.3%**
- **Leverage ratio (phasing-in) of 7.3%**

## 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 104.8 M.€ in 2020

## Consolidated net profit

In M.€	Dec 19	Dec 20	Δ%
<b>Activity in Portugal</b>			
Recurrent net profit	231.3	84.3	-64%
Non-recurrent impacts <sup>1)</sup>	(1.1)	(18.1)	
<b>Net profit in Portugal</b>	<b>230.2</b>	<b>66.2</b>	<b>-71%</b>
BFA contribution	78.9	30.2	
BCI contribution	18.7	8.4	
<b>Consolidated net profit</b>	<b>327.9</b>	<b>104.8</b>	<b>-68%</b>

Of which:

Δ yoy

- Commercial banking gross income <sup>2)</sup> -2 M.€
- Loan impairments -195 M.€
- Reduction in operating expenses +20 M.€

## Recurrent ROTE in Portugal

	2019	2020
Recurrent ROTE	8.9%	2.7%



# Loan portfolio increased 5.4%

## Loans to customers by segments

Gross portfolio, in M.€	Dec 19	Dec 20	YoY
<b>I. Loans to individuals</b>	<b>13 045</b>	<b>13 745</b>	<b>5.4%</b>
Mortgage loans	11 377	12 008	5.5%
Other loans to individuals	1 668	1 737	4.1%
<b>II. Loans to companies</b>	<b>9 513</b>	<b>10 072</b>	<b>5.9%</b>
<b>III. Public sector</b>	<b>1 823</b>	<b>1 879</b>	<b>3.1%</b>
<b>Total loans</b>	<b>24 381</b>	<b>25 695</b>	<b>5.4%</b>
Note:			
Loan portfolio net of impairments	23 987	25 208	5.1%

**Total loan portfolio market share** **10.7%** **+0.3 p.p.**  
(November 2020) Δ YtD

## Support to Families and Companies (31 Dec 2020)

### Loan moratoria

**5 620 M.€**

**22%**  
of loan  
portfolio

of which,

Housing loans

**2 495 M.€**

Personal loans and car finance

**333 M.€**

Companies

**2 792 M.€**

### Public support credit lines COVID-19

**722 M.€**

# applications

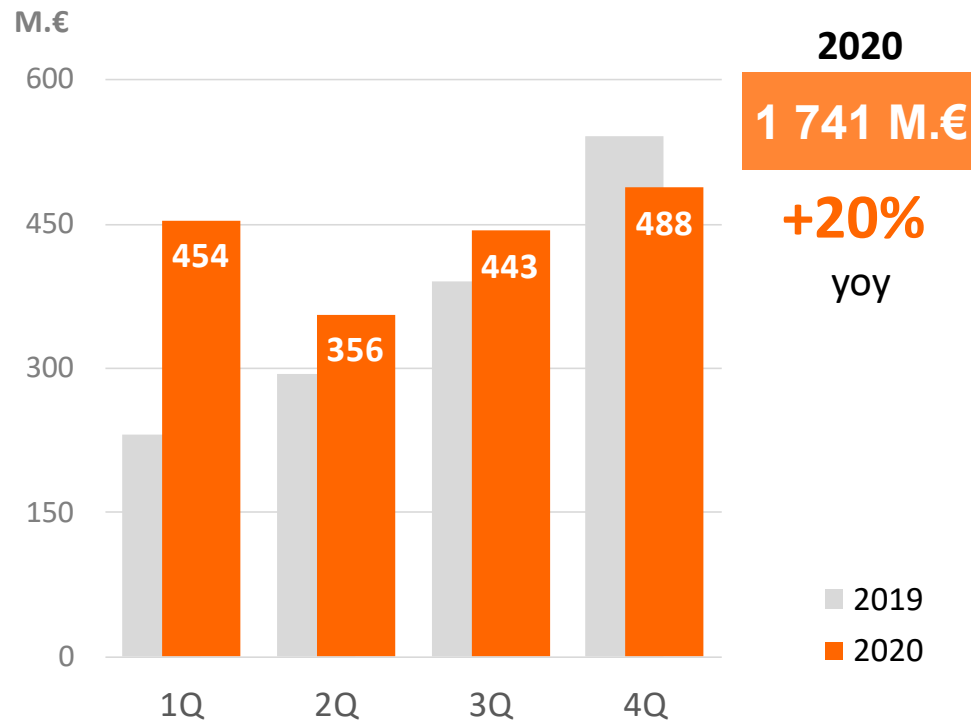
**8.4 th.**

Credit grant by BPI (633 M.€) and credit approved / under analysis by SGM.

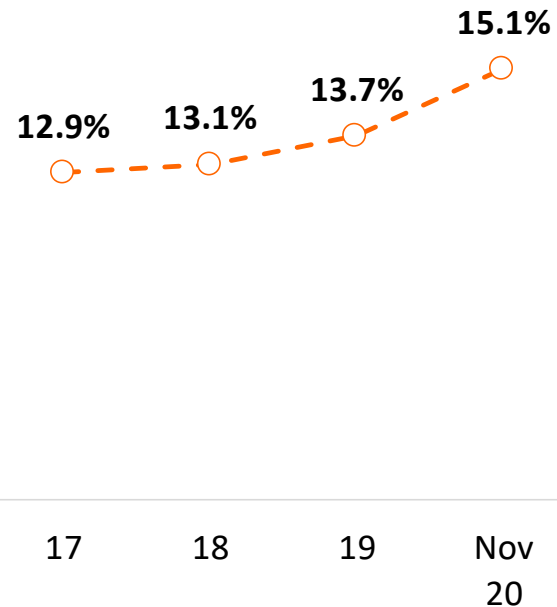
# Mortgage loan origination increases 20% and market share gain

## MORTGAGE LENDING

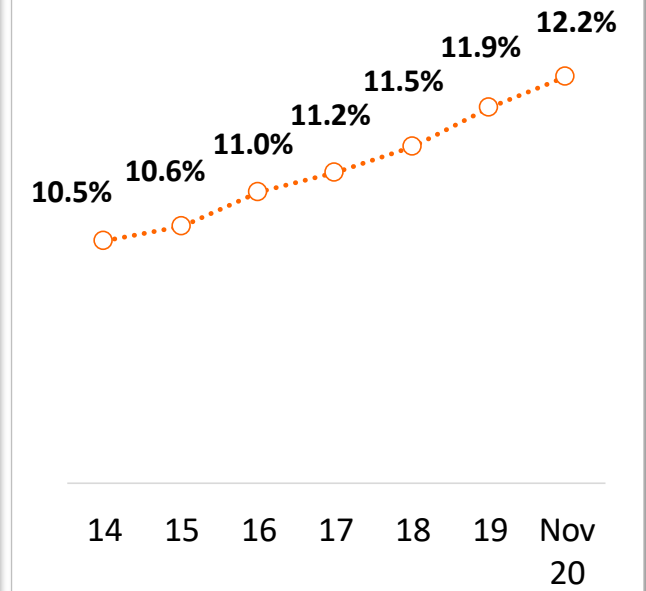
### Loan origination



### Market share in origination



### Market share in loan portfolio



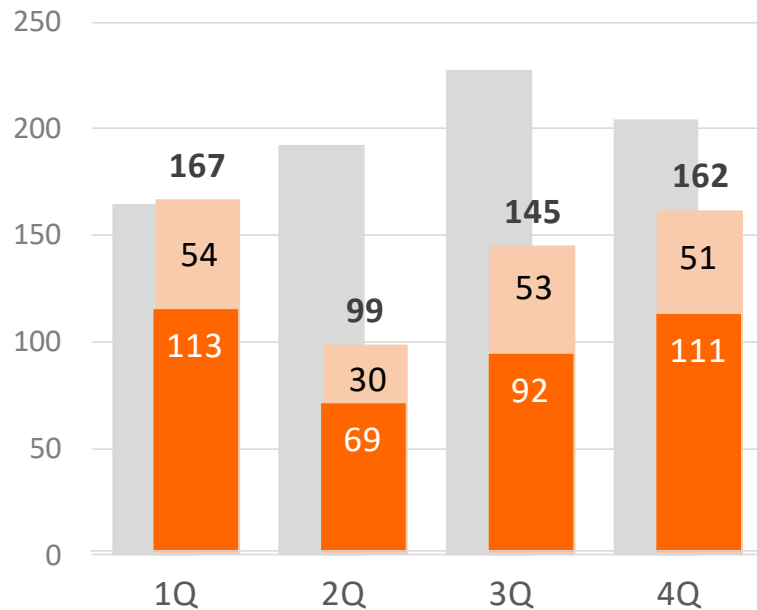
# Personal lending and car financing gradually recovering

Loan origination in the 4th quarter close to pre-pandemic levels

## PERSONAL LENDING AND CAR FINANCING

### Loan origination

M.€



2020

573 M.€ (yoy) -27%

Car financing 188 M.€ -21%

Personal lending 385 M.€ -30%

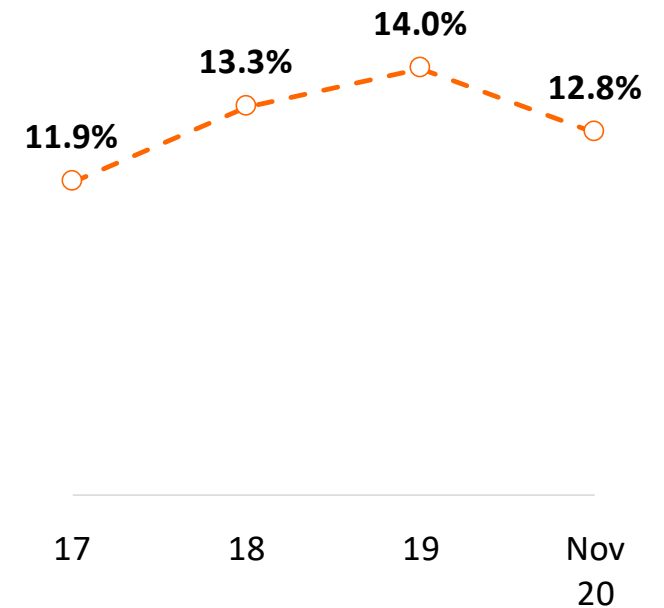
2019

2020:

Car financing

Personal lending

### Market share in personal lending origination





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

Improvement in the relationship with Customers: simplification and greater accessibility

## Day to Day

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

- Maximizing the use of the **New contact platform between manager and Client**, for exchanging messages and documents
- **New Products and Services available on Digital channels**
- **Online subscription to digital channels**
- **Advantages for Customers with Valor Account: FamilyExperiências** Platform (offers and discounts in more than 200 brands)



## Enjoy life

*Consumer loans, car financing and renting*

- Sale of **Credit and Non-financial Products on the new contact platform with the Client.**
- **Immediate credit offer extended to all Clients**
- Expansion of **pre-approved limits for credit cards and personal loans**

*New Product*  
*Launch of the Personal Credit for Home improvements, Car, Health and Renewable Energies*

## Sleep peacefully

*Life and non-life insurance and security alarm solutions*

- Subscription of **Life, Car and Home Insurance on BPI net and APP**
- **Insurance information and claims reporting on the Online channels**
- Beginning of the commercialization of **BPI Vida e Pensões insurance products**



## Planning for the future

*Diversification, savings and retirement savings plans*

- Improvement of service and consolidation of **Advised Sales at the Branches**
- Extending the offer of **Retirement Savings Plans** on the digital channels
- **My Planning simulator on BPI net and BPI app** - personalized financial planning

*New products*  
*Launch of New Retirement Savings Plans "Destiny 2030 and 2050"*



# inTouch success of the new omnichannel service

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

# 14 Managers  
# 1 inTouch centre



≈ 500 M€ Turnover

> 21 th. Clients



96% Acceptance rate

- An innovative service that meets the different needs of various types of Customers
- Objective 2021 (Δ vs. 2020): +130 th. Clients and +2 Bi.€ Turnover

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

The partner for Companies in the various stages of their lives

## BPIEmpresas

Solutions adapted to each  
Client needs



Day to day  
management



Investing in  
the future



Business  
security



#DÁ  
MAIS  
VALOR  
À PROXIMIDADE

O BPI dá mais valor às Empresas.



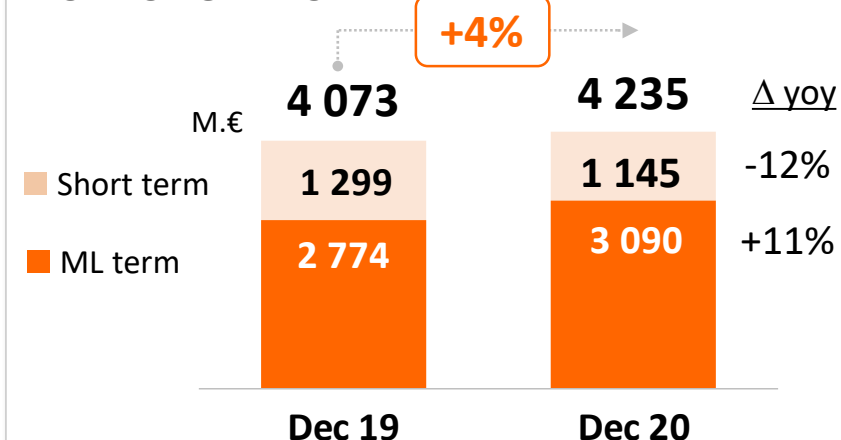
Support for  
economic recovery



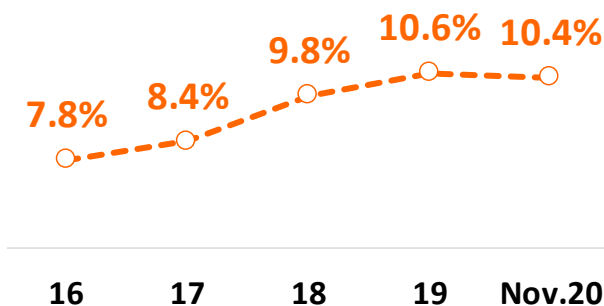
Public credit lines to  
support companies

## Loans to Companies and Small Businesses

### LOAN ORIGINATION<sup>1)</sup>



### MARKET SHARE



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

# Specialised support to the Agriculture and Tourism segments

## AGRICULTURE



### Dedicated financing solutions

Ex:

- **BPI/EIF Agriculture line:** guarantee agreement with the EIF - European Investment Fund

### Market shares

- **#1 in credit granted (IFAP)\***
- **#1 in number of subsidy advances (CAP)\***

### Teams of specialists

Support for **investment, treasury management and risk hedging**

### Partnerships in the segment

- **Ovibeja**
- **FNA - National Agriculture Fair**
- **Agroglobal**
- **Corn Colloquium**

## TOURISM



Ex:

- **Offer Qualification Support Line**
- **BPI/Rota EN2 line:** financing protocol

- **BTL – Lisbon Travel Market**
- **NEST - Tourism Innovation Center**
- **Training Sessions BEST** Business Education for Smart Tourism

# BPI, the partner for companies in their internationalisation



**Domestic network and extended international presence in more than 20 countries (CaixaBank Group)**



**Dedicated teams at BPI Branches and Corporate Centres and specialists in Trade Finance**



## **In-company sessions**

Free training sessions, held at the Client's premises, for the commercial, financial and logistics teams involved in international activity.



**BPI financing and risk hedging solutions throughout the business cycle**








**3rd edition in Portugal of "Negócios com o Mundo"**

- **Objective: to support the internationalisation of BPI Clients**
- **one-on-one meetings** between BPI Clients and CaixaBank representatives
- **Markets: Morocco, Poland and India.**



# BPI encourages innovation and corporate sustainability

To reward and give visibility to Portuguese companies

				
<b>National Tourism Award</b>	<b>National Agriculture Award</b>	<b>EntrepreneurXXI Awards</b>	<b>BPI Womens's Entrepreneurial Challenge</b>	<b>SME Innovation Award</b>
<b>2<sup>nd</sup> edition</b>	<b>9<sup>th</sup> edition</b>	<b>4<sup>th</sup> edition</b>	<b>3<sup>rd</sup> edition</b>	<b>16<sup>th</sup> edition</b>
<ul style="list-style-type: none"><li>401 applications</li><li>8 awards</li></ul>	<ul style="list-style-type: none"><li>920 applications (awards attribution to announce)</li></ul>	<ul style="list-style-type: none"><li>955 applications, 171 in Portugal (awards attribution to announce)</li></ul>	<ul style="list-style-type: none"><li>2020 winner: Isabel Furtado, CEO of TMG Automotive</li></ul>	<ul style="list-style-type: none"><li>154 applications</li><li>2020 winner: BERD</li></ul>

New dynamic of proximity to Customers that replaces face-to-face events

## Webinars and multisector conferences



**28 events**  
(of which 2 in-person events)



**1.500 participants\***



**territorial coverage**  
(including Spain, through CaixaBank)



**Greater diversity of topics discussed**





# Total customer resources increased 2.6 Bi.€ (+7.6%)

Customer deposits increased 3.0 Bi.€ (+13%)

## Customer resources

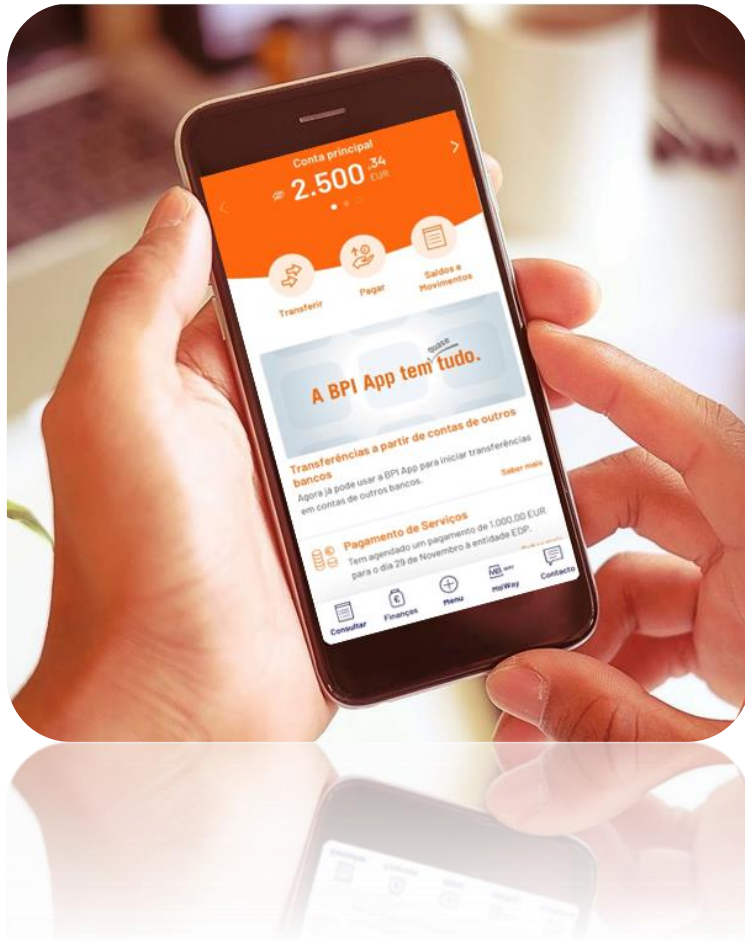
In M.€	Dec 19	Dec 20	YoY
<b>I. Customer deposits <sup>1)</sup></b>	<b>23 015</b>	<b>26 009</b>	<b>13.0%</b>
<b>II. Assets under management</b>	<b>9 797</b>	<b>9 644</b>	<b>-1.6%</b>
Mutual funds	5 245	5 309	1.2%
Capitalisation insurance	4 552	4 334	-4.8%
<b>III. Public offerings</b>	<b>1 569</b>	<b>1 336</b>	<b>-14.8%</b>
<b>Total</b>	<b>34 382</b>	<b>36 989</b>	<b>7.6%</b>

## Market shares

	Nov. 20	Δ vs Dec19
<b>Deposits</b>	<b>10.6%</b>	<b>+0.5 pp</b>
<b>Mutual funds</b>	<b>10.6%</b>	<b>-0.9 pp</b>
<b>Capitalisation insurance</b>	<b>17.0%</b>	<b>+0.9 pp</b>
<b>Retirement savings plans</b>	<b>11.3%</b>	<b>+0.1 pp</b>

# Digital channel: strong increase in digital clients, especially on mobile

Greater proximity to Customers and increased Digital Sales



## More Digital Clients (YoY)

Growth with focus on mobile

**+61 th.**

active users  
of BPI App

**76%**

digital clients  
(individuals)  
using BPI App

## Increase in Digital Sales (YoY)

Increase in interactions on Digital Channels that end in sales and product subscriptions

**+39%**

of digital sales

**68%**

of sales initiated  
on digital channels

## Increased proximity

Increase in digital interactions

**16 million**

Logins in  
December (month)

**70%**

of logins are on  
the mobile

**+20%**

Logins  $\Delta$  YoY

**97%**

transactions carried out  
on digital channels<sup>1)</sup>

## Digital channels penetration

# 2

“Net+Mobile” penetration

Individuals<sup>2)</sup>

# 1

Market share in Net and Mobile Banking

Companies<sup>3)</sup>

## High Client Satisfaction

# 1

Digital Channels satisfaction

Individuals<sup>4)</sup>

# 2

Internet Banking satisfaction

Companies<sup>3)</sup>

1) Transactions carried out on the Net, Mobile or ATM

2) BASEF (Nov. 2020), main banks.

3) DATAE (2020), main banks.

4) CSI Banca (1st Wave 2020), Digital Channels Satisfaction Index.

# #1 bank in Portugal with CMMI L3 Appraisal in the development of technological applications



**CMMIDEV / 3** <sup>SM</sup>

CMMI®V2.0 / Exp. 2023-12-04 / Appraisal #51841

It attests the quality and predictability of application development processes, ensuring their solidity and an adequate response to the requirements of banking supervision in the area of technological risk.

BPI held the "maturity level 2" appraisal since 2018

*International certification for projects of High Technical Complexity in the development of computer applications attributed by the CMMI Institute, an ISACA subsidiary with origins at Carnegie Mellon University (USA).*



**Agility and risk management in technological changes**

- BPI is also the only Portuguese bank with 100% of its application development teams operating in agile methodologies.

**Be quick to change while maintaining an efficient management of the risk in change**

# BPI, a Bank more simple, efficient and available to Customers



## Automation

(31 Dec.20)



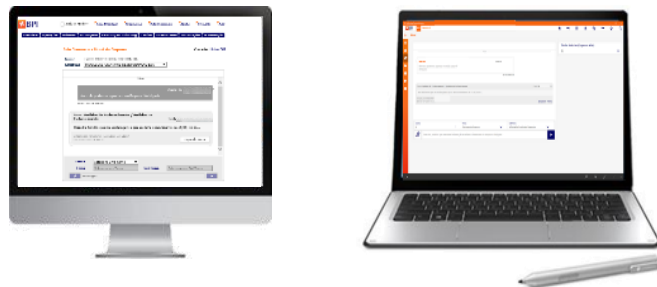
- 94%** Branches with deposit machines
- + than 85%** Absorption of deposits movements
- +** Equipment and Features

## Mobility and Digitisation

(31 Dec. 20)



- 85%** Processes with digital signature
- +** Sales support tools
- +** Remote sales and service solutions



## Centralisation

(31 Dec.20)



- + than 180** Services centralised in Middle Office

## Processes improvement

(in 2020)



- ≈ 100** Process simplification measures
- + than 30** Processes were robotised

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

## Gross income in the activity in Portugal

In M.€	Dec 19	Dec 20	Δ%
Net interest income	436.3	450.1	+ 3.2%
Dividends and equity accounted income	23.6	20.9	- 11.5% <sup>1)</sup>
Net fee and commission income	257.9	244.9	- 5.0%
<b>COMMERCIAL BANKING GROSS INCOME</b>	<b>717.8</b>	<b>715.9</b>	<b>- 0.3%</b>
Other net income <sup>2)</sup>	-10.4	-17.7	
<b>Gross income</b>	<b>707.4</b>	<b>698.3</b>	<b>- 1.3%</b>



Growth in loan volumes



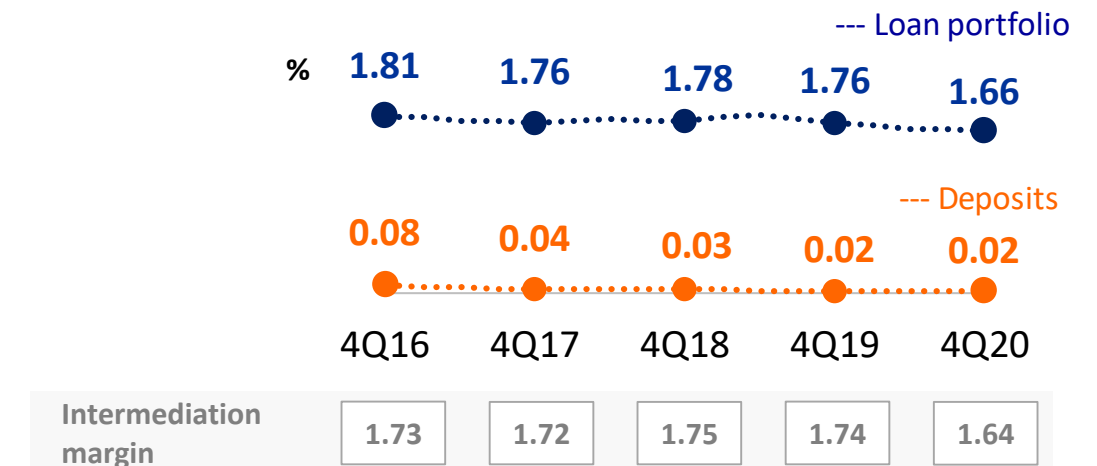
ALCO management



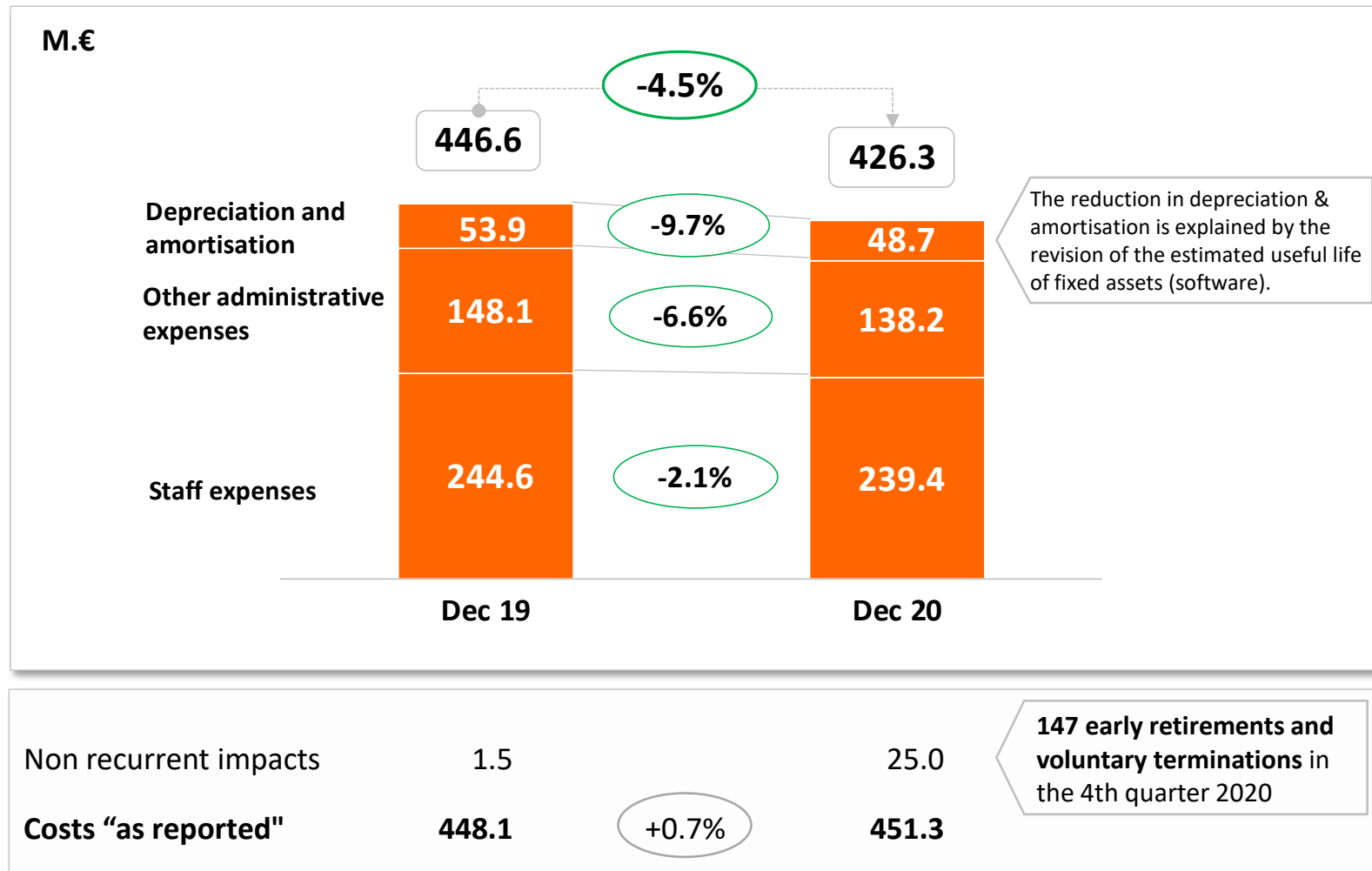
Intermediation margin narrowed

## Yields on customer loans and cost of deposits

(quarterly average yield; in %)



# Recurrent operating expenses decreased 4.5%



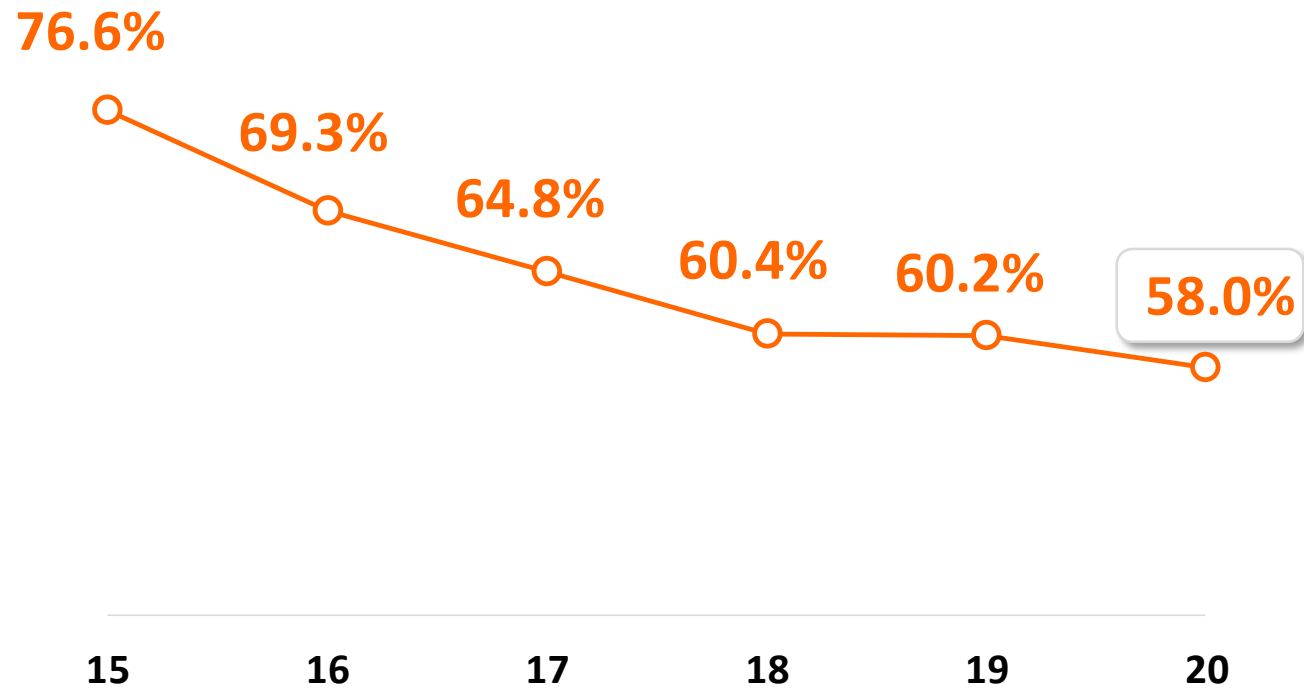
	Dec.20	Δ voy
<b>Staff</b>	<b>4 622</b>	<b>-218</b>
<b>Distribution network</b>	<b>422</b>	<b>-55</b>
Of which:		
Retail branches	<b>360</b>	<b>-46</b>
Premier Centres	<b>27</b>	<b>-9</b>
Mobile branch	<b>1</b>	<b>-</b>
Corporate and Institutionals Centres	<b>34</b>	<b>-</b>



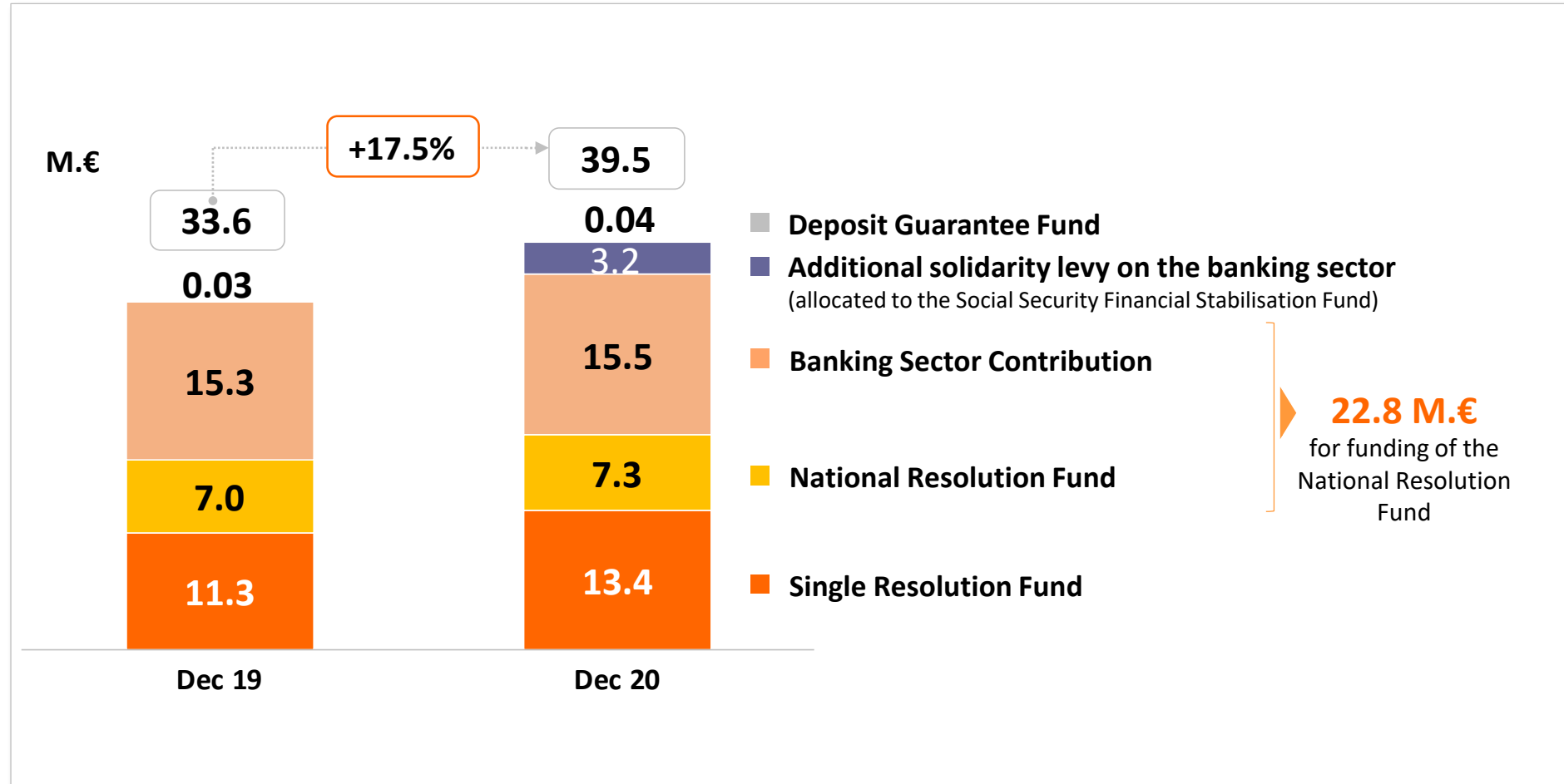
# Core cost-to-income improves to 58% in 2020

## Core cost-to-income

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



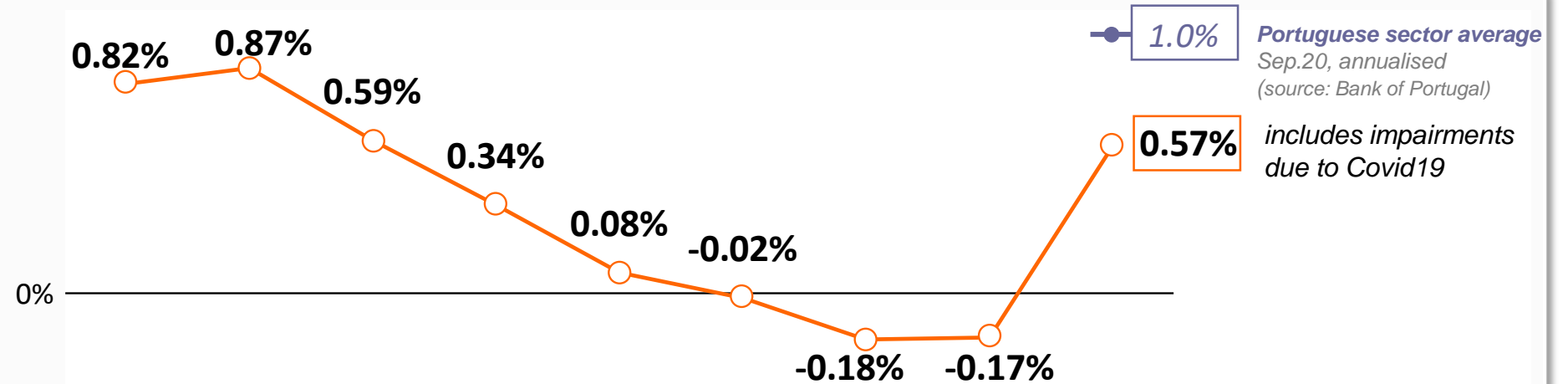
## Regulatory costs of 39.5 M.€ in 2020



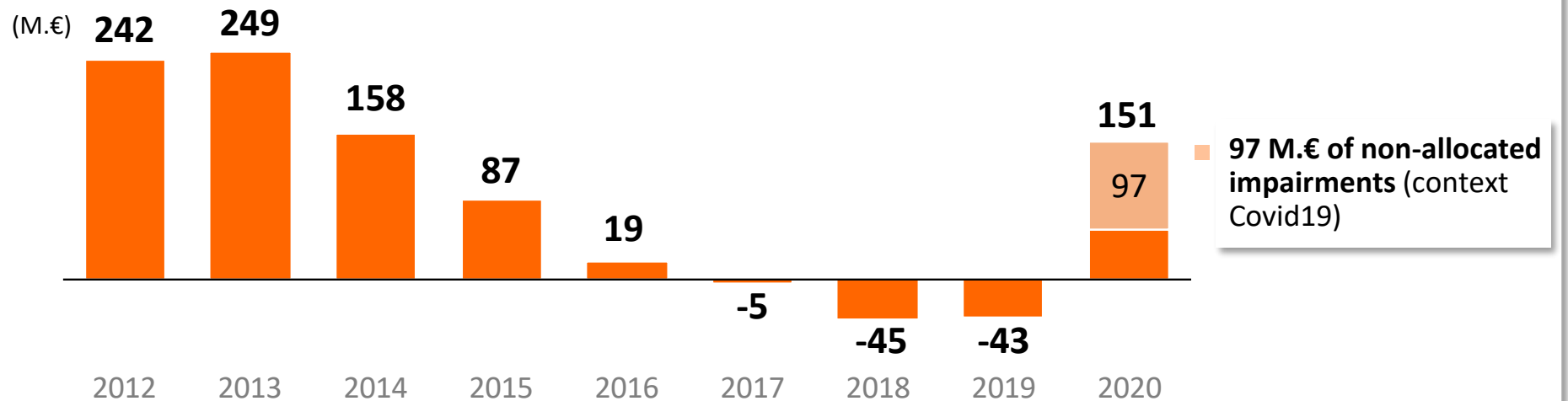
# Loan impairments net of recoveries of 151 M.€ in 2020

## Cost of credit risk (%)

○ Loan impairments net of recoveries, as a % of gross loans and guarantees portfolio

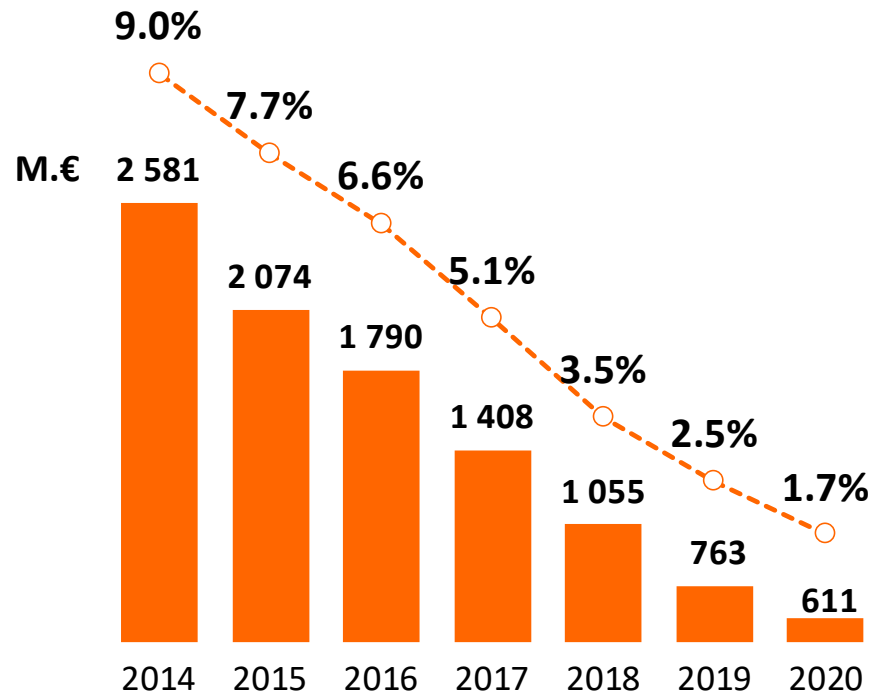


## Loan impairments net of recoveries



# BPI maintains a low risk profile and increases coverage

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



### Coverage:

by impairments	38%	43%	39%	43%	53%	54%	83%
by impairments and collaterals	110%	117%	127%	124%	140%		

## NPL ratio

(EBA criteria)

2020

**2.1%**

Non-Performing Loans (NPL)

598 M.€

## NPL coverage

(by impairments and collaterals)

**141%**

## Foreclosed properties

(net book value)

**8 M.€**

## Corporate restructuring and recovery funds

(book value)

**45 M.€**

# Employee pension liabilities

M.€	Dec 19	Dec 20
Total past service liability	1 804	1 907
Net assets of the pension funds	1 767	1 873 <sup>(1)</sup>
Level of coverage of pension liabilities	98%	98%
Pension fund return	12.6%	2.7%
Discount rate	1.34%	1.01%

Actuarial deviations (M.€)	2020
Income from investment portfolio	+24
Change in the discount rate	(106)
Increase of the national minimum wage above the Collective Labor Agreement	(14)
Other	(5)
<b>Actuarial deviations</b>	<b>(102)</b>

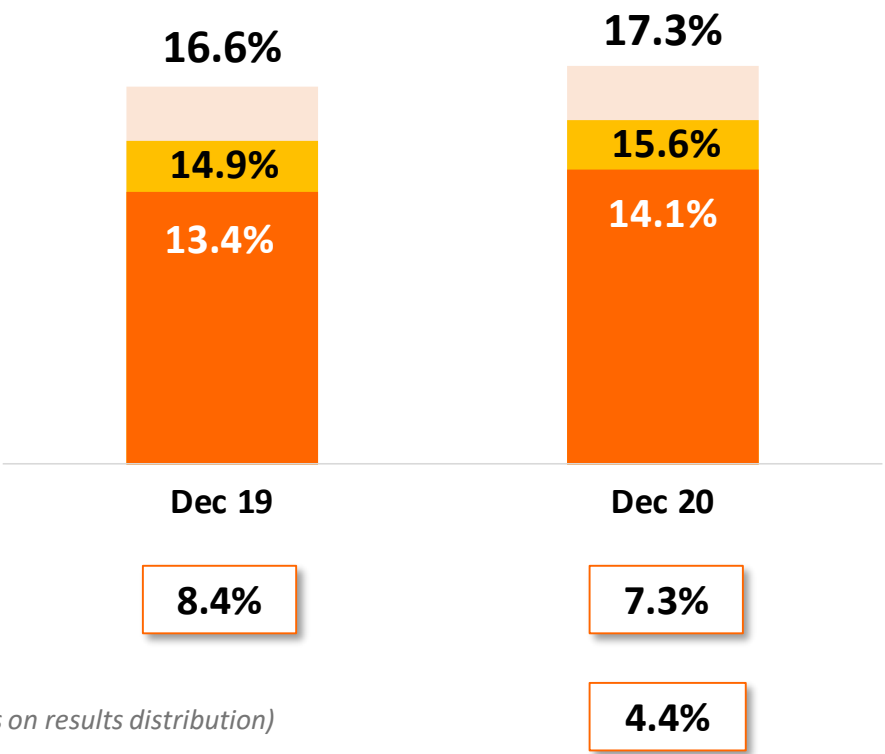
1) Includes a contribution to the pension fund made in January 2021.

# Solid capital position

## Consolidated capital ratios

(phasing-in)

- Total capital
- Tier 1
- Common Equity Tier 1



## Capital requirements (SREP)

In 2020 <sup>1)</sup>

Total capital	12.875%
T1	10.375%
CET1	8.50%

## Requirement from June 2021

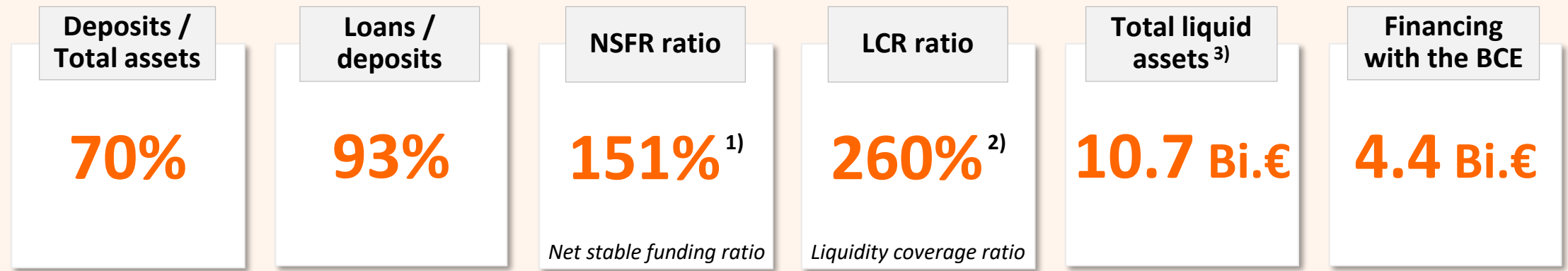
Leverage	3.0%
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# Balanced funding structure and comfortable liquidity position

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

31 December 2020



# BPI's quality, innovation and dedication to Customers continued to be distinguished - 2020



Bank of the Year



Large Banks  
2nd consecutive year



Salary Account



Large Banks



Bank



Brand of Excellence



Best Equity Research Content



Best Agile Leadership



Best Private Banking  
in Portugal



Best Private Bank, Portfolio  
Management Technology, Europe



A+ the Principles for Responsible  
Investment, BPI Gestão de Ativos

GLOBAL FINANCE

Best Treasury and Cash Management Provider  
Distinguished Crisis Leadership 2020



Internal Communication



Certification COVID Safe



Qualification of Information Systems

# BPI and "la Caixa" Foundation maintain all the programmes and support planned for 2020, for a total of 26 M.€

## 4 thematic areas of intervention



### Social Support

Humaniza Programme  
Incorpora Programme  
Proinfância Programme  
Promove Contest  
**BPI "la Caixa" Foundation Awards (\*)**  
**Volunteering BPI "la Caixa" Award Reviewers (\*)**  
Volunteering CooperantesCaixa  
**Decentralised Social Initiative (\*)**  
Partis Contest - Art for Change  
Research in Social Sciences  
Social Equity Initiative-Nova SBE  
Global Platform for Syrian Student

(\*) detailed ahead

### Research and Health

Health research  
CaixaImpulse

### Education and Scholarships

Graduate scholarships  
Post-doctoral and doctoral grants to researchers of excellence  
Young Entrepreneurs Programme

### Culture and Science

Creactivity, Itinerant Exhibitions, Participatory and School Concerts  
Creation Support Programme  
Serralves Foundation  
Casa da Música  
National Museum of Ancient Art  
Natural History and Science Museum of the University of Porto  
Science Museum of the Univ. Coimbra / Curiosities Office  
Casa da Arquitetura (architecture)  
Casa de São Roque  
Museum of Contemporary Art of Elvas  
Caramulo Museum  
National Theatre D. Maria II  
National Theatre S. João  
"Espaço do Tempo"  
Orchestra XXI  
"Orquestra Sem Fronteiras"  
Jazz Orchestra of Matosinhos

## 3.75 M.€ to improve the quality of life of people in situation of social vulnerability through the BPI "la Caixa" Foundation 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 11 years:

28  
editions

70  
Volunteers BPI

18.8 M.€

639  
projects

Support to  
152 000  
people

# Decentralized Social Initiative to support local social projects through the Commercial Network



## 1 M.€

In 2021, to continue promoting quality of life and equal opportunities:

- Children, adolescents and young people
- People aged over 65
- People with disabilities
- Labor insertion
- Health, illness or permanent disability
- Interculturality and social cohesion

In 2020:

**113**  
projects

**636 th.€**

**70 723**  
beneficiaries

In 2020, BPI and "la Caixa" Foundation launched the Decentralised Social Initiative, after the success of the pilot project in the previous year. They intend to promote engagement with the local social community, through BPI's Commercial Networks.



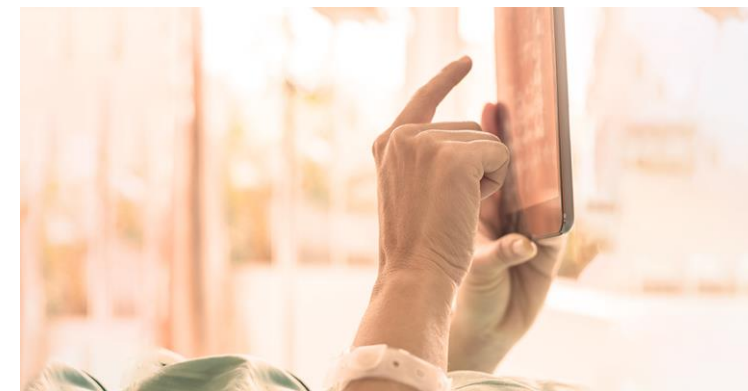
# Special support initiatives for the Covid-19 emergency



**1.7 M.€ raised for the  
Rede de Emergência Alimentar**  
(Food Emergency Network)



**1 000 new computers  
delivered to schools**



**+ than 500 tablets distributed  
to facilitate communication  
between patients and their families**

Support for the development of  
Portuguese lung ventilator from  
CEiiA  
**300 th.€ to ventilators**

Express Contest  
of the CaixaImpulse Programme  
**1.8 M.€ for innovation projects  
related to Covid-19**

Agreement with the Science and  
Technology Foundation  
**Health research  
HealthCare, Social Call  
Promove Programme**

Marketplace digital in  
partnership with the  
Ministry of Culture  
**Portugal #EntraEmCena  
Support for artists**



# Contribution to the 17 Sustainable Development Goals of the United Nations

In 2020, BPI and "la Caixa" Foundation through their initiatives contributed to all the 17 Sustainable Development Goals:

Commitment to  
PEOPLE



Commitment to  
SOCIETY



Commitment to the  
PLANET



Strategic Alliances  
and Partnerships



# 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.

**High commercial dynamism**, despite the adverse and totally unexpected economic backdrop

**Effective and unprecedented response to support families and companies**

**Resilience of gross income and improvement in efficiency**

**Reinforcement of loan impairments in the context of COVID-19**

**Solid solvency position, low risk profile and comfortable liquidity position**

**Continuing digital transformation and innovation**

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

**BPI will continue to be the partner of families and companies  
and to support the recovery of the Portuguese economy**

# BPI results in 2020

31 December 2020

## Commercial activity in Portugal

**Loan portfolio**  
**+1 314 M.€**  
**+5.4%**

Δ yoy

**Customer resources**  
**+2 607 M.€**  
**+7.6%**

Δ yoy

**Net interest income**  
**+3.2%**

Δ yoy

## Digital Banking

Regular users  
**711 th.**  
Active users BPI app  
**+61 th.** Δ yoy

## Risk and capitalisation

**NPE ratio**  
**1.7%**

**NPE coverage**  
**140%**

(by impairments and collaterals)

**Cost of credit risk**  
**0.57%**

(% of gross loans and guarantees)

**CET1 14.1%**

**T1 15.6%**

**Total 17.3%**

(Phasing-in)

## Profitability and efficiency

**Recurrent net profit in Portugal**  
**84.3 M.€**  
**-64%**

Δ yoy

**Recurrent ROTE in Portugal**  
**2.7%**

**Cost-to-income in Portugal**  
**58.0%**

**Consolidated net profit**  
**104.8 M.€**  
**-68%**

Δ yoy

# Consolidated results in 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

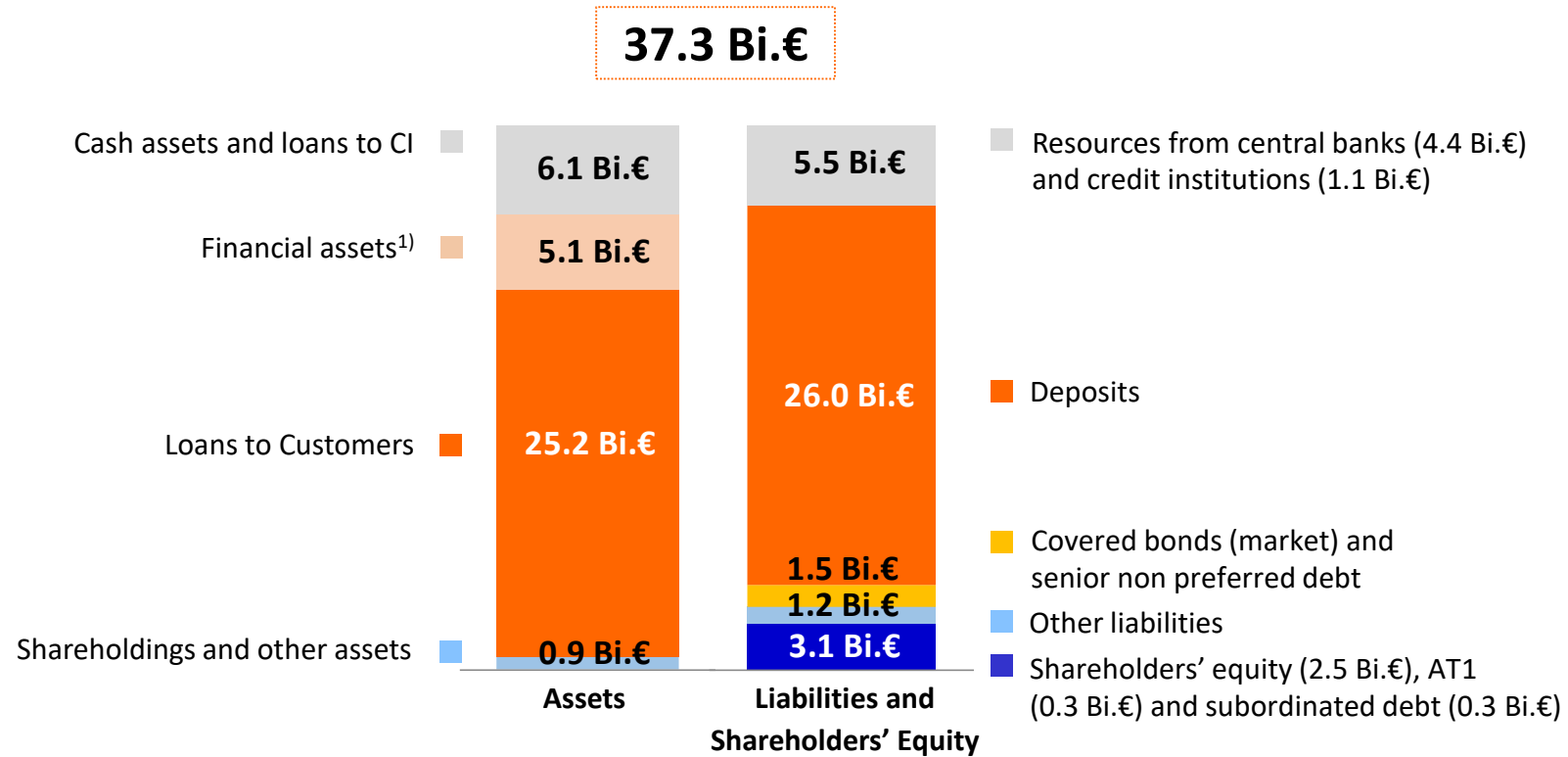
(unaudited)

In M.€	Dec 19	Dec 20	Δ%
Net interest income	436.3	450.1	3.2%
Dividend income	3.3	2.4	-29.6%
Equity accounted income	20.3	18.5	-8.5%
Net fee and commission income	257.9	244.9	-5.0%
Gains/(losses) on financial assets and liabilities and other	10.8	(2.9)	-
Other operating income and expenses	(21.2)	(14.7)	30.5%
<b>Gross income</b>	<b>707.4</b>	<b>698.3</b>	<b>-1.3%</b>
Recurring staff expenses	(244.6)	(239.4)	-2.1%
Other administrative expenses	(148.1)	(138.2)	-6.6%
Depreciation and amortisation	(53.9)	(48.7)	-9.7%
<b>Recurring operating expenses</b>	<b>(446.6)</b>	<b>(426.3)</b>	<b>-4.5%</b>
Non-recurring staff expenses	(1.5)	(25.0)	-
<b>Operating expenses</b>	<b>(448.1)</b>	<b>(451.3)</b>	<b>0.7%</b>
<b>Net operating income</b>	<b>259.3</b>	<b>247.0</b>	<b>-4.8%</b>
Impairment losses and other provisions	36.8	(159.2)	-
Gains and losses in other assets	4.7	0.3	-93.8%
<b>Net income before income tax</b>	<b>300.8</b>	<b>88.1</b>	<b>-70.7%</b>
Income tax	(70.5)	(21.9)	-69.0%
<b>Net income</b>	<b>230.2</b>	<b>66.2</b>	<b>-71.3%</b>

# Balance sheet of the activity in Portugal

(unaudited)

(31 Dec. 2020)



# Consolidated income statement

(unaudited)

In M.€	Dec 19	Dec 20
Net interest income	436.3	450.1
Dividend income	49.4	42.6
Equity accounted income	40.7	27.7
Net fee and commission income	257.9	244.9
Gains/(losses) on financial assets and liabilities and other	(7.4)	(12.3)
Other operating income and expenses	(25.8)	(18.0)
<b>Gross income</b>	<b>751.0</b>	<b>735.1</b>
Staff expenses	(246.1)	(264.4)
Other administrative expenses	(148.1)	(138.2)
Depreciation and amortisation	(53.9)	(48.7)
<b>Operating expenses</b>	<b>(448.1)</b>	<b>(451.3)</b>
<b>Net operating income</b>	<b>302.9</b>	<b>283.8</b>
Impairment losses and other provisions	36.8	(159.2)
Gains and losses in other assets	4.7	0.3
<b>Net income before income tax</b>	<b>344.4</b>	<b>124.9</b>
Income tax	(16.5)	(20.1)
<b>Net income</b>	<b>327.9</b>	<b>104.8</b>

## EARNINGS PER SHARE

	Dec 19	Dec 20
Earnings per share (€)	0.22	0.06
Average weighted nr. of shares (in millions)	1 457	1 457



# Consolidated balance sheet

(unaudited)

In M.€	Dec 19	Dec 20
<b>ASSETS</b>		
Cash and cash balances at central banks and other demand deposits	1 068.3	4 535.2
Financial assets held for trading, at fair value through profit or loss and at fair value through other comprehensive income	2 326.8	2 258.5
Financial assets at amortised cost	27 439.3	30 004.0
Of which:		
Loans to Customers	23 987.4	25 207.8
Investments in joint ventures and associates	247.2	238.2
Tangible assets	169.6	152.9
Intangible assets	65.8	87.0
Tax assets	272.5	271.0
Non-current assets and disposal groups classified as held for sale	14.6	7.9
Other assets	207.6	231.0
<b>Total assets</b>	<b>31 811.6</b>	<b>37 785.6</b>
<b>LIABILITIES</b>		
Financial liabilities held for trading	146.2	141.3
Financial liabilities at amortised cost	27 640.2	33 695.7
Deposits - Central Banks and Credit Institutions	2 777.1	5 504.3
Deposits - Customers	23 231.4	26 008.6
Debt securities issued	1 358.7	1 804.9
Memorandum items: subordinated liabilities	304.4	304.3
Other financial liabilities	273.0	378.0
Provisions	44.4	48.7
Tax liabilities	17.2	23.2
Other liabilities	527.4	620.3
<b>Total Liabilities</b>	<b>28 375.4</b>	<b>34 529.3</b>
Shareholders' equity attributable to the shareholders of BPI	3 436.1	3 256.3
Non controlling interests	0.0	0.0
<b>Total Shareholders' equity</b>	<b>3 436.1</b>	<b>3 256.3</b>
<b>Total liabilities and Shareholders' equity</b>	<b>31 811.6</b>	<b>37 785.6</b>

# Consolidated indicators

(unaudited)

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

	Dec 19	Dec 20
Gross income / ATA	2.4%	2.1%
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)	10.5%	3.8%
Staff expenses / Gross income <sup>1</sup>	32.6%	32.6%
Operating expenses / Gross income <sup>1</sup>	59.5%	58.0%
Loans (net) to deposits ratio	105%	97%

NPE ratio and forborne (according to the EBA criteria)

	Dec 19	Dec 20
Non-performing exposures - NPE (M.€)	763	611
NPE ratio	2.5%	1.7%
NPE cover by impairments	54%	83%
NPE cover by impairments and collaterals	124%	140%
Ratio of forborne not included in NPE <sup>2)</sup>	0.6%	0.5%

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

	Dec 19	Dec 20
"Crédito duvidoso" (M.€) <sup>3)</sup>	765	630
"Crédito duvidoso" ratio	2.9%	2.3%
"Crédito duvidoso" cover by impairments	54%	81%
"Crédito duvidoso" cover by impairments and collaterals	115%	134%

1) Excluding early-retirement costs.

2) Forborne according to EBA criteria and considering the scope of prudential supervision. On 31 Dec. 2020, the forborne was 445 M.€ (forborne ratio of 1.1%), of which 181 M.€ was performing loans (0.5% of the gross credit exposure) and 274 M.€ was included in NPE (0.7% of the gross credit exposure).

3) Includes guarantees provided (recorded off-balance sheet).

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

## Profit & loss account (2020)

In millions of euro (M.€)	Dec 20 reported by BPI	Consolidation, standardisation and net change in FV adjustments derived from the combination of businesses	Dec.20 BPI contribution to CABK Group	BPI segment	Equity investments and other segment
<b>Net interest income</b>	<b>450</b>	<b>(9)</b>	<b>441</b>	<b>444</b>	<b>(3)</b>
Dividends	43		43	2	41
Equity accounted income	28	(3)	25	16	9
Net fees and commissions	245		245	245	
Trading income	(12)	(2)	(14)	(2)	(12)
Other operating income & expenses	(18)		(18)	(15)	(3)
<b>Gross income</b>	<b>735</b>	<b>(14)</b>	<b>721</b>	<b>690</b>	<b>31</b>
Recurrent operating expenses	(426)	(13)	(439)	(439)	
Extraordinary operating expenses	(25)	25			
<b>Pre-impairment income</b>	<b>284</b>	<b>(1)</b>	<b>283</b>	<b>252</b>	<b>31</b>
<b>Pre-impairment income without extraordinary expenses</b>	<b>309</b>	<b>(26)</b>	<b>283</b>	<b>252</b>	<b>31</b>
Impairment losses on financial assets	(151)	130	(21)	(21)	
Other impairments and provisions	(8)	(11)	(19)	(19)	
Gains/losses on disposals & others		28	28	28	
<b>Pre-tax income</b>	<b>125</b>	<b>145</b>	<b>270</b>	<b>239</b>	<b>31</b>
Income tax	(20)	(42)	(62)	(65)	3
<b>Profit for the period</b>	<b>105</b>	<b>104</b>	<b>209</b>	<b>174</b>	<b>35</b>
Minority interests & other					
<b>Net income</b>	<b>105</b>	<b>104</b>	<b>209</b>	<b>174</b>	<b>35</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 (Dec. 20)

December 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>25 208</b>	<b>( 77)</b>	<b>25 131</b>
<b>Total customer funds</b>	<b>36 989</b>	<b>(4 375)</b>	<b>32 614</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 31 December 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 31 December 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 2020) with the structure used in the financial statements and respective notes of the Report and Accounts.

### Consolidated income statement

Structure used in the Results' Presentation	Dec 20	Dec 20	Structure presented in the financial statements and respective notes
Net interest income	450.1	450.1	Net interest income
Dividend income	42.6	42.6	Dividend income
Equity accounted income	27.7	27.7	Share of the profit or (-) loss of investments in subsidiaries, joint ventures and associates accounted for using the equity method
Net fee and commission income	244.9	266.4	Fee and commission income
		(21.4)	Fee and commission expenses
Gains/(losses) on financial assets and liabilities and other	(12.3)	0.2	Gains or (-) losses on derecognition of financial assets and liabilities not measured at fair value through profit or loss, net
		7.9	Gains or (-) losses on financial assets and liabilities held for trading, net
		(18.9)	Gains or (-) losses on non-trading financial assets mandatorily at fair value through profit or loss, net
		(2.0)	Gains or (-) losses from hedge accounting, net
		0.5	Exchange differences [gain or (-) loss], net
Other operating income and expenses	(18.0)	34.3	Other operating income
		(52.3)	Other operating expenses
<b>Gross income</b>	<b>735.1</b>	<b>735.1</b>	<b>GROSS INCOME</b>
Staff expenses	(264.4)	(264.4)	Staff expenses
Other administrative expenses	(138.2)	(138.2)	Other administrative expenses
Depreciation and amortisation	(48.7)	(48.7)	Depreciation
<b>Operating expenses</b>	<b>(451.3)</b>	<b>(451.3)</b>	<b>Administrative expenses and depreciation</b>
<b>Net operating income</b>	<b>283.8</b>	<b>283.8</b>	
Impairment losses and other provisions	(159.2)	(5.7)	Provisions or (-) reversal of provisions
		(153.5)	Impairment or (-) reversal of impairment on financial assets not measured at fair value through profit or loss
Gains and losses in other assets	0.3		Impairment or (-) reversal of impairment of investments in subsidiaries, joint ventures and associates
			Impairment or (-) reversal of impairment on non-financial assets
		(0.0)	Gains or (-) losses on derecognition of non financial assets, net
		0.3	Profit or (-) 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>124.9</b>	<b>124.9</b>	<b>PROFIT OR (-) LOSS BEFORE TAX FROM CONTINUING OPERATIONS</b>
Income tax	(20.1)	(20.1)	Tax expense or income related to profit or loss from continuing operations
<b>Net income from continuing operations</b>	<b>104.8</b>	<b>104.8</b>	<b>PROFIT OR (-) LOSS AFTER TAX FROM CONTINUING OPERATIONS</b>
Net income from discontinued operations			Profit or (-) loss after tax from discontinued operations
Income attributable to non-controlling interests			Profit or (-) loss for the period attributable to non-controlling interests
<b>Net income</b>	<b>104.8</b>	<b>104.8</b>	<b>PROFIT OR (-) 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 0.2 M.€ in Dec.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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